

FEDERAL NUTRITION PROGRAMS

FOOD STAMP PROGRAM (FSP)

The Food Stamp Program is the Federal government's first line of defense against hunger and a central component in the effort to alleviate poverty. The Food Stamp Program is a Federally guaranteed entitlement, with a Federal eligibility and benefit structure that is administered by the United States Department of Agriculture (USDA) and state administrative agencies. The Food Stamp Program is the nation's largest non-categorical entitlement, available to nearly all low-income Americans that meet the program's income eligibility and asset requirements. Food Stamps enable low-income families to buy food with Electronic Benefits Transfer (EBT) cards that operate similarly to debit cards, but whose benefits may only be used for the purchase of food. (EBT cards replaced the food stamp paper "coupon" system.) Food stamp recipients spend their benefits to buy eligible food in USDA authorized retail food stores.

The Food Stamp Program is efficiently targeted to reach people who have the most difficulty affording an adequate diet. Over 95% of benefits go to households with incomes below the Federal poverty threshold (\$15,670 for a family of three in 2004); nearly all of the remaining beneficiaries are elderly or disabled. The welfare reform act of 1996 ended eligibility for established time limits for some types of participants or many legal immigrants, though Congress later restored benefits to many child and elderly immigrants, as well as some small specific immigrant groups. The welfare reform act also placed time limits on benefits for unemployed, able-bodied, childless adults but permitted states to waive the time limit under certain circumstances. Households must meet eligibility requirements and provide information – and verification -- about their household circumstances. The gross monthly income of most households must be 130% or less of the Federal poverty guidelines. Eligible households are issued a monthly allotment of food stamps based on the Thrifty Food Plan, a low-cost model diet plan.

In FY 2005, approximately 25.6 million individuals participated in the Food Stamp Program. Over half of all food stamp recipients are children and another quarter are elderly or disabled persons. Of the remainder, close to half are working or participating in the Food Stamp Employment and Training Program or are subject to other program work requirements (e.g., TANF). Of the 5% of all food stamp recipients neither working nor subject to a work requirement, half are caring for a young child.

The strength of the Food Stamp Program is its entitlement nature, allowing the program to respond rapidly and effectively when disaster or economic recessions hit. With few exceptions (notably 1981-1983 following substantial program cutbacks) food stamp caseloads have closely tracked the unemployment rate, rising as unemployment rises, and falling when it declines. USDA's Economic Research Service estimates that for each \$1 billion of food stamp retail food purchase demand, an estimated \$340 million in farm production, \$110 million in farm-value added, and 3,300 farm jobs are generated. The Economic Research Service estimates that every \$5 in new food stamp benefits generates nearly \$10 in total additional economic activity.

Despite the program's quantifiable success in reducing hunger and poverty, and the economic activity the program generates, only 56% of eligible people participate in the program. In the emergency food assistance system, only 35% of client households participate. The non-

participation of eligible households in the Food Stamp Program is a vexing problem that costs food retailers billions of dollars each year, denies low-income communities and agriculture badly needed economic activity, and ultimately reduces our nation's progress toward reducing hunger.

THE EMERGENCY FOOD ASSISTANCE PROGRAM (TEFAP)

TEFAP is a Federal program that provides wholesome and nutritious commodity foods at no cost to low-income Americans in need of short-term hunger relief. In FY 2006, \$190 million was authorized for the program, including \$140 million in mandatory, direct commodity purchases and \$50 million appropriated for storage and distribution grants. In addition to the annual appropriation for TEFAP, the Department of Agriculture also provides "bonus" or "surplus" commodities to TEFAP through the Department's agricultural market support activities. In Federal FY 2005, USDA purchased more than \$192 million in bonus commodities for distribution through the program. America's Second Harvest – The Nation's Food Bank Network is the principal non-governmental institutional distributor of TEFAP commodities, distributing an estimated 80% of program benefits through its Member Network of food banks, or an estimated 460 million pounds of TEFAP food.

The U.S. Department of Agriculture's Food and Nutrition Service (FNS) makes food products (commodities) and storage and distribution funds available to state agencies and Indian Tribal Governments. The state agencies that manage TEFAP then distribute the product to qualifying emergency food organizations (EFOs) and similar eligible recipient agencies (ERAs). These TEFAP eligible organizations are typically regional food banks, local food pantries, soup kitchens, emergency shelters, and Community Action Agencies – which in turn distribute the food directly to people in need or use it to prepare meals. In 2005, 68.7% of all food pantries, and 49.4% of all soup kitchens in the America's Second Harvest Network system distributed TEFAP commodities.

In most instances, regional food banks leverage the TEFAP commodity food with privately donated food for food package (or emergency food box) distribution at food pantries, food shelves, and other local charities. This "leveraging" of TEFAP commodities with privately donated food extends TEFAP program benefits beyond the budgeted amount for the program.

TEFAP is a means-tested program, with income eligibility requirements set by the states, typically between 100% and 155% of the Federal poverty threshold. Recipients include some of the vulnerable populations of the elderly, children, working families, and people who are homeless. In addition to providing wholesome food to hungry people, TEFAP serves the agricultural community by using surplus commodities purchased by USDA from farmers and other producers. A 1994 USDA Economic Research Service report found that for every \$1 USDA spends for TEFAP surplus commodities, farmers and producers receive between 27 and 85 cents, one of the highest rates of farm gate income return of any federal nutrition program.

COMMODITY SUPPLEMENTAL FOOD PROGRAM (CSFP)

The Commodity Supplemental Food Program (CSFP) provides specialized monthly food packages consisting of USDA commodities to low-income, nutritionally at-risk pregnant women,

breastfeeding and other mothers up to one year postpartum; infants and children up to age six; and elderly people at least 60 years of age. The CSFP is the antecedent to the Special Supplemental Nutrition Program for Women, Infants and Children (WIC). Unlike the WIC program, however, it also serves low-income seniors (now more than 90% of participants), as well as children aged 5-6, and postpartum, non-nursing mothers 6-12 months postpartum, all of whom are ineligible for WIC. Also unlike WIC, the CSFP delivers monthly food packages directly to program participants. These packages consist of USDA bulk-purchased or donated foods acquired for farm support reasons.

CSFP food packages do not provide a complete diet, but rather are supplements that are good sources of the nutrients typically lacking in the diets of the target populations. CSFP foods are an essential supplement to the Food Stamp Program for needy mothers, young children, and elderly receiving food stamp benefits too small to allow them to buy the foods they need to meet their special dietary conditions. They also help provide nutrients to needy populations that do not participate in the Food Stamp Program. The CSFP also serves as an outlet for food commodities acquired by the government for farm support reasons, and encourages the consumption of nutritious fruits and vegetables, dairy and peanut products, cereals, rice, meat and poultry.

An average of more than 512,000 people each month participated in the program in FY 2005, including almost 460,000 elderly and more than 52,000 women, infants, and children. The program currently receives funding to operate in 32 states, the District of Columbia, and two Indian tribal areas. In FY 2006, the Congress appropriated \$111.2 million for the CSFP. This included \$4 million for disaster relief to those affected by the Gulf region hurricanes. FY 2006 USDA data estimate that 472,385 participants will be served by the program: 48,575 women, infants, and children, and 423,811 elderly. These figures are lower than FY 2005 participation because of a depletion in the commodity inventory, normally used to maintain participation and caseload from one year. According to the USDA this shortfall will force over 40,000 seniors and 4,000 women, infants and children off the program unless additional commodities are provided.

On February 6, 2006, President Bush released the Administration budget proposal for FY 2007 which proposes to zero out funding for the CSFP, thereby eliminating this critical nutrition program. This proposal will deny needed benefits to nearly one-half million participants, most of whom are elderly and all of whom rely on the nutrients contained in the CSFP food package. The proposal disregards USDA research showing that in 2004, one in five low-income households with elderly members were "food insecure," meaning they had difficulty affording food. The elimination of CSFP food packages comes at a time when low-income seniors are facing high home heating bills, confusion over prescription drug costs, and difficulty paying their bills and affording an adequate and nutritious diet. The elimination of this small, yet effective, program also comes at a time when the baby boomers are aging and more vulnerable seniors will be left without the essential nutrition assistance provided by this program. The loss of this program cannot be offset by other programs or benefits for millions of needy Americans without the resources to obtain comparable nutrients currently provided by the CSFP food packages.

NATIONAL SCHOOL LUNCH PROGRAM (NSLP)

The National School Lunch Program (NSLP) is the largest of the federal child nutrition programs. It provides federal cash and commodity support for lunches served in public and private elementary and secondary schools. Each lunch served must meet federal meal requirements with respect to content in order to be reimbursed.

All lunches served through the National School Lunch Program qualify for a basic cash and commodity reimbursement, irrespective of the family income of the child receiving the meal. For FY 2005, the blended cash rate for such lunches was 21.2 cents per lunch; the blended commodity rate was 17.3 cents. Schools set the meal charges for these so-called "paid" lunches. Children from families with incomes at or below 130% of the federal poverty guideline may receive a free school lunch; those with family incomes between 130-185% of the federal poverty guideline may receive a reduced price lunch. Free and reduced price lunches received additional Federal reimbursements, approximately \$1.83 and \$1.43, respectively, per lunch in FY 2005. No charge is permitted for a free lunch, and schools may not charge more than 40 cents for a reduced price lunch. All of the cash and commodity reimbursement rates are set by law and automatically adjusted each July 1 for inflation.

Over 101,000 schools enrolling 49.6 million children participated in the school lunch program in FY 2005. Peak school lunch participation that year was just over 30 million children (or 60% of those enrolled in participating schools). These children consumed nearly 5 billion subsidized school lunches. Approximately 60% of the lunches served were provided free or at reduced price to children from low-income families. Federal cash support for the program was just over \$7 billion. State and local matching and children's meal payments also contributed to the cost of the program.

This program is permanently authorized under the Richard B. Russell National School Lunch Act, and is administered at the federal levels by the USDA Food and Nutrition Service. State educational agencies generally administer the program at the state level, and local school food authorities, or school districts administer the program locally. Meals must meet federal nutrition requirements, which include a standard for meals to include one-third of the recommended daily allowances for key nutrients, including calcium, protein and vitamins A and C.

SCHOOL BREAKFAST PROGRAM (SBP)

The School Breakfast Program (SBP) is a federal nutrition program that provides reimbursements for breakfasts served in public and private elementary and secondary schools. School districts and independent schools that choose to take part in the breakfast program receive cash subsidies from the USDA for each meal they serve. In return, they must serve breakfasts that meet federal nutrition requirements.

Like the school lunch program, basic cash reimbursements are provided for all breakfasts served, irrespective of the family income of the participant. Considerably higher reimbursements are provided for free and reduced price breakfasts served to low-income children. The breakfast reimbursement rates are set by law, and annually adjusted for inflation. This program is permanently authorized and spending for it is mandatory.

Any child at a participating school may purchase a meal through the School Breakfast Program. Children from families with incomes at or below 130 % of the federal poverty guideline are eligible for free meals; children from families with incomes between 130% and 185% of the Federal poverty guideline are eligible for reduced-price meals. Children from families over 185% of poverty pay full price, though their meals are still subsidized to some extent.

In FY 2005, 82,385 schools with a total enrollment of just under 41 million children participated in the School Breakfast Program. Peak participation in the program reached 9.57 million children. The federal cost of the program in FY 2005 was \$1.94 billion, which subsidized service of just under 1.6 billion breakfasts.

SUMMER FOOD SERVICE PROGRAM (SFSP)

The U.S. Department of Agriculture's Summer Food Service Program (SFSP), established in 1975, works to ensure that low-income children continue to receive nutritious meals when school is not in session. SFSP is the single largest Federal resource available for local sponsors who want to combine a feeding program with a summer activity program.

Although over 20 million children get free or reduced price school meals during the regular school year, only about 2 million children receive meals during the summer months largely due to the lack of local programs.

Through the SFSP, summer programs can provide up to two healthy meals or snacks per day, five days per week to children and teenagers, 18 years and younger, at approved sites in low-income areas. Sponsors receive reimbursement payments for the cost of food and some administrative costs to support the operation of the program. Schools, public agencies, and private nonprofit organizations may apply to sponsor the program. All sponsors receive training from their state agency before starting the program to learn how to plan, operate, and monitor a successful food service program.

The Simplified Summer Food Program (SSFP) establishes simplified cost accounting procedures in 26 states and Puerto Rico:

Alaska, Arizona, Arkansas, Colorado, Idaho, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Michigan, Mississippi, Nebraska, North Carolina, New Hampshire, North Dakota, Ohio, Oklahoma, Oregon, Puerto Rico, Tennessee, Texas, Washington, West Virginia, Wisconsin, and Wyoming.

This new simplified version of SFSP reduces paperwork and increases reimbursements, thereby making it much easier for organizations in these states to participate in this very valuable program.

Traditionally, SFSP sponsors are required to account for administrative and operating (food service) costs separately. Sponsors receive reimbursements for food service operations only up to the operating reimbursement rate and for administration only up to the administrative reimbursement rate. The SSFP removes the "wall" between these two reimbursements and allows sponsors in eligible states to receive the maximum operating and administrative reimbursements based on the number of meals served, multiplied by the operating and administrative reimbursement rates. This may mean a higher reimbursement level for sponsors whose food costs are lower than the maximum rate but whose administrative costs exceed the reimbursable level.

SPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR WOMEN, INFANTS AND CHILDREN (WIC)

WIC provides vouchers for supplemental nutritious foods, nutrition counseling, and screening or referrals to health and other social services to low-income pregnant, postpartum, and breastfeeding women and infants and children up to age 5 who are at nutrition risk. In FY 2005, average participation in the WIC program was just over 8 million, and the federal costs was \$3.5 billion.

Unlike the Food Stamp Program and child nutrition meal service programs, WIC is not an entitlement program. In other words, it is not guaranteed a certain level of funding based on the number of persons it serves or benefits it provides. Funding is determined by annual appropriations, and this sets the parameters for participation.

The USDA's Food and Nutrition Service, which administers the program at the federal level, provides funds to WIC state agencies, usually state health departments, to pay for WIC services, and programs operate through local agencies that either directly provide health care services, or have health-related connections. In total, WIC is administered through about 90 WIC state agencies and through 2,000 local agencies in 10,000 clinic sites in 50 state health departments, 34 Indian Tribal Organizations, the District of Columbia, and five U.S. territories.

To be eligible on the basis of income, applicants' income must fall at or below 185% of the WIC Income Eligibility and must be at "nutrition risk" as determined by a competent health professional.

WIC foods include iron-fortified infant formula and infant cereal, iron-fortified adult cereal, vitamin C-rich fruit or vegetable juice, eggs, milk, cheese, peanut butter, dried beans/peas, tuna fish and carrots. Studies have shown that participation in WIC leads to improved birth outcomes, including higher gestation than among non-participants, improved diet, improved cognitive development among children, and reduced future health costs. These foods are commonly provided in the form of food certificates used to buy specific types and quantities of foods needed by the category or participant (i.e. pregnant, breastfeeding, or postpartum mothers up to 6 months, infants and children aged 1 to 5).

CHILD AND ADULT CARE FOOD PROGRAM (CACFP)

The USDA's Child and Adult Care Food Program (CACFP) provides federal subsidies for meals and snacks (supplements) served to children and seniors in child and adult day care centers. The program helps improve the quality of day care, among both children and adults, particularly seniors, by making it more affordable for many low-income families.

In FY 2005, peak participation in the program reached 3.36 million with a total of 1.8 billion subsidized meals and snacks at a federal cost of \$2.13 billion. Average daily attendance in child care centers was 2 million children; approximately 900,000 children were served through family day care homes. CACFP reaches even further to provide meals to children residing in emergency shelters and snacks and meals to youths participating in eligible after-school care programs. Meals served to children are reimbursed at rates based upon a child's eligibility for free, reduced price, or paid meals.

Community-based programs, such as America's Second Harvest Network Kids Cafes, that offer enrichment activities for at-risk children after school can provide free snacks through CACFP. Programs receiving benefits must be offered in areas where at least 50% of the children are eligible for free and reduced price meals based upon school data. Reimbursable meals are also available to children in eligible after-school care programs in seven states.

COMMODITY ASSISTANCE TO CHILD NUTRITION PROGRAMS (CNP)

The USDA's School/Child Nutrition Commodity Programs (CNP) provide USDA-purchased food for lunches served in schools through the National School Lunch Program, Child and Adult Care Food Program, and the Summer Food Service Program. The National School Lunch Act requires a mandatory level of commodity assistance (roughly 17.3 cents per lunch in FY 2005) for these programs. Other farm laws provide for donations of commodities using Section 32 agricultural surplus removal funds and commodities acquired under farm support programs (Section 416- CCC commodities).

The Food Distribution Division of USDA's Food and Nutrition Service (FNS) coordinates the distribution of commodities to many of the more than 94,000 public and private nonprofit schools, summer food and child and adult care food programs that use commodities as part of their lunches. In FY 2005, the USDA provided commodities and cash-in-lieu of commodities valued at a total of \$1.06 billion to child nutrition programs - \$848 million in entitlement commodities and \$120 million in bonus commodities. Most of the assistance provided (\$968 million) was in the form of actual commodities, as opposed to cash-in-lieu of commodities which is provided to a limited number of school districts, and to child and adult care facilities.

SPECIAL MILK PROGRAM

The Special Milk Program (SMP) operates in public or private non-profit schools or child care institutions that do not participate in a federally subsidized meal program, with an exception for schools with split session kindergarten programs where children do not have access to a school lunch. The SMP provides federal reimbursements to schools for each half-pint of milk served. In FY 2005 the federal cost of the program was \$16.6 million and this provided reimbursement for 99 million half-pints of milk served to participating children. Of this total, 7 million half-pints were served free to low-income children; and 92 million to paying children.

TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF)

The Temporary Assistance to Needy Families (TANF) Program is a program designed to serve low-income families through various types of assistance and work opportunities. TANF was created by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, the welfare reform law, and summarily replaced Aid to Families with Dependent Children (AFDC) and the Job Opportunities and Basic Skills Training (JOBS) programs.

TANF, typically called "welfare," provides a block grant to each state but there is little similarity in how the program is administered across the country. States may establish programs

“reasonably calculated to accomplish the purposes of TANF;” otherwise, the federal government may not regulate the conduct of states. States are free to set benefit levels, asset limits, and work requirement specifics.

There were 2,032,157 families receiving TANF cash benefits in June 2003, the most recent month for which data are available. In exchange for benefits, many recipients must comply with work requirements and there is a five-year time limit or less, at state option, on receipt of TANF benefits. States can be penalized for non-compliance with certain TANF requirements.