

An hourglass-shaped graphic with a globe in the top bulb and another globe in the bottom bulb. The top bulb is dark blue, and the bottom bulb is light blue. The hourglass is centered on the page.

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FOOD STAMPS: BACKGROUND AND FUNDING

Joe Richardson, Domestic Social Policy Division

Updated November 7, 2000

Abstract. This report provides background, funding, and program descriptions of the Food Stamp Act. The program descriptions reflect changes in food stamp law, and changes in food stamp policies and regulations, through mid-2000.

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Updated November 7, 2000

Joe Richardson
Domestic Social Policy Division

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Food Stamps: Background and Funding

Summary

The Food Stamp program provides monthly benefits, now averaging \$73 a person, that increase low-income recipients' food purchasing power. Those eligible must have monthly income and liquid assets below federally prescribed limits (or be receiving other public assistance) and pass several nonfinancial eligibility tests — e.g., work requirements, bars against eligibility for many noncitizens. Benefits are based on the monthly cost of the Agriculture Department's "Thrifty Food Plan," are adjusted annually for inflation, and vary with household size, amount and type of income (e.g., earnings are treated more liberally), and certain nonfood expenses (e.g., high shelter costs, dependent care expenses). Basic eligibility and benefit standards are federally set, and the federal government pays for virtually all benefits and about half the total cost of administration and work/training programs for recipients. States shoulder the remaining expenses and have responsibility for day-to-day operations and a number of significant program rules. The regular Food Stamp program operates in the 50 states, the District of Columbia, Guam, and the Virgin Islands. Variants operate in Puerto Rico (a \$1.3-billion-a-year nutrition assistance grant aiding 1.1 million persons), American Samoa, and the Northern Marianas.

Food stamp benefits are the country's largest source of food aid (making up 57% of federal spending on food and nutrition efforts) and one of the most extensive welfare initiatives. Just over 60% of those eligible participate, and the program helps as many as 1 in 10 Americans over the course of a year. The majority of recipients get other public aid. Slightly over half are children, and some 20% are elderly or disabled. About 35% of recipient households have monthly income below half the federal income poverty guidelines, and one-quarter have significant earnings.

Participation in the program is responsive to federal and state welfare reform initiatives, to changes in the economy, eligibility standards, and administrative practices, and to needy households' willingness to apply and their perception of their eligibility status. Enrollment has declined continuously and dramatically in recent years. Monthly average participation fell to 18.2 million people in FY1999, and recent figures (July 2000) show 16.9 million persons in 7.3 million households.

For FY2000, estimated spending for the regular program was about \$17.9 billion (plus \$1.3 billion for Puerto Rico). The Administration's FY2001 budget and the FY2001 Agriculture Department appropriations law (P.L. 106-387) provide support for spending as much as \$18.7 billion on the regular program (and \$1.3 billion for Puerto Rico). The FY2001 appropriations law also includes substantive changes to the Food Stamp Act, liberalizing benefits for those with high shelter costs and loosening eligibility standards for those owning cars.

The Food Stamp Act, originally enacted in 1964, was largely rewritten in 1977. Recent major changes include those in the 1996 welfare reform law, which made the most extensive revisions since 1977, the 1997 Balanced Budget Act, which directed new money to work/training efforts for food stamp recipients, and a 1998 law (P.L. 105-185), which restored federally financed food stamps to many legal immigrants and reduced federal spending on food stamp administration.

Contents

| | |
|--|----|
| The Program | 1 |
| Eligibility | 2 |
| Benefits | 4 |
| Employment and Training Programs | 5 |
| Fraud, Abuse, and Penalties for Noncompliance | 6 |
| Puerto Rico, American Samoa, and the Northern Marianas | 7 |
| Participation in the Food Stamp Program | 7 |
| Funding the Food Stamp Program | 10 |
| FY1994-FY1997 | 11 |
| FY1998 and FY1999 | 13 |
| FY2000 | 16 |
| FY2001, the Administration's Budget | 20 |
| FY2001, Appropriations and Estimated Spending | 22 |
| Nonfederal Funding | 25 |
| Legislation | 26 |
| Enacted in the 106 th Congress | 26 |
| Hunger Relief Act Amendments | 27 |
| Other Legislation | 28 |

List of Tables

| | |
|---|----|
| Table 1. Food Stamp Spending and Funding: FY1994-FY1997 | 12 |
| Table 2. Food Stamp Spending and Funding: FY1998 and FY1999 | 15 |
| Table 3. Food Stamp Spending and Funding: FY2000 | 19 |
| Table 4. Food Stamp Spending and Funding: FY2001 | 24 |

Food Stamps: Background and Funding

The Food Stamp Act became law in 1964; however, the program did not become nationally available until early 1975, when Puerto Rico and the last few counties in the country entered. In 1977, the 1964 Act (as amended) was rewritten and replaced with the Food Stamp Act of 1977, which greatly liberalized the program and increased participation. Amendments to the 1977 Act during the early 1980s significantly restricted eligibility and benefits. But, beginning in the mid-1980s and continuing through amendments in 1990 and 1993, program benefits were generally increased. In 1996, the omnibus welfare reform law — the Personal Responsibility and Work Opportunity Reconciliation Act (P.L. 104-193) — incorporated the most extensive changes in the program since the 1977 rewrite of the law. Substantial benefit and eligibility cutbacks were legislated (lowering projected spending by an estimated 13%, over \$20 billion through FY2002), and states were given a significantly greater role in the program. This was followed by the 1997 Balanced Budget Act (P.L. 105-33), which directed spending of \$1.5 billion on work/training efforts to ease the effects of a new work rule put in place by the 1996 law. More recently, a 1998 law (P.L. 105-185) reduced federal spending for food stamp administrative costs and restored food stamp benefits to some legal immigrants who were barred by the 1996 welfare reform measure. The program description in this report reflects changes in food stamp law, and changes in food stamp policies and regulations, through mid-2000.

Amendments to the Food Stamp Act are under the jurisdiction of the House Committee on Agriculture and the Senate Committee on Agriculture, Nutrition, and Forestry. Appropriations under the Act are authorized through FY2002, and funding normally is contained in each year's Agriculture Department appropriations measure.

The Program

The Food Stamp Act authorizes a regular Food Stamp program for the 50 states, the District of Columbia, Guam, and the Virgin Islands.¹ Food Stamp program rules are generally uniform, with minor variations for Alaska, Hawaii, Guam, and the Virgin Islands. However, major revisions to the law in 1996 and 1997 significantly eased federal controls on how states can administer the program and granted states a number of important options to vary from federal rules, especially in the case of food stamp recipients who also are participants in their state's other public assistance programs. Significant waivers from regular rules also may be granted, so long as federal food stamp costs are not increased.

¹ See later discussion for variants of the regular program in Puerto Rico, American Samoa, and the Northern Marianas.

The Food Stamp program depends, for the most part, on federal funding. Federal appropriations pay for almost all benefits and roughly half the cost of administration and work/training activities for recipients, and states carry the remaining administrative and work/training expenses and the cost of some benefits. Standards for the regular program are established by the Act and regulations of the U.S. Department of Agriculture's Food and Nutrition Service (FNS), which also is responsible for overseeing food stores and other outlets that it approves for participation. At the state and local level, the program is administered by the offices that run other public assistance programs; they are responsible for determining eligibility, calculating and issuing benefits, and operating or arranging for work/training programs for recipients.

Eligibility. Applicants for food stamps must have their eligibility determined, and, if eligible, their benefits issued, within 30 days of application — or 7 days if they are very poor. In most cases, benefits are issued within 2 weeks of initial application; however, applicants can be refused benefits if they fail to cooperate with the welfare agency in obtaining the information necessary for a determination. The food stamp “assistance unit” is a *household*, typically those living together who also purchase and prepare food together; but not all co-residents must apply together (e.g., while spouses and parents and children must apply together, unrelated persons not purchasing and preparing food in common may apply separately).

Eligibility depends primarily on whether a household has cash income and liquid assets below federal limits. For most, the income test confines eligibility to households with monthly total cash income at or below 130% of the federal income poverty guidelines, adjusted for inflation and household size. For FY2001, this is \$1,848 a month for four persons, \$1,533 for three persons, \$1,219 for two persons, and \$905 for one person (in the 48 contiguous states, the District of Columbia, Guam, and the Virgin Islands).² The liquid asset limit is \$2,000 for the majority of applicants. More liberal financial eligibility standards apply to the elderly and disabled: a slightly looser income test for both the elderly and disabled, and allowance of liquid assets up to \$3,000 for the elderly.³ However, not all financial resources are taken into account — e.g., exclusions include a household's home and personal belongings, the first \$4,650 of the fair market (“blue book”) value of a licensed vehicle, work- or business-related assets, noncash income, and a few types of cash income like federal energy assistance, most student aid, and Earned Income Tax Credit payments. With some exceptions, recipients of aid under states' Temporary Assistance for Needy Families (TANF) grant programs, Supplemental Security Income (SSI) payments, and most state/local general assistance benefits automatically meet food stamp income and asset

² Income eligibility limits are 25% higher in Alaska and 15% higher in Hawaii.

³ The looser income eligibility test allows elderly/disabled households with total cash monthly income above 130% of the poverty guidelines to participate if they have certain very high nonfood living expenses (e.g., large shelter or medical costs). For other households, these types of expenses are not taken into account until benefits are calculated. In effect, program rules require that elderly/disabled households' monthly income fall below the federal poverty guidelines (not 130% of the guidelines), but after income reductions that are applied in the benefit calculation (see later discussion of benefits).

eligibility tests, but their benefit must be calculated using food stamp rules (e.g., their income may qualify them for no benefit).⁴

Nonfinancial eligibility criteria include those related to work, citizen and student status, and institutional residence. Unless exempted, most 18-50-year-old able-bodied adults without dependents are denied eligibility if, during the prior 36 months, they received food stamps for 3 months without (1) participating in a workfare program or (2) working or engaging in a work/training program for at least 20 hours a week.⁵ In addition to this new rule added by the 1996 amendments to the law, work requirements include a directive that most unemployed able-bodied adult recipients not caring for very young children meet various work-related conditions of eligibility, such as searching or training for a job or doing public service work (if assigned by the state welfare agency), and bar eligibility to those who voluntarily quit a job or significantly reduce work effort. Eligibility also is denied to households with strikers, to most postsecondary students (e.g., those, without children, not working at least half time), and to residents of institutions (other than residents in substance abuse programs and shelters for the homeless and battered women and children).

In addition to the above-noted federal eligibility standards, states have the option to disqualify or make eligible certain categories of applicants. States may disqualify individuals from food stamps for failing to perform an action required by *another* law related to means-tested benefits. They also may bar food stamps to those who are in arrears in their child support payments or who fail to cooperate with child support agencies. Finally, states may, *at their own expense*, provide food stamps to persons made ineligible by the work rule for 18-50 year old adults without dependents and to noncitizens ineligible for federally financed food stamps (see below).

Eligibility rules governing *noncitizens* greatly restrict their participation. Under the 1996 welfare reform law, most noncitizens were made ineligible for federally financed food stamp benefits; illegally present aliens and non-immigrant aliens were already ineligible. Only a few categories of legal immigrants were left eligible: those with long U.S. work histories covered by Social Security, veterans and active duty military personnel and their families, and refugees and asylees for 5 years after entry. Effective in late 1998, P.L. 105-185 restored eligibility to several significant new

⁴ SSI recipients in California are not eligible for food stamps because their SSI payment is assumed to include a food stamp component, and welfare recipients living with non-welfare recipients are not automatically food-stamp-eligible. Under terms of a regulatory policy change announced in mid-1999, states may apply TANF rules governing the treatment of assets in determining food stamp eligibility to those food stamp applicants who also receive any type of TANF assistance — e.g., those receiving TANF cash aid or services may be eligible for food stamps without regard to generally more rigorous food stamp eligibility rules governing the value of a household's vehicle.

⁵ Those disqualified by this work rule may requalify if they work or participate in a work/training program at least 80 hours in a 30-day period or join a workfare program, and they may qualify for up to an additional 3 months without working half-time or participating in work/training or workfare if they lose the job or end work/training participation. Major exceptions to the rule are allowed: e.g., federal waivers from the rule may be granted for areas of very high unemployment or where there are insufficient jobs; states may, on their own, exempt up to 15% of those covered.

categories of legal immigrants: noncitizen *children* who had entered as of August 22, 1996 (the enactment date of the 1996 welfare reform law) so long as they are children, the *elderly* who were here legally and age 65 as of August 22, 1996, the *disabled* who were here as of August 22, 1996 (including persons who become disabled after that date), *refugees and asylees for 7 years* after entry (as opposed to 5 years under prior law), and *Hmong* refugees from Laos and certain *Native Americans* living along the Canadian and Mexican borders. In addition, a dozen states have chosen to take advantage of an option to provide food stamp benefits, *at their own expense*, to some or all legal immigrants still barred from federally financed food stamps.⁶

Benefits. Food stamps are aimed at increasing recipients' food purchasing power. Monthly benefits averaged \$72 a person (about \$170 a month for a typical household) in FY1999, and \$73 a person for 10 months ending July 2000. Benefits are inflation-adjusted each October, and vary with type and amount of income (e.g., earnings are treated more liberally), household size, and some nonfood expenses (e.g., high shelter costs, child support payments, dependent care expenses). They are provided monthly, and, except for very poor recipients, monthly food stamp benefits are *not* intended to cover all of a household's food costs — most recipients are expected to contribute a portion of their income to their food expenses.

To determine monthly benefit allotments, a household's total cash monthly income — the amount that is used to judge income eligibility — is first reduced to a “net” income figure (representing income deemed available for food and other normal living costs) by allowing a “standard deduction” (\$134 a month) and additional deductions for certain expenses. These include deductions for (1) excessively high, but not all, shelter costs (generally, those above about one-third of a household's total cash income), (2) 20% of earnings (recognizing taxes and work expenses), (3) dependent care expenses related to work/education, (4) child support payments, and (5) medical expenses above \$35 a month (if incurred by the elderly or disabled). Shelter expense deductions claimed by households without elderly or disabled members are subject to *monthly dollar limits* (\$300 a month, or higher amounts in Alaska, Hawaii, and Guam and a lower amount in the Virgin Islands), as are deductions for dependent care costs (\$200 a month for children under age 2, \$175 for other dependents).

Food stamp allotments then equal the estimated monthly cost of an adequate low-cost diet (maximum benefits, set at the cost of the Agriculture Department's “Thrifty Food Plan” for the household's size and indexed annually for food-price inflation), *less* 30% of monthly net income as calculated above (the household's expected contribution toward its food costs). The theory is that food stamps should fill the deficit between what a household can afford for food (its 30% contribution) and the estimated expense of a low-cost, adequate diet (maximum benefits). In FY2001, *maximum* monthly benefits in the 48 contiguous states and the District of Columbia are \$434 for a four-person household, \$341 for three persons, \$238 for two

⁶ Some 100,000 legal immigrants are covered by these state initiatives. The overwhelming majority are participating in California.

persons, and \$130 for one person; recognizing significantly higher food prices, higher maximums apply in Alaska, Hawaii, Guam, and the Virgin Islands.

Monthly allotments may be spent for virtually any food item (but not alcohol, tobacco, or ready-to-eat hot foods) in approved food stores meeting rules as to minimum staple and fresh food offerings or food sales volume.⁷ Purchases with food stamp benefits are not subject to sales taxes, and food stamp assistance is not counted as income under welfare, housing, and tax laws. Allotments have historically been issued as paper “coupons. However, food stamp recipients in all or part of some 40 states and the District of Columbia (well over half of all recipients) now receive their benefits through “electronic benefit transfer” (EBT) systems that deliver benefits by using special “ATM-like” debit cards rather than paper coupons; all states are expected to issue food stamp benefits through EBT systems by 2002. Food stamp benefits also may be converted to cash to assist some recipients leaving cash welfare rolls, paid as cash (to recipients’ employers) in “work supplementation” programs, or, in a few areas, paid as cash grants to elderly/disabled recipients.

Employment and Training Programs. As noted earlier, unemployed able-bodied adults not caring for very young children can be denied food stamp eligibility if they do not participate in an assigned work or training activity — unless they are already covered under another welfare program’s work/training requirements. Whether to assign a food stamp recipient to a work/training activity and the type of activity (e.g., monitored job search, workfare, job training, schooling) is the responsibility of the state welfare agency. In FY1999, states reported placing nearly 700,000 food stamp recipients in employment/training program components. Federal requirements on employment and training programs for food stamp recipients are relatively minimal: where actual work is involved (e.g., workfare), the number of hours required is limited to the household’s benefit divided by the applicable minimum wage and generally may not exceed 30 hours a week; welfare agencies must pay transportation, dependent care, and other support costs necessary for participation (up to certain limits); welfare agencies must spend at least 80% of the unmatched federal funding they receive for employment and training programs (see below) on those covered by the work requirement for 18-50-year-old adults without dependents (discussed earlier); the Agriculture Department is authorized to monitor and limit states’ spending on individual employment and training program components to “reasonable” amounts.

Federal financial support for employment and training programs consists of several parts. All states receive a share of a basic formula grant (totaling \$86 million in FY2000); in addition, states can receive a share of an additional grant (totaling another \$86 million in FY2000) if they maintain their own spending on employment/training activities. These funds are for operating costs (not required support costs like transportation and dependent care), do not require any state matching, and are available without fiscal year limitation. For any program and support costs that

⁷ Food stamp benefits also can be used for some prepared meals (e.g., in shelters for battered women and children, in elderly nutrition programs, in residential substance abuse treatment programs), seeds and plants for growing food, and hunting and fishing equipment (in remote areas of Alaska).

exceed these unmatched grants to states, the federal government pays a 50% match (now running about \$150 million a year).

Fraud, Abuse, and Penalties for Noncompliance. Fraud and abuse in the Food Stamp program takes several forms — benefits can be paid to households that are ineligible; benefits can be overpaid to eligible households; and food stamps can be “trafficked” for cash or non-food items.

Annual “quality control” in-depth investigations of a sample of the food stamp caseload indicate the extent to which food stamps are issued in error (overpaid or issued to ineligible households).⁸ The FY1999 survey showed that 7% of benefits (about \$1.1 billion in that year) were erroneously overissued; it also showed that underpayments equaled 2.9%, or some \$450 million. Both these percentage “error rates” were down slightly from FY1998. Erroneous eligibility and benefit decisions occur because of intentional violations (fraud) and unintentional mistakes by both recipients and eligibility workers. The FY1997 survey indicated that 59% of overpaid benefits to ineligible and eligible households were attributable to recipients and that just over one-third were due to intentional recipient violations. The remaining 41% were caused by eligibility workers’ errors.

The extent of abuse of the program in the form of trafficking in food stamps is difficult to measure. The most recent attempt was made by the FNS for calendar years 1996-1998. It estimated that about \$660 million a year (about 3.5% of food stamps issued) was exchanged for cash (trafficked) through retailers (i.e., diverted from food stamp benefits).⁹

There are a variety of penalties for intentional failure to comply with Food Stamp program rules. Recipients can be disqualified for periods ranging from 1 year to permanent disqualification, and welfare agencies are authorized to collect all improperly issued benefits through any means they see fit — including reducing future benefits and recovering from unemployment compensation payments, income tax refunds, and some other government payments.¹⁰ Food concerns can be disqualified for periods ranging from 6 months to permanent disqualification and be fined \$20,000 or more. In addition, intentional violations like trafficking or falsely acquiring benefits can lead to prison terms of 1 to 20 years and fines ranging from \$1,000 to \$250,000.

⁸ The results of these surveys are used by states to target areas for improved administration. In addition, states with very high rates of erroneous benefit decisions are assessed financial penalties that generally are required to be “re-invested” in upgrading administration. For FY1999, 15 states and the District of Columbia were assessed \$31 million (after downward adjustments for states with very high proportions of “error-prone” cases). States with very low erroneous decision rates receive increased federal matching funds for administration. In FY1999, four states were granted this “enhanced” administrative funding, for a total of \$38 million.

⁹ For more information, see *The Extent of Trafficking in the Food Stamp Program: An Update*, U.S. Department of Agriculture, Food and Nutrition Service, March 2000.

¹⁰ Welfare agencies may recoup any improperly issued benefits, not just those issued because of an intentional violation of program rules. However, in cases not involving fraud, certain limits are placed on how much recipients’ future benefits can be reduced.

FY1998 information on disqualifications and claims collections indicate: (1) almost 1,500 stores were removed for noncompliance with food stamp rules, (2) about 90,000 persons were disqualified, and (3) about \$170 million in claims against recipients were recouped. Finally, the expanding use of EBT benefit issuance systems (noted earlier) is expected to significantly curtail trafficking because these systems make it is easier to identify and link trafficking to specific recipients and retailers through electronic records of transactions.

Puerto Rico, American Samoa, and the Northern Marianas. Variants of the regular Food Stamp program operate in Puerto Rico, American Samoa, and the Northern Mariana Islands. Puerto Rico's Nutrition Assistance Program provides its benefits in cash under rules similar to (but more financially restrictive than) the regular food stamp program. It is the largest welfare program in the Commonwealth, but federal support is limited to an annual block grant of specific amounts laid down in and funded under the Food Stamp Act appropriation. This annual block grant pays for all benefits, half of administrative expenses, and some work/training initiatives. In recent years, Puerto Rico has received \$1.2-\$1.3 billion a year for cash nutrition assistance in lieu of food stamps, allowing it to offer benefits to about 1.1-1.2 million persons in some 450,000 households. The programs in American Samoa and the Northern Marianas also are limited grants, each funded at about \$5 million a year and serving 3,000-4,000 people. They are not cash assistance programs and are roughly similar to the regular program, although American Samoa's program is limited to the elderly and disabled and the Northern Marianas' program has special rules directing the use of some benefits to local products.

Participation in the Food Stamp Program

Enrollment in the regular Food Stamp program is responsive to changes in the economy (i.e., recipients' employment status and earnings), food stamp eligibility rules (and potential applicants' perception of their eligibility status), and administrative practices, as well as recipients' getting or losing public assistance eligibility.

With few changes in eligibility rules, the caseload expanded from a monthly average of 22.6 million persons in FY1991 to 25.4 million in FY1992, 27 million FY1993, and 27.5 million in FY1994. All-time peak participation was 28 million people in the spring of 1994. Since the 1994 peak level, enrollment has declined continuously. In FY1995, the monthly average was 26.6 million persons, and FY1996 participation averaged 25.5 million people. In FY1997 and again in FY1998, there were further reductions, to a monthly average of 22.9 million persons in 9.5 million households during FY1997 and 19.8 million people in 8.2 million households during FY1998 — because of the effects of an improving economy, federal and state welfare reform initiatives, and a lower participation rate among those eligible. In an average month, food stamp participation dropped to 8.5% of the U.S. population in FY1997 and 7.3% in FY1998, as opposed to 10%-11% in earlier years.

In FY1999, participation continued to decline, to a monthly average of 18.2 million persons in 7.7 million households. And the latest published enrollment report (for July 2000) shows the caseload down to 16.9 million persons in 7.3 million

households. While the rate at which food stamp enrollment is dropping has slowed recently, the total caseload is now at the lowest point since the late 1970s.

By the mid-1990s, Agriculture Department studies (e.g., for September 1994) indicated that about 71% of those eligible for food stamps actually participated, following a rise in the caseload and higher levels of persons in poverty and unemployment.¹¹ But the relatively dramatic decline in food stamp enrollment since 1994 (even more substantial than would be suggested by the reduction in the number of those with below-poverty incomes) has led many observers to conclude that the participation rate among those eligible noted above has dropped significantly (to 62% in September 1997 by the most recent Department estimate) and to look for explanations for the large number of low-income persons “disappearing” from food stamp rolls.¹²

Studies of the reasons for the caseload decline agree that a large share of the decline in participation cannot be explained by readily measurable variables like the job/income effects of an improved economy and specific changes in welfare/food stamp law and policies. For example, one recent Agriculture Department study based on information through 1998 found that 35% of the caseload decline was associated with changing economic conditions and 12% with program reforms and “political variables;” it also found that 28% of the reduction was associated with a decrease in the number of persons with annual income below 130% of the federal poverty levels, and another 55% of the difference was due to a decline in the proportion of low-income persons who participate (because of economic conditions, program changes, or both).¹³ Other cited reasons range from changing welfare office administrative practices to recipients’ lack of understanding that being dropped from (or discouraged from applying for) one public assistance program does not mean automatic ineligibility for others like food stamps. The caseload decline study cited above notes that (1) studies of those leaving states’ TANF welfare programs indicate that food stamp participation dropped significantly among TANF “leavers” and increased earnings alone were not likely the reason and (2) FNS reviews of state/ local welfare

¹¹ Participation rates were and are not uniformly high among all segments of the food-stamp-eligible population: e.g., participation is very low among the elderly (below one-third) and the “working poor” (less than half of those eligible) and relatively high among those enrolled in other welfare programs. In addition, while overall participation among eligible individuals was estimated at 71%, the proportion of benefits issued as a proportion of potential benefits was projected to be even higher (approximately 80%). Participation rates also varied and continue to vary significantly by state — from an estimated 40-45% to over 90% in a few states.

¹² For information on overall participation rates (nationally and by state) see: *Reaching Those in Need: Food Stamp Participation Rates in the States* (a July 2000 report done for the Agriculture Department’s Food and Nutrition Service by Mathematica Policy Research, Inc.). This report is available through the Agriculture Department’s website at: [<http://www.fns.usda.gov/oane/menu/Published/fsp/Participation.htm>].

¹³ *The Decline in food Stamp Program Participation in the 1990s* (a June 2000 report from the Agriculture Department’s Economic Research Service; Food Assistance and Nutrition Research Report Number 7). This report is available through the Agriculture Department’s website at: [<http://www.ers.usda.gov/epubs/pdf/fanrr7/>].

administrative practices have identified improper barriers to food stamp participation.¹⁴ Finally, there is concern that the “safety-net” character of the food stamps is being undermined. Less-than-optimum participation appears to be concentrated among needy families with children and the “working poor,” and states’ emphasis on moving families off welfare and into jobs may be having the “side-effect” of keeping eligible poor families off food stamps.¹⁵

Because of the caseload decline and concerns over the non-economic reasons for it, the Administration has announced a series of initiatives to boost participation; these have included significant outreach efforts and changes that liberalize rules governing how cars are counted as assets in judging eligibility, how households are required to report income and other changes in their circumstances, and how states are held accountable for “erroneous” benefit and eligibility determinations.¹⁶ In addition, legislation aimed at increasing participation among eligibles and easing eligibility rules is likely (see the discussion of legislation at the end of this report).¹⁷

According to preliminary data from the FY1999 survey of the characteristics of food stamp households, 52% of participants were children (one-third of whom were preschool age) and about 20% of enrollees were elderly or disabled. Single- parent households with children made up almost 40% of participating households, and elderly persons living alone comprised 16% of food stamp households. Non-Hispanic white enrollees made up 41% of the caseload; non-Hispanic African-Americans comprised 36%; and Hispanics totaled 18%. About 35% of food stamp households were very poor, having cash monthly income below half the federal income poverty

¹⁴ Also see the General Accounting Office report cited in footnote #15.

¹⁵ In addition to the Economic Research Service report and the July 2000 food stamp participation report cited above, several Agriculture Department studies provide information about recent changes in food stamp participation and participation rates among those eligible for food stamps — (1) *Who is Leaving the Food Stamp Program? An Analysis of Caseload Changes from 1994 to 1997*; (2) *Reaching Those in Need: How Effective is the Food Stamp Program?*; (3) *Food Stamp Program Participation Rates: January 1994*. These and other relevant studies are available through the Agriculture Department’s website at: [<http://www.fns.usda.gov/oane/menu/Published/fsp/Participation.htm>].

Other recent publications addressing declining participation in the Food Stamp program include – (1) a July 1999 General Accounting Office (GAO) report entitled *Food Stamp Program: Various Factors Have Led to Declining Participation* (GAO/RCED-99-185), (2) an August 1999 report from the Center on Budget and Policy Priorities entitled *The Initial Impacts of Welfare Reform on the Incomes of Single-Mother Families*, and (3) an October 1999 discussion paper from the Urban Institute entitled *Declines in Food Stamp and Welfare Participation: Is There a Connection?* (Numbered 99-13).

¹⁶ A discussion of some of the more important of these initiatives (those dealing with how households report changed circumstances) is provided in a September 2000 report by the Center on Budget and Policy Priorities (Washington, D.C.) entitled *Improving Access to Food Stamps: New Reporting Options Can Reduce Administrative Burdens and Error Rates*.

¹⁷ For a brief overview of information available as to the *need* for food assistance (e.g., the extent of “food insecurity”) that some feel is not being fully met see *The Emergency Food Assistance Program and Emergency Feeding Needs*, CRS Report RL30164.

guidelines. Recipients' income was primarily from other public assistance — nearly two-thirds of participating households received some type of cash welfare, while 27% of participating households had some earned income. The 1999 survey — *Characteristics of Food Stamp Households: Fiscal Year 1999 (Advance Report)* — is available through the Agriculture Department's website at: [<http://www.fns.usda.gov/oane/menu/Published/fsp/Participation.htm>].

The above-noted enrollment figures and data on recipients' characteristics do not include 1.1-1.2 million persons receiving benefits under Puerto Rico's nutrition assistance grant in FY1997-99, down from 1.3 million in FY1996 and 1.4-1.5 million people in earlier years.

Funding the Food Stamp Program

For budgetary purposes, virtually all programs and activities under the Food Stamp Act are treated as *entitlements*: federal money is “guaranteed” to the extent needed to fund benefits, the federal share of expenses related to administration and work/training programs for recipients, and stipulated amounts for grants to Puerto Rico, American Samoa, and the Northern Marianas.¹⁸ As a result, the bulk of each year's appropriation normally is based on an *estimate* of the amount needed to fully fund benefit, administrative, and work/training expenses under the regular Food Stamp program, plus money for nutrition assistance grants for Puerto Rico, American Samoa, and the Northern Marianas, and contingencies. Moreover, some funding for programs not directly related to food stamps also is contained in each year's appropriation for the food stamp account — money for the Food Distribution Program on Indian Reservations and food purchases for the Emergency Food Assistance program is mandated and appropriated under the Food Stamp Act. And added funds, *outside* regular annual Food Stamp Act appropriation, are available for spending on food-stamp-related operations. They include dollars collected from benefit overpayment recoveries, payments from states exercising their option to pay for benefits to noncitizens ineligible for federally supported benefits, accrued unused employment and training program funds from prior years, and, in recent years, money appropriated to the Economic Research Service for research and evaluation.

On the other hand, the amount *spent* on food stamps differs from the amount *available* for spending (appropriations plus funds from benefit overpayment recoveries, state payments, unused employment/training money, and the Economic Research Service budget account). For the most part, expenditures depend on the number of persons/households actually receiving benefits, the level of their benefits, and related administrative and work/training program costs. As a result, readily identifiable Food Stamp Act annual appropriations do not provide a clear picture of the extent of federal spending on food stamps. And total (appropriated and other) funding generally exceeds actual spending (obligations or outlays), as shown in the

¹⁸ Spending for a few activities, such as research and evaluation related to the Food Stamp program, computer and electronic benefit transfer system support, and special nutrition education and “outreach” projects, are treated as “discretionary” spending items. As such, they are dependent on annual appropriations decisions as to how much should be spent, rather than being driven by the number of recipients and benefit payments.

spending and funding tables in this report. Unspent appropriations normally are returned to the Treasury or, in a few cases, transferred to help fund other Agriculture Department nutrition programs. However, unspent grants to states for work/training programs typically are accumulated for allocation and spending in later years.

Finally, in addition to federal dollars, states make a substantial contribution with their matching share of administrative and work/training costs and the above-noted payments for benefits to some noncitizens (see the discussion of these contributions/payments later in this report).

FY1994-FY1997. *Spending* for the regular Food Stamp program peaked in FY1994-FY1995. It increased from \$18.7 billion in FY1991 to \$22.5 billion in 1992, \$23.7 billion in 1993, and \$24.4 billion in 1994. Even with decreased participation (see the earlier discussion of participation in the program), obligations inched up to \$24.5 billion in FY1995 because of inflation indexing and more administrative and work/training spending.

In FY1996 and again in FY1997, spending on the regular program turned down: to \$24.4 billion in FY1996 and, more significantly, to \$21.7 billion in FY1997. These lower expenditures were the result of reduced participation and slower growth in benefits brought on by an improved economy and greater employment prospects, as well as implementation of changes in food stamp and other public assistance laws made by the 1996 welfare reform measure and states' welfare reform initiatives.

While spending peaked and declined in the FY1994-FY1997 period, the annual amounts *available* (from appropriations and other sources) were consistently above the level needed to finance all needed spending: by 8%-21% (\$2.1-\$4.8 billion). Estimates of need (reflected in available funding) exceeded actual needs.

On the other hand, annual federal spending under Puerto Rico's nutrition assistance grant (when considered separately from spending on the regular program) rose from \$974 million in FY1991, to \$1.091 billion in FY1994, and continued to rise to \$1.143 billion in FY1995 and FY1996 and \$1.174 billion in FY1997. In other words, the amount of each year's block grant (specified in the Food Stamp Act) was fully spent under the Commonwealth's nutrition assistance program.

Table 1 shows federal food stamp spending (obligations) and the amounts available (from Food Stamp Act appropriations and other sources) for FY1994-FY1997. Mandated spending (from the Food Stamp Act appropriation) for the Food Distribution Program on Indian Reservations and the Emergency Food Assistance program is not set out in the table, although the appropriations figure for FY1997 includes money for these two programs (totaling \$150 million).¹⁹

¹⁹ For information about the Emergency Food Assistance program, see *The Emergency Food Assistance Program and Emergency Feeding Needs*, CRS Report RL30164. The Food Distribution Program on Indian Reservations provides federally donated food and money for administration and distribution costs as an alternative to food stamps on Indian reservations opting for this program. In years prior to FY1997, these programs were funded out of
(continued...)

Table 1. Food Stamp Spending and Funding: FY1994-FY1997
(in millions)

| | FY1994 | FY1995 | FY1996 | FY1997 |
|---|---------------|---------------|---------------|---------------|
| Regular food stamp program spending ^a | \$ 24,434 | \$ 24,535 | \$ 24,351 | \$ 21,694 |
| (Benefits) | (22,675) | (22,651) | (22,399) | (19,668) |
| (Administration & other costs) ^b | (1,759) | (1,884) | (1,952) | (2,026) |
| Puerto Rico's nutrition assistance grant ^c | 1,091 | 1,143 | 1,143 | 1,174 |
| Total food stamp spending | 25,525 | 25,678 | 25,494 | 22,868 |
| Food Stamp Act appropriation ^d | 28,137 | 28,819 | 27,598 | 27,618 |
| Other available funds ^e | e | e | e | 149 |
| Total available funding | 28,137 | 28,819 | 27,598 | 27,767 |

Notes: Figures generally are obligation amounts from Agriculture Department documents submitted with annual appropriation requests. They do *not* show: (1) about \$1.6-\$1.8 billion a year in *state matching funding* for administration and work/training programs and (2) *spending* (\$150 million from the FY1997 Food Stamp Act appropriation shown in the table) for the Food Distribution Program on Indian Reservations and the Emergency Food Assistance program.

- a. Regular program spending *includes* (1) small grants (totaling about \$10 million a year) to American Samoa and the Northern Marianas, (2) for FY1997, spending of about \$100 million for benefits to some noncitizens that were financed by state payments (not federal dollars), and (3) \$1-\$2.5 million a year spent on "community food projects" under section 25 of the Food Stamp Act.
- b. Amounts *include* federal funding for work/training programs for food stamp recipients, the federal share of state/local administrative and issuance costs, and certain federal costs associated with the program (e.g., printing and redeeming food stamp coupons, monitoring program compliance, research and evaluation). They do *not* include: (1) approximately \$60 million a year attributable to federal administrative activities related to food stamps, but budgeted under a separate Agriculture Department appropriation account for administration of various federal food assistance programs, and (2) federal payments for administration under Puerto Rico's nutrition assistance grant (about \$30 million a year, included in the amounts listed for Puerto Rico's grant).

Notes for Table 1 are continued on the following page.

¹⁹ (...continued)

Agriculture Department budget accounts separate from the Food Stamp Act account.

- c. These figures are the block grant amounts specified for each year in the Food Stamp Act. Included are federal payments for 50% of administrative costs, benefit and work/training expenses, and funds transferred for a cattle tick eradication project (\$12 million a year in FY1994 and FY1995 and \$9 million in FY1996).
- d. Annual appropriations include: (1) contingency reserves, (2) a \$12 million FY1995 rescission, and (3) for FY1997, \$150 million from the Food Stamp Act appropriation account for the Food Distribution Program on Indian Reservations and the Emergency Food Assistance program.
- e. Other available funds include recouped overpayments and payments from states choosing to pay for food stamp benefits to noncitizens. In FY1997, \$100 million of the total was from payments from states for benefits to noncitizens, and \$49 million was from overpayment collections. In earlier years, other available funds totaled well under \$100 million a year (from overpayment collections only; state-funded benefits for noncitizens were not authorized until FY1997).

FY1998 and FY1999. The total Food Stamp Act appropriation for FY1998 was \$25.1 billion (P.L. 105-86), \$2.5 billion less than the FY1997 figure. This included money for the regular Food Stamp program and small grants to American Samoa and the Northern Marianas, \$1.2 billion for Puerto Rico's nutrition assistance grant program, and funds for the Food Distribution Program on Indian Reservations and the Emergency Food Assistance program (a total of \$175 million). In addition, \$170 million was available from recouped benefit overpayments, state payments for benefits to noncitizens, and research/evaluation money appropriated to the Economic Research Service (not the Food and Nutrition Service) — for a total *available* amount of \$25.3 billion.

However, primarily because of dropping food stamp enrollment and virtually no increase in average benefits, FY1998 *spending* for the regular program totaled only \$19.2 billion — well below the \$20-\$21 billion the Administration had expected would be spent. In addition, the Food Stamp Act mandated \$1.2 billion for Puerto Rico's nutrition assistance grant program in FY1998. Thus, total *spending* was \$20.4 billion (or \$20.6 billion including money spent from the Food Stamp Act appropriation on the Food Distribution Program on Indian Reservations and the Emergency Food Assistance program). This was \$4.9 billion (or \$4.7 billion) less than the money available.

As originally enacted, the total Food Stamp Act appropriation for FY1999 was \$22.6 billion (P.L. 105-277 and P.L. 105-379), some \$2.5 billion less than FY1998. This appropriation incorporated funds for the regular Food Stamp program and the small grants to American Samoa and the Northern Marianas, \$1.2 billion for Puerto Rico's nutrition assistance grant program, and money for the Food Distribution Program on Indian Reservations and the Emergency Food Assistance program (a total of \$165 million). In addition, \$429 million was originally estimated to be available from recouped benefit overpayments, state payments for benefits to noncitizens, unused FY1998 funding for work/training programs, and the Economic Research Service appropriation (this sum was later reduced) — for an estimated total *available* amount of \$23 billion under the original appropriation estimates.

But, in order to provide funding for other federal initiatives, a later law making FY1999 emergency supplemental appropriations (P.L. 106-31; enacted May 21, 1999) rescinded \$1.25 billion of the FY1999 Food Stamp Act appropriation. And the amount available from other sources (recoupments, state payments, unused

employment/training money, the Economic Research Service) was revised downward to \$334 million. This reduced the total Food Stamp Act appropriation to \$21.34 billion and dropped the total amount available for FY1999 to \$21.67 billion (including \$334 million from recouped benefits, state payments, unused FY1998 work/training money, and the Economic Research Service).

On the other hand, actual FY1999 *spending* for the regular program was much less than originally anticipated: \$18.1 billion. This, when coupled with Puerto Rico's \$1.2 billion nutrition assistance grant, meant that FY1999 total spending under the Food Stamp Act was \$19.3 billion for the regular program and Puerto Rico, or about \$19.5 billion if \$165 million spent on the Food Distribution Program on Indian Reservations and food purchases for the Emergency Food Assistance program (both financed out of the Food Stamp Act appropriation) are included.

Table 2 shows federal food stamp spending (obligations) and the amounts available (from appropriations and other sources) for FY1998 and FY1999. Spending from the Food Stamp Act appropriation for the Food Distribution Program on Indian Reservations and food purchases for the Emergency Food Assistance program is not set out in the table, although the appropriations figures include money to fund these two programs (\$175 million in FY1998 and \$165 million in FY1999).²⁰ On the other hand, money for food-stamp-related research and evaluation by the Economic Research Service (under its separate appropriation account) is included in the available funding and spending figures shown in the table — about \$11 million in FY1998 and \$6 million in FY1999 was spent on these activities under the Agriculture Department's Economic Research Service appropriation. In earlier years, research and evaluation money was spent through the Food and Nutrition Service under the Food Stamp Act appropriation.

²⁰ For information about the Emergency Food Assistance program (EFAP/TEFAP), see *The Emergency Food Assistance Program and Emergency Feeding Needs*, CRS Report RL30164. The Food Distribution Program on Indian Reservations provides federally donated food items and money for administration as an alternative to food stamp assistance on Indian reservations opting for this program.

Table 2. Food Stamp Spending and Funding: FY1998 and FY1999
(in millions)

| | FY1998 | FY1999 |
|---|---------------|---------------|
| Regular food stamp program spending ^a | \$ 19,204 | \$ 18,087 |
| (Benefits) | (17,062) | (16,021) |
| (Administration & other costs) ^b | (2,142) | (2,066) |
| Puerto Rico's nutrition assistance grant ^c | 1,204 | 1,236 |
| Total food stamp spending | 20,408 | 19,323 |
| Food Stamp Act appropriation ^d | 25,140 | 21,336 |
| Other available funds ^e | 181 | 334 |
| Total available funding | 25,321 | 21,670 |

Notes: Figures generally are obligation amounts from Agriculture Department documents submitted with the FY2000 and FY2001 budgets. They do *not* include: (1) about \$1.9 billion in *state matching funding* for administration and work/training programs and (2) *spending* (from the Food Stamp Act appropriations shown in the table) for the Food Distribution Program on Indian Reservations and the Emergency Food Assistance program.

- a. Regular program spending *includes* (1) small grants to American Samoa and the Northern Marianas (approximately \$5 million a year for each), (2) spending of about \$100 million a year for benefits to some noncitizens financed by state payments, and (3) \$2.5 million a year for "community food projects" authorized under section 25 of the Food Stamp Act.
- b. Amounts *include* federal funding for work/training programs for food stamp recipients, the federal share of state/local administrative and issuance costs, and certain federal costs associated with the program (e.g., printing and redeeming food stamp coupons, monitoring retailer compliance, support for electronic benefit transfer activities, research/evaluation through the Economic Research Service). They do *not* include: (1) approximately \$60 million attributable to federal administrative activities related to food stamps, but budgeted under a separate undifferentiated Agriculture Department appropriation account for administration of various federal food assistance programs and (2) federal payments for administrative costs under Puerto Rico's nutrition assistance grant (nearly \$40 million a year, included in the amounts listed for Puerto Rico's grant).
- c. These figures are the grant amounts specified for each year in the Food Stamp Act. Included are federal payments for benefits, 50% of administrative costs, and work/training program expenses.
- d. Annual appropriations include contingency reserves and money available from the Food Stamp Act appropriation account for the Food Distribution Program on Indian Reservations and the Emergency Food Assistance program (\$175 million in FY1998 and \$165 million in FY1999). The FY1999 figure reflects a *reduction* for a \$1.25 billion rescission ordered by P.L. 106-31.

Notes for Table 2 are continued on the following page.

e. Other available funds include recouped overpayments, payments from states choosing to pay for food stamp benefits to some noncitizens, money appropriated to the Economic Research Service, and, in FY1999 unused FY1998 funding for work/training programs. In FY1999, for example, these were: \$97 million in recoupments, \$98 million from state payments, \$6 million for food stamp research through the Economic Research Service, and \$133 million in unused work/training funding.

FY2000. For FY2000, the Administration asked for a total Food Stamp Act appropriation of \$22.477 billion to provide funding for operations *under current law*.²¹ This requested appropriation included money for the regular Food Stamp program and small grants for American Samoa and the Northern Marianas, \$1.3 billion for Puerto Rico's nutrition assistance grant, funds to support the Food Distribution Program on Indian Reservations and the Emergency Food Assistance program, and a \$1 billion contingency reserve in case food stamp caseload/benefit estimates for FY2000 proved to be too low. The Administration's FY2000 food stamp budget also assumed \$346 million available for spending from recouped benefit overpayments, state payments for benefits to noncitizens, and unused employment/training program funds — for a total *available* of \$22.823 billion.

The current-law budget request was supplemented with three proposed changes to existing law and appropriations allocations that were projected to have a small effect on food stamp spending in FY2000. First, as part of a larger initiative to provide benefits to legal immigrants made ineligible by the 1996 welfare reform law, the Administration proposed to grant food stamp eligibility to legal immigrants who were lawful residents in August 1996 (the month of enactment for the 1996 welfare reform law) and who subsequently reach the age of 65 (those who were 65 in August 1996 are already eligible under the terms of 1998 legislation). This initiative would have required separate legislation and added an estimated \$10 million to FY2000 food stamp benefit costs. Second, the Administration proposed to spend \$7 million in FY2000 on nutrition education and technical assistance (“outreach”) providing information about food stamps to populations with low food stamp participation rates such as the elderly and working poor. Finally, the Administration proposed to provide about \$11 million for research and evaluation projects related to food stamps using the Food Stamp Act appropriation for the Food and Nutrition Service (rather than the appropriation for the Agriculture Department's Economic Research Service). In FY1998 and FY1999, funding for these efforts was provided through the Economic Research Service appropriation by direction of the annual appropriations acts; the \$11 million proposed by the Administration represented a significant increase above the \$6 million provided through the Economic Research Service in FY1999. Altogether, these three Administration initiatives were projected to add \$28 million to spending under the food stamp budget account in FY2000 — although the \$11 million proposed for research and evaluation would be offset by a reduction in money provided to the Economic Research Service for food-stamp-related research and evaluation activities.

On June 8, 1999, the House approved its version of the FY2000 Agriculture Department appropriations measure (H.R. 1906; H.Rept. 106-157), which included a total Food Stamp Act appropriation of \$21.577 billion. This bill appropriated less

²¹ The Administration's FY2000 food stamp budget also requested a \$4.8 billion “advance” appropriation for FY2001.

than requested by the Administration, but without affecting current-law food stamp benefits/services. Because the required change in food stamp law was not anticipated to be made, the \$10 million requested for the Administration's initiative for legal immigrants was not accounted for in the bill. Funding for the Administration's new outreach effort (\$7 million) was not explicitly included. And the Administration's proposal to fund food stamp research and evaluation projects through the food stamp account and the Food and Nutrition Service was rejected — although the requested amount (\$11 million) was part of the House bill's Economic Research Service appropriation. Finally, the House-passed bill differed from the Administration's request for FY2000 by reducing the size of the requested contingency reserve from \$1 billion to \$100 million.²²

On August 4, 1999, the Senate approved its version of the FY2000 Agriculture Department appropriations bill (S. 1233; S.Rept. 106-80). This included a total Food Stamp Act appropriation of \$21.564 billion. As with the House bill, the Senate measure appropriated less than requested by the Administration, but with no anticipated effect on current-law benefits/services. Also like the House bill, the Senate's recommendation reduced the size of the requested contingency reserve from \$1 billion to \$100 million and did not include money for (1) the Administration's initiative for legal immigrants, (2) the Administration's new outreach effort, or (3) the Administration's proposal to fund food stamp research and evaluation projects through the food stamp account and the Food and Nutrition Service.²³ With regard to funding for research and evaluation activities, the Senate bill, as in the House, directed money through the Economic Research Service appropriation (although at a reduced level (estimated to be approximately \$6 million vs. the \$11 million explicitly provided by the House). Finally, the Senate bill included \$500,000 for a special study on the recent decline in food stamp participation.

On September 30, 1999, House-Senate conferees on the FY2000 Agriculture Department appropriations measure reported their agreement (H.Rept. 106-354). The conference agreement appropriated \$21.072 billion – including money for the regular program (and the small grants to American Samoa and the Northern Marianas), Puerto Rico's \$1.3 billion nutrition assistance grant, the Food Distribution Program on Indian Reservations and the Emergency Food Assistance program (a total of \$173 million), and a \$100 million contingency reserve. Funding for the Administration's initiatives was not included, nor was the \$500,000 provided in the Senate bill for study of the decline in food stamp participation; \$6 million was separately provided for research/evaluation through the Economic Research Service.

The House approved the FY2000 Agriculture appropriations conference report on October 1, 1999, and the Senate adopted it on October 13, 1999. On October 22, 1999, the House-Senate agreement was enacted as **P.L. 106-78**.

²² The House-approved bill also did not include the request for a \$4.8 billion “advance” appropriation for FY2001.

²³ As with the House bill, the Senate measure did not include the Administration's request for a \$4.8 billion “advance” appropriation for FY2001.

The enacted FY2000 food stamp appropriation, together with the estimated \$352 million provided from recouped overpayments, state payments, unused work/training money, and the Economic Research Service appropriation, made about \$21.4 billion *available* for spending under the Food Stamp Act in FY2000. However, the Administration's FY2001 budget submission later projected FY2000 *spending* to be well under the amount available – \$19.8 billion (some \$1.6 billion less, or \$1.4 billion less if spending for the Food Distribution Program on Indian Reservations and the Emergency Food Assistance program is included). The gap between the amount available and the amount spent now is expected to be even larger as the result of newer (and lower-than-expected) participation figures. The Administration's summer 2000 "mid-session" budget review lowered the anticipated FY2000 spending level by \$600 million, to a total of \$19.2 billion for the regular program and Puerto Rico, and the Congressional Budget Office's July 2000 "baseline" estimate placed FY2000 spending for the regular program and Puerto Rico at a total of about \$18.7 billion.

Table 3 shows food stamp spending (obligations) and funding estimates for FY2000. It includes projected spending and available funding (from all sources) as estimated in the documents accompanying the Administration's FY2001 budget submission. It also shows estimated spending figures after downward adjustment according to the Administration's summer 2000 "mid-session" budget review. *Not* shown are even lower revised spending estimates by the Congressional Budget Office and spending from the Food Stamp Act appropriation for the Food Distribution Program on Indian Reservations and the Emergency Food Assistance program (\$173 million).

Table 3. Food Stamp Spending and Funding: FY2000
(in millions)

| | FY2000: estimate submitted with FY2001 budget | FY2000: estimate after summer 2000 “mid-session” budget review |
|--|--|---|
| Regular food stamp program spending ^a | \$ 18,495 | \$ 17,895 |
| <i>(Benefits)</i> | <i>(16,082)</i> | <i>(15,482)</i> |
| <i>(Administration & other costs) ^b</i> | <i>(2,413)</i> | <i>(2,413)</i> |
| Puerto Rico’s nutrition assistance grant ^c | 1,268 | 1,268 |
| Total food stamp spending | 19,763 | 19,163 |
| Food Stamp Act appropriation ^d | 21,072 | 22,132 |
| Other available funds ^e | 352 | 363 |
| Total available funding | 21,424 | 22,495 |

Notes: Figures are from documents submitted with the Administration’s FY2001 budget and adjusted downward to reflect subsequent adjustments to estimated spending figures made during the Administration’s summer 2000 “mid-session” budget review (i.e., a \$600 million reduction attributed to fewer benefit payments in the regular program). Amounts also do *not* include: (1) about \$2 billion in state funds for administration and work/training programs and (2) *spending* for the Food Distribution Program on Indian Reservations and the Emergency Food Assistance program (\$173 million).

- a. Regular program spending *includes* grants to American Samoa and the Northern Marianas (totaling some \$10 million a year), as well as spending for benefits to some noncitizens financed by state payments (about \$100 million) and \$2.5 million spent for “community food projects” authorized under section 25 of the Food Stamp Act.
- b. Amounts *include* federal funding for work/training programs for food stamp recipients, the federal share of state/local administrative and issuance costs, and certain federal costs associated with the program (e.g., printing and redeeming food stamp coupons, monitoring retailer compliance, support for electronic benefit transfer activities, research and evaluation). They do *not* include: (1) roughly \$60 million attributable to federal administrative activities related to food stamps, but budgeted under a separate undifferentiated Agriculture Department appropriation account for administration of various federal food assistance programs and (2) federal payments for administrative costs under Puerto Rico’s nutrition assistance grant (nearly \$40 million a year, included in the amounts listed in this table for Puerto Rico’s grant).
- c. These figures are the Puerto Rico block grant amount specified in the Food Stamp Act for each year. Included are federal payments for benefits, 50% of administrative costs, and work/training program expenses.
- d. The appropriation figures *include* (1) contingency reserves (\$100 million for FY2000) and (2) funding available for spending on the Emergency Food Assistance program and the Food Distribution Program on Indian Reservations (\$173 million).
- e. Other available funds *include* recouped overpayments, payments from states choosing to pay for food stamp to noncitizens, and unused prior-year work/training funds. In FY2000, these were projected at \$102 million, \$95 million, and \$149 million, respectively. Research and evaluation funds also are included – as appropriated to the Economic Research Service.

FY2001, the Administration's Budget. For FY2001, the Administration asked for a total Food Stamp Act appropriation of \$22.132 billion to provide funding for operations *under current law*.²⁴ This requested appropriation included money for the regular Food Stamp program and the small grants for American Samoa and the Northern Marianas, \$1.3 billion for Puerto Rico's nutrition assistance block grant, \$177 million for the Food Distribution Program on Indian Reservations and food purchases for the Emergency Food Assistance program, and a \$1 billion contingency reserve in case caseload projections for FY2001 are too low. The FY2001 budget request also assumed that some \$363 million will be available from recouped benefit overpayments, state payments for benefits to noncitizens, and unused employment/training program funds – for a total *available* amount of \$22.5 billion.

The current-law budget request was supplemented with three proposed changes to existing law that were projected to have a minor effect on food stamp spending in FY2001 (adding some \$31 million), but larger effects in later years (e.g., costing about \$130 million in FY2002 and \$265 million in FY2003).²⁵ [Note: While these changes were outlined in budget presentations, legislation to implement them was not submitted by the Administration. However, the two most important of these proposals (those dealing with legal immigrants' eligibility status and the counting of vehicles as assets in eligibility determinations) were largely subsumed in other legislation – see below and the discussion of legislation at the end of this report for details.]

First, the Administration proposed to restore eligibility for federally financed food stamps to two groups of noncitizens who were barred from food stamps by the 1996 welfare reform law. As with its FY2000 budget request, the Administration would have made eligible persons legally resident on August 22, 1996 (the date of enactment for the welfare reform change) who subsequently turn age 65 (those who were 65 at enactment are already eligible under the terms of 1998 legislation). This change would have affected an estimated 10,000 persons when fully implemented, at an FY2001 benefit

²⁴ Included in the current-law appropriations request were funds to cover the benefit spending effects of regulatory changes proposed in February 2000 – approximately \$80 million in FY2001 (and over \$170-\$200 million a year in later years). These revisions, expected to become effective in late 2000, include: (1) allowing states to disregard vehicles with an equity value below \$1,000 when determining food stamp eligibility, (2) increasing state options as to how to count the financial resources of ineligible noncitizens residing with eligible persons (e.g., allowing states to disregard the income of ineligible noncitizens); and (3) significantly changing federal rules as to income reporting and other administrative requirements to ease burdens on state agencies and recipients. Also included in the Administration's current-law request was \$2.5 million for "community food projects" approved in the Freedom to Farm law (P.L. 104-127) and authorized under section 25 of the Food Stamp Act; funding for these projects has been included in the regular food stamp appropriation since 1996.

²⁵ The Administration also separately proposed changes in child support enforcement law that would increase food stamp recipients' child support income and lower food stamp benefit costs by some \$7 million in FY2001 (rising to over \$40 million a year). Thus, Table 4 shows only a *net* \$24 million benefit cost in the Administration's FY2001 request with proposed legislation. Congressional action on child support proposals (incorporated in the pending Child Support Distribution Act of 2000) is not complete, and, if child support revisions are enacted, there will be food stamp benefit savings not reflected in the FY2001 enacted appropriation spending figures.

cost of \$10 million, rising to \$20 million in FY2002 and \$35 million in FY2003. In addition, the Administration asked to make eligible adult legal immigrants who were legal residents on August 22, 1996 and live with eligible children (i.e., citizen children or noncitizen children made eligible by the terms of 1998 legislation). This would have restored eligibility to about 200,000 legal immigrant adults when fully implemented, at an FY2001 benefit cost of \$15 million, increasing to \$75 million in FY2002 and \$105 million in FY2003. However, it should be noted that these changes would have allowed some states that now pay for food stamps for noncitizens ineligible for federally financed benefits to reduce their costs. A much more expansive restoration of food stamp eligibility for legal immigrants was included in the Hunger Relief Act (H.R. 3192/S. 1805) and remains under congressional consideration (see discussion of legislation at the end of this report).

Second, the Administration proposed to allow states to change the rules under which *vehicles* are counted as an asset in judging food stamp eligibility. States would be permitted to conform food stamp rules with those they use in their Temporary Assistance for Needy Families (TANF) programs. The majority of states completely disregard the value of one vehicle under their TANF program, while federal food stamp rules are generally stricter – e.g., the fair market value of most vehicles is counted as an asset to the extent it exceeds \$4,650.²⁶ When fully implemented, this proposal was anticipated to allow food stamp eligibility for some 245,000 additional people. Federal benefit costs would rise by \$1 million in FY2001, \$30 million in FY2002, \$120 million in FY2003, and over \$200 million a year in following years. A very similar revision of vehicles-as-assets rules was advanced in the Hunger Relief Act (H.R. 3192/S. 1805) and became law as part of the FY2001 Agriculture Department appropriations measure (see the discussion of legislation at the end of this report).

Third, the Administration proposed to permit states to choose to conform the *types of income* they count in the Food Stamp program with the income definition used for Medicaid eligibility purposes. This would have allowed states to disregard certain types of income for food stamps that are now disregarded in the Medicaid program but counted under food stamp rules. The Administration expected that this option would affect an estimated 17,000 persons at an annual food stamp benefit cost of \$5 million.

Finally, in addition to its three legislative proposals, the Administration's FY2001 food stamp budget (1) proposed that funding for food-stamp-related research and evaluation be directed through the Food and Nutrition Service (as it was prior to FY1998) rather than the Economic Research Service, (2) asked for an increase in funding for research/evaluation activities (from \$6 million to \$11 million), and (3) requested \$10 million for a nutrition education and program information ("outreach") initiative aimed at eligible population groups with low rates of participation.

²⁶ A proposed regulatory change would modify this rule by allowing states to disregard vehicles with an equity value of less than \$1,000. It is scheduled to become effective in late 2000. The significant cost of this regulatory revision (over \$100 million a year when fully implemented) is included in the Administration's current-law estimates and reduces the cost of the proposed legislative change regarding vehicles as assets.

FY2001, Appropriations and Estimated Spending. In July 2000, the House and Senate approved their versions of the FY2001 food stamp appropriation as part of their respective FY2001 Agriculture Department appropriations bills. In effect, both measures appropriated more than enough money to maintain anticipated current-law spending levels for food stamps, even if enrollment declines end and participation turns upward – i.e., sufficient resources were made available for an average monthly caseload of 18.8 million persons (well above average participation of 18.2 million people in FY1999 and 17.2 million persons for the first 10 months of FY2000) and average monthly benefits of \$76 a person (about 4% higher than expected in FY2000). Nevertheless, they both (1) cut the Administration’s requested \$1 billion contingency fund to \$100 million and (2) denied a requested funding increase for food-stamp-related research while directing research spending through the Economic Research Service (not the FNS and the Food Stamp Act appropriation as asked for by the Administration). In addition, no explicit adjustment was made for legislative changes.

The *House* FY2001 appropriations measure (H.R. 4461; H.Rept. 106-619; reported May 16, 2000; passed July 11, 2000) appropriated a total of \$21.232 billion.²⁷ This was \$900 million less than the Administration’s current-law request and \$924 million less than the request amount including the net costs of proposed legislation. It reflected decisions to decrease the requested contingency fund amount from \$1 billion to \$100 million and not adjust for any legislative changes. Money for food stamp research (\$6 million, not the \$11 million requested) was appropriated to the Economic Research Service. Whether funding for the Administration’s “outreach” effort (\$10 million) was included under the House bill was unclear, although no specific dollar reduction from the requested appropriation amount (or committee report language) reflected a decision to deny these funds. Finally, the House bill directed a \$25 million reduction (from \$219 million to \$194 million) in the amount to be allocated for employment and training programs for food stamp recipients (although no change in the appropriation level reflected this). This mandate, however, would not affect FY2001 spending because money made available in earlier years is going unused and building up in a “reserve” for future use. The real effect of the House directive would be in the longer term – it would reduce the amount of “new” (i.e., FY2001) money flowing into the reserve for future use, but not decrease spending in FY2001 itself because the large reserve that has already been built up can be drawn down.

The *Senate’s* FY2001 appropriations measure (S. 2536/H.R. 4461; S.Rept. 106-288; reported May 10, 2000; passed July 20, 2000) appropriated a total of \$21.221 billion. As with the House, it reflected decisions to reduce the amount set aside for the contingency fund by \$900 million and not adjust for legislative changes. Again, like the House, the Senate’s bill appropriated money (\$6 million not the \$11 million requested) for food stamp research to the Economic Research Service. But, differing slightly from the House, it specifically reduced requested food stamp appropriation amount (by \$11 million) to reflect the fact that no money from the food stamp account can be spent for research and specified \$500,000 for a study of problems related to applicants’ access

²⁷ As with the Administration’s request, this appropriation included money for the Food Distribution Program on Indian Reservations (\$77 million) and food purchases for the Emergency Food Assistance program (\$100 million).

to food stamp benefits and the recent decline in food stamp participation.²⁸ As with the House, it was unclear whether funds for the Administration's \$10 million food stamp outreach project was included.

On October 6, 2000, the House-Senate conference agreement on the FY2001 Agriculture Department appropriations bill was filed (H.R. 4461; H.Rept. 106-948). It was approved by the House on October 11, 2000, and by the Senate on October 18, 2000. On October 28, 2000, the congressional conference agreement on the FY2001 Agriculture Department appropriations measure was enacted as **P.L.106-387**.

The *FY2001 law* appropriates \$20.114 billion, substantially less than either the House or Senate approved, or requested by the Administration. While lower than earlier recommendations, this amount simply represents a downward adjustment of \$1.107 billion to reflect new estimates of probable FY2001 spending needs made in the Administration's summer 2000 "mid-session" budget review – not a "cut" in support for the program. The House-Senate conferees reduced the Senate's figure by \$1.107 billion. But, with other available funding, there will still be nearly \$20.5 billion to support the regular program, Puerto Rico's block grant, and other spending under the food stamp budget account (\$100 million in food purchases for the Emergency Food Assistance program and \$80 million for the Food Distribution Program on Indian Reservations).²⁹ This amount is noticeably above the figure needed to support a significant rise in food stamp participation and the cost of Food Stamp program changes also legislated in the FY2001 appropriations law (see the discussion of legislation at the end of this report).

Table 4 shows estimated spending and available funding under the Administration's FY2001 budget and the FY2001 Agriculture appropriations law. Spending figures are adjusted to reflect the Administration's summer 2000 "mid-session" budget review (i.e., reduced costs for benefits because of lower than previously expected participation in FY2001). The amounts presented for the Administration's current-law request do not take its legislative proposals into account, while those shown for the request (with proposed legislation) reflect the \$24 million FY2001 net cost of the Administration's legislative package. The figures for the enacted appropriations law reflect (1) new spending (\$40 million, as estimated by the Congressional Budget Office) from the legislative changes to Food Stamp program rules made by the law, (2) an estimated \$5 million reduction in Puerto Rico's grant mandated by the agreement, and (3) a \$5 million cut in the Administration's request for food-stamp-related research. Money for the Senate-recommended study of applicants' access to food stamp benefits and the decline in participation (\$500,000) and for the Administration's \$10 million "outreach" initiative also is included in the enacted law amounts.

²⁸ Also unlike the House bill, the Senate included \$7 million for bison meat purchases and distribution through the Food Distribution Program on Indian Reservations; funding for this program is covered by the appropriation to the food stamp budget account.

²⁹ The conference agreement added \$3 million in funding for bison meat purchases through the Food Distribution Program on Indian Reservations to the \$77 million requested for the program by the Administration.

Table 4. Food Stamp Spending and Funding: FY2001
(spending adjusted for the summer 2000 “mid-session” budget review; in millions)

| | FY2001: Administration request, current law | FY2001: Administration request, with proposed legislation | FY2001: Enacted appropriations law (P.L. 106-387) |
|---|--|--|--|
| Regular food stamp program spending ^a | \$ 18,701 | \$ 18,725 | \$ 18,736 |
| <i>(Benefits)</i> | <i>(16,232)</i> | <i>(16,256)</i> | <i>(16,272)</i> |
| <i>(Admin. & other costs) ^b</i> | <i>(2,469)</i> | <i>(2,469)</i> | <i>(2,464)</i> |
| Puerto Rico’s nutrition assistance grant ^c | 1,301 | 1,301 | 1,296 |
| Total food stamp spending | 20,002 | 20,026 | 20,032 |
| Food Stamp Act appropriation ^d | 22,132 | 22,156 | 20,114 |
| Other available funds ^e | 363 | 363 | 369 |
| Total available funding | 22,495 | 22,519 | 20,483 |

Notes: Figures are derived from documents submitted with the Administration’s FY2001 budget, the House and Senate Appropriations Committees’ reports on the FY2001 appropriation (H.Rept. 106-619 and S.Rept. 106-288), and the House-Senate conference report on the FY2001 appropriation (H.Rept. 106-948). Amounts differ from those presented in earlier versions of this report and the Administration’s FY2001 budget primarily because they reflect downward adjustments to spending estimates made during the Administration’s summer 2000 “mid-session” budget review (a reduction of \$1.107 billion in benefit spending) and include estimated spending due to legislative changes included in the conference agreement (\$40 million for added benefits and a \$5 million decrease in Puerto Rico’s block grant). Amounts do *not* include: (1) about \$2 billion in state funds for administration/issuance costs and work/training programs and (2) *spending* for the Food Distribution Program on Indian Reservations (\$77 million in the Administration’s request and \$80 million in the conference agreement) and food purchases for the Emergency Food Assistance program (\$100 million). Substantial spending effects (estimated to total about \$80 million in FY2001) resulting from implementation of regulations proposed in February 2000 are included in all figures. Spending figures for the regular program shown in this table are slightly higher than the \$18.613 billion designated for “expenses” in the joint explanatory statement of the House-Senate conferees, primarily because spending from funds provided by states (and other sources) is included.

a. Regular program spending *includes* grants to American Samoa and the Northern Marianas (totaling some \$10 million), as well as spending for benefits to some noncitizens financed by state payments (about \$100 million).

Notes for Table 4 are continued on the following page.

- b. Amounts *include* federal funding for work/training programs for food stamp recipients, the federal share of state/local administrative and issuance costs, and certain federal costs associated with the program (e.g., printing and redeeming food stamp coupons, monitoring retailer compliance, support for electronic benefit transfer activities, research and evaluation). They do *not* include: (1) roughly \$60 million attributable to federal administrative activities related to food stamps, but budgeted under a separate undifferentiated Agriculture Department appropriation account for administration of various federal food assistance programs, and (2) federal payments for administrative costs under Puerto Rico's nutrition assistance grant (nearly \$40 million, included in the amounts listed in this table for Puerto Rico's grant). Funding and spending for the Administration's \$10 million "outreach" initiative is assumed in the figures in the table.
- c. The \$1.301 billion amount is specified for Puerto Rico's grant in the Food Stamp Act. The \$1.296 billion amount reflects the estimated amount of a reduction in the grant required by the terms of the conference agreement. Included in the grant are payments for benefits, 50% of administration, and work/training program expenses.
- d. The appropriation figures *include*: (1) contingency reserves (\$1 billion proposed by the Administration and \$100 million in the conference agreement) and (2) funding available for spending on the Emergency Food Assistance Program and the Food Distribution Program on Indian Reservations (\$177 million in total for the Administration's request and \$180 million in the conference agreement). They do *not* include separate appropriations to the Economic Research Service for food-stamp-related research and evaluation (see note e).
- e. Other available funds *include* recouped overpayments, payments from states choosing to pay for food stamp benefits to noncitizens, and unused prior-year work/training funds. They also include separate appropriations to the Economic Research Service for research and evaluation in the conference agreement.

Nonfederal Funding. There are three types of Nonfederal funding in the Food Stamp program.

- The largest amount is state matching funding for administrative costs — estimated at about \$2 billion for FY2000, up from \$1.7 billion in FY1999. In general, states are responsible for 50% of food stamp administrative costs (e.g., determining eligibility, issuing benefits). However, states can pay less than 50% (as little as 40%) if they have very low rates of erroneous benefit decisions (e.g., four states qualified for this "enhanced funding" treatment, worth \$38 million, in FY1999). And, beginning with FY1999, over 40 states have effectively been responsible for somewhat more than 50% of food stamp administrative costs. P.L. 105-185 (enacted June 23, 1998) requires that the normal 50% federal payment to them for administrative costs be reduced by a flat annual dollar amount for each state as an adjustment for additional funding received in their TANF block grants. For each year, this reduction in federal payments for administrative costs is just over \$200 million.
- States pay a matching share of the cost of work/training programs for food stamp recipients — about \$150 million a year in recent years.
- Finally, 12 states have chosen to pay the cost of providing benefits to some or all legal immigrants barred from federally financed food stamps by the 1996 welfare reform law (and not restored by 1998 revisions to the law) — estimated at just under \$100 million a year.

Legislation

Enacted in the 106th Congress. The Electronic Benefit Transfer Interoperability and Portability Act (**P.L. 106-171**; enacted February 11, 2000) requires that, by October 2002, all states' electronic benefit transfer (EBT) systems for delivering food stamp benefits be "interoperable" (i.e., that EBT cards issued by one state be usable to purchase food items in food stamp retailers in all other states); it also provides a small amount of federal funding to cover added state costs for doing so.

Section 604 of the FY2001 Defense Authorization law (H.R. 4205/H.R. 5408; H. Rept. 106-945; enacted as **P.L. 106-398** on October 30, 2000) provides for special family subsistence supplemental allowances for those military personnel who might be otherwise eligible for food stamp assistance. These allowances (up to \$500 a month) are intended to substantially eliminate the likelihood that military households would be financially eligible for food stamps.

The FY2001 Agriculture Department appropriations measure (H.R. 4461; H.Rept. 106-948; enacted as **P.L. 106-387** on October 28, 2000, and discussed earlier in this report) includes three important changes to food stamp law, two of which were derived from proposals advanced in the Hunger Relief Act (H.R. 3192/S. 1805). None of these revisions were included in either the House or Senate versions of the appropriations measure; they were added by House-Senate conferees.

- Section 821 of the FY2001 Agriculture appropriations law changes the terms of Puerto Rico's nutrition assistance block grant. Prior law fixed the amount of this grant at \$1.301 billion in FY2001 and \$1.335 billion in FY2002; amounts after FY2002 will be determined when the Food Stamp Act appropriations authorization is next taken up (probably in 2002). The revisions made by the appropriations law require that: (1) the FY2001 grant amount be the FY2000 figure (\$1.268 billion) inflated by the "food-at-home" component of the Consumer Price Index and (2) the FY2002 grant amount be the newly calculated FY2001 figure adjusted for changes in the cost of the "Thrifty Food Plan" used to determine basic food stamp benefits under the regular program. It is expected that these changes will result in Puerto Rico's grant being about \$5 million smaller than under prior law in FY2001 and some \$7 million lower than the prior law amount in FY2002.³⁰
- Section 846 of the FY2001 Agriculture appropriations law liberalizes the treatment of shelter expenses when determining food stamp benefits.³¹ Food stamp law increases benefits for those with very

³⁰ These amendments will slightly reduce Puerto Rico's grants in FY2001 and FY2002. But changing Puerto Rico's grant to a "indexed" amounts (as opposed to figures explicitly set out in food stamp law) will mean that, when food stamp appropriations are reviewed for reauthorization in 2002, renewing Puerto Rico's annual grant (at levels automatically increased for inflation) will not be "scored" as a cost by the Congressional Budget Office.

³¹ This change in food stamp law derives from a proposal included in the Hunger Relief Act
(continued...)

shelter expenses in relation to their income; it allows the cost of shelter above a threshold equal to roughly one-third of total household income to be disregarded (“deducted”) when judging the amount of income a household has available for food spending. For households without an elderly or disabled member, prior law *limits* the disregarded/deducted amount to \$300 a month, thereby restricting the shelter-expense-related benefit increase available to non-elderly, non-disabled households (primarily families with children). The amendment included in the appropriations law raises the limit to \$340 (beginning in March 2001) and indexes it annually to the Consumer Price Index beginning with FY2002. Preliminary estimates place the 5-year cost at \$500-\$600 million.

- Section 847 of the FY2001 Agriculture appropriations law liberalizes the treatment of vehicles when determining financial eligibility for food stamps.³² For those not receiving assistance under states’ Temporary Assistance for Needy Families (TANF) programs, the fair market value of a household’s vehicle generally is counted as a liquid asset, to the extent it *exceeds* \$4,650.³³ The appropriations law amendment allows states to elect to use their TANF rules governing vehicles as assets (already applied to TANF households) *if they are more liberal* – effective July 2001. Preliminary estimates place the 5-year cost at approximately \$1 billion.

Hunger Relief Act Amendments. Although two major provisions of the Hunger Relief Act (H.R. 3192/S. 1805) were enacted as part of the FY2001 Agriculture appropriations law (see above), one additional set of amendments revamping food stamp eligibility rules for legal immigrants was not. These amendments remain under consideration by Congress and would remove all categorical limits on food stamp eligibility for legal immigrants (for general coverage of immigration legislation see *Immigration Legislation and Issues in the 106th Congress*, CRS Issue Brief 10044).

Under the omnibus 1996 welfare reform law (P.L. 104-193), food stamp eligibility for noncitizen legal immigrants was severely limited (illegally present aliens and non-immigrant aliens were already, and continue to be, ineligible). Later amendments made by a 1998 law (P.L. 105-185) loosened limitations on legal immigrants somewhat, but retained several substantial barriers. The categories of legal immigrants who remain eligible for food stamps are generally limited to: (1) those with long U.S. work histories covered by Social Security, (2) veterans and active duty military personnel and their families, (3) refugees and asylees for 7 years after entry, (4) children who legally entered the country as of August 22, 1996 (the enactment date of the 1996 welfare reform law)

³¹ (...continued)
(H.R. 3192/S. 1805).

³² This change in food stamp law derives from proposals included in the Hunger Relief Act (H.R. 3192/S. 1805) and the Administration’s FY2001 budget package.

³³ Food-stamp-eligible households are limited to \$2,000 in liquid assets (\$3,000 for elderly households), including any amount attributable to the value of a vehicle over \$4,650.

so long as they are children, (5) the elderly who were here legally and age 65 or older as of August 22, 1996, (6) the disabled who were here legally as of August 22, 1996 (including persons who were here but become disabled after that date), and (7) Hmong refugees from Laos and certain Native Americans living along the Canadian and Mexican borders. In addition, a number of states have chosen to take advantage of an option to provide food stamp benefits, at their own expense, to some or all legal immigrants barred from federal financed food stamps (the majority of these state-covered legal immigrants are in California).

The legal immigrant provisions of the Hunger Relief Act would remove all the still-existing food stamp categorical eligibility limits imposed by the amended 1996 law. This would primarily benefit those who enter(ed) after August 22, 1996, or entered before that date and have reached age 18 or 65. They would not change the long-standing provisions of food stamp law barring eligibility to illegally present aliens. Other facets of the 1996 welfare reform law affecting legal immigrants also would be affected, most notably rules dealing with immigrants' sponsors and food stamps. Basic welfare reform law rules strengthening requirements that legal immigrants' sponsors' financial resources be attributed to the immigrant when judging food stamp eligibility (thereby limiting their access to food stamps based on financial need) would not be changed. However, immigrants' sponsors would be excused from certain requirements that they reimburse the cost of food stamp benefits provided to a sponsored immigrant if the sponsor is unable because of hardship (e.g., bankruptcy, disability) or experiences severe circumstances beyond the sponsor's control.

According to preliminary Congressional Budget Office estimates, these provisions would have a 5-year cost of just over \$900 million in food stamp benefits and affect 400,000-450,000 persons when fully carried out.

Other Legislation. Because of time and budget constraints – or because they have been overtaken by other legislative initiatives – other significant food stamp legislative proposals are not likely to be taken up in this session of Congress. They include:

- initiatives that were included in the Administration's FY2001 budget submission (discussed earlier in this report) but subsumed in the broader provisions of the Hunger Relief Act (discussed above) or dropped by the Administration (conforming food stamp income definitions with the Medicaid program);
- provisions in the Food Stamp Outreach and Research for Kids Act (H.R. 2738/ S. 1800) to encourage outreach to those eligible for food stamps and help lessen potential administrative barriers to their participation (e.g., require a variety of outreach activities, federal inspections of state public assistance agency administrative operations, and testing of strategies to ensure food stamp participation among recipients and former recipients of TANF); and
- proposals (in H.R. 3304 and S. 1307) to allow the use of food stamp benefits to purchase vitamins and nutrition supplements.