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U.S. Farm Bill Reauthorization: Opportunity to Improve the Food Stamp Program for Missourians

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The 2002 U.S. Farm Bill, which includes the nation's Food Stamp Program, expires September 30, 2007. As the nation's largest and most comprehensive nutrition program, food stamps help 25 million Americans, including nearly 800,000 low-income Missourians monthly buy food and meet their nutritional needs.

Congress is in the process of reauthorizing the Farm Bill for a five-year-period, 2008-2013 and is currently engaged in the "mark-up" process that decides the totality of the Farm Bill and the Food Stamp Program.

The reauthorization of the Food Stamp Program provides Congress with the opportunity to strengthen and enhance this vital nutrition program. Following are three key areas for program improvements that would benefit Missouri families.

- **Stop the erosion of Benefits.** As a result of benefit cuts enacted in 1996, the purchasing power of most households' food stamp benefits is eroding in value each year. The average food stamp benefit level is only about \$1 per person per meal. In 2008, food stamp benefits for a typical working parent with two children will be about \$37 a month lower than they would have been without the across-the-board benefit cuts included in the 1996 law.

This shortfall negatively impacts recipients' health and impedes the ability of children to learn and adults to work. With the erosion of benefits families often find themselves in the position of having no choice but to purchase the least expensive, often unhealthiest foods. **Congress can stop the erosion of benefits by increasing levels of support and allowing for the purchase of nutritious foods.**

- **Expand Eligibility.** Existing eligibility restrictions are counterproductive and should be changed in three areas. First, **restrictions on legal immigrants should be lifted as they prevent low-income parents from seeking nutritional support.** Fewer than half of citizen children of immigrants participate in the Food Stamp Program.

Second, the three-month time limit on receipt of food stamps by most unemployed childless adults marks the first time in the program's history that individuals have been cut off of food stamps not because they refuse to work, but because no work is available to them. This provision is overly complex and difficult to administer. **The time limit should be eliminated or, or at the very least, modified to take into account the availability of jobs to a food stamp recipient.**

Third, **the program's restrictive asset limits make many genuinely needy people ineligible for food stamps.** Most households are ineligible for food stamps if they own more than \$2,000 in assets. This asset limit has not been increased in two decades; it would have to rise to \$3,680 just to compensate for inflation over that period. Also, all forms of retirement accounts, educational savings accounts, and burial funds should be exempt from the food stamp asset limit so that people who are eligible are able to plan for their financial future just as the rest of the population can.

- **Continue Program Simplification and Streamlining for Caseworkers and Clients.** More than one-half of eligible working families and 70 percent of eligible elderly individuals do not participate in the program nationally, often because the application process is too complicated. While food stamp outreach and nutrition education are achieving important advances, these efforts need more resources, and enrollments are hampered by shortfalls in state technology and supports.

Missouri Achieves High Participation of Those Eligible for Food Stamps

The Missouri Food Stamp Program helps 796,350 low-income Missourians buy food and meet their nutritional needs each month. Fifty-one percent (406,000) of food stamp participants are children.¹

During the recent recession and subsequent weak recovery, Food Stamp Program participation in Missouri increased substantially. In 2000, an average of 423,329 Missourians received food stamps each month. That number rose steadily to 766,425 in 2005, an increase of 81.1 percent.

According to United States Department of Agriculture, 84 percent of Missourians who are eligible for food stamps receive them. This is significantly higher than the national participation rate of 65 percent, with Missouri ranked as having among the highest participation rates nationally.² The challenge for Missouri is to move even closer to 100 percent participation of those eligible for food stamps. Increasing the share of eligible households that participate in the Food Stamp Program by just five percentage points would result in an additional 37,000 low-income Missourians receiving food stamp assistance.

¹ "The Food Stamp Program In Missouri", Center on Budget and Policy Priorities, 2007.

² "The Empirical Bayes Shrinkage Estimates of State Food Stamp Participation Rates in 2002-2004 for Eligible People and the Working Poor", Cunyngnam, Karen E., Castern, Laura A., Schirm, Allen L., April, 2007. (available at: <http://www.fns.usda.gov/oane/menu/Publisher/FSP/FILES/Participation/techpartrate2002-2004.pdf>).

Food Stamps Benefit Missouri's Children and Elderly

A typical family with children in Missouri that receives food stamp benefits has income at 61 percent of the federal poverty level (excluding the value of food stamps). For a family of three, that corresponds to a monthly income of \$844 or an annual income of \$10,128.³

- On average, families with children on the Food Stamp Program in Missouri received \$303 in food stamps each month in fiscal year 2005, or \$3,636 a year.
- 57 percent of children in Missouri who receive food stamps live in low-wage working families. In 2007 a typical Missouri family of three with a full-time minimum wage worker receives \$326 a month in food stamps. This constitutes 29 percent of the family's monthly take-home income.
- Almost one in five food stamp households include an elderly person. The minimum food stamp benefit for the elderly in Missouri is only \$10.64 a month.

Food Stamps Help Missouri's Economy

The Food Stamp Program pumped more than \$735 million into the Missouri economy last year, benefiting farmers, grocers, and small businesses throughout the state. Using USDA's estimate that every \$5 of food stamp benefits translates into \$9.20 in economic activity, the Missouri Food Stamp Program generated approximately \$1.35 billion in economic activity in 2006.⁴

Had Missouri successfully increased the share of eligible households that participate in the Food Stamp Program by five percentage points in Fiscal Year 2003, the Missouri Food Stamp Program would have brought \$23.8 million into the state's economy and a total of \$43.8 million in additional economic activity in Missouri.⁵

Missouri Noted for Well-Run Food Stamp Program

The Missouri Food Stamp Program recently won a bonus award of \$1.39 million from the Federal government in 2006 for attaining one of the best Program Access Indexes in the country. The Program Access Index measures how many eligible people and/or households are participating in a state's Food Stamp Program. By attaining one of the highest Program Access Indexes in the country, Missouri has an opportunity to re-invest the bonus money into improving the Missouri Food Stamp Program and obtain more bonus awards.

³"*The Missouri Food Stamp Program*", Legal Services of Eastern Missouri, Missouri Association for Social Welfare and the Missouri Budget Project, *October*, 2006 (available at <http://www.mobudget.org/Food%20Stamp%20Report%20Oct%202006.pdf>)

⁴ Ibid.

⁵ United States Department of Agriculture, "*The Benefits of Increasing Food Stamp Program Participation in Your State*," 2005, (available at http://www.fns.usda.gov/fsp/outreach/pdfs/bc_facts.pdf)

Further, the Missouri Food Stamp Program continues to be one of the most accurate and timely programs in the state. The strategic plan for the Department of Social Services states that in Fiscal Year 2005, the Missouri Food Stamp Program's payment accuracy rate was 95.3 percent; the plan sets the goal of maintaining a Food Stamp payment accuracy rate of 95 percent or more. In addition, the Department of Social Services also reports that the Missouri Food Stamp Program's application timeliness rate for Fiscal Year 2005 was 99.1 percent and calls for maintaining the application timeliness rate at 99 percent or more for Fiscal Year 2007.

Following the severe storms on July 19 and 21, 2006 that struck the St. Louis Metropolitan area and caused widespread power outages, the Missouri Food Stamp Program replaced more than \$4.5 million in lost food stamp benefits to over 21,000 households in St Louis City *within one week* (these households had approximately 50,000 individuals). The program's speed at delivering nutrition assistance in times of need is an advantage in the battle to prevent hunger in Missouri.

Reauthorization Provides Opportunities for Improvements

The Food Stamp Program is a crucial investment in meeting the urgent needs of seniors, people with disabilities, children, and low-income working and unemployed adults. It has nearly eliminated malnutrition from the national landscape and helps prevent the problem of hunger from becoming worse in our communities. Moreover, numerous studies have shown that nutrition assistance programs improve birth outcomes and increase children's intake of key nutrients. Yet food insecurity remains a problem, both nationally and in Missouri.

The pending reauthorization of the Farm Bill in 2007 provides a significant opportunity for the United States to improve its Food Stamp Program and to increase the effectiveness of the existing strong program in Missouri.

The Missouri Budget Project is a statewide, nonprofit, nonpartisan organization that informs the public about the state's budgetary and tax policy options and their impact on low-income Missourians.