



July 2007

Farm Bill Reauthorization: US Congress Considering \$4 Billion Increase Over 5 Years for Food Stamps

*By Kerri McBee
Outreach Coordinator*

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.

The House Agriculture Committee passed the Farm Bill out of committee on 7/20/07. The current bill includes \$4 billion over five years in improvements for the Food Stamp Program and the Emergency Food Assistance Program (TEFAP).¹

Nutrition Program Provisions in the Current Bill

- **Standard Deduction.** The minimum standard deduction that households of 1 to 3 members receive (75 percent of food stamp households) would increase from \$134 to \$145 in 2008 and would be indexed for inflation in later years. The standard deduction for these households has been frozen since 1995, resulting in cuts of \$37 a month in lost benefits in 2008 for a typical working family. The change would provide a typical family an additional \$5 a month in 2008, rising to \$11 a month by 2012. (5-year CBO cost: \$2.265 billion)
- **Minimum Benefit.** The minimum benefit level is increased from \$10 per month to \$16 per month. This benefit overwhelmingly applies to seniors and people with a disability and has not been adjusted for inflation in 30 years. The bill indexes the minimum benefit for future years to increase with food price increases. (5-year CBO cost: \$243 million)
- **Dependent Care Deduction.** The dependent care deduction would no longer be capped. Working households that pay for child care could deduct the full amount of costs they incur in order to work. (5-year CBO cost: \$249 million)

¹ The total estimated outlays are \$4.008 billion, including the listed provisions plus \$10 million over five years of additional cost because of interactions among the provisions.

- **Resource Limits.** The food stamp resource limits, which have been frozen at \$2,000 for most households and \$3,000 for households with members who are elderly or disabled since 1986, would begin to be adjusted for inflation, to encourage savings. (5-year CBO cost: \$60 million)
- **Tax-preferred retirement accounts.** These along with the education accounts would no longer be counted as resources, removing the current disincentive for working households to save for retirement and education. (5-year CBO cost: \$572 million)
- **Combat Pay.** Special Combat pay would no longer count as income for families of military personnel deployed to combat zones. (5-year CBO cost: \$3 million)
- **Temporary Emergency Food Assistance Program (TEFAP).** The funds for commodity purchases for TEFAP under the Food Stamp Program would be increased from \$140 million each year to \$250 million in 2008 with adjustments for increases in food prices in later years. (5-year CBO cost: \$606 million)

Critical Amendment Blocked in Final Hours of Debate

The much anticipated Neugabauer amendment was defeated in a vote of 17-27. This amendment would have stricken all the indexing for inflation (for the standard deduction, asset limit, and minimum benefit). This is a resounding victory for all Food Stamp Program advocates and the people who receive these critical benefits.

Next Steps

The Farm Bill also includes a number of other provisions that would have no (or very small) costs or savings. The bill is expected to move to the House floor for full debate the week of July 23rd.

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.