

**Food Stamps:
Supporting Healthy Families and
Communities in Arkansas**

A REPORT

*ISSUED BY THE ARKANSAS HUNGER COALITION
AND ARKANSAS ADVOCATES FOR CHILDREN AND FAMILIES*

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The federal Food Stamp Program (FSP), which was established as a pilot project in the early 1960s and was expanded nationwide in the early 1970s, helps low-income families and individuals purchase a nutritionally adequate diet. The Food Stamp Program is the nation's largest and most comprehensive nutrition program. Nationally, more than 25 million people use their FSP electronic benefits card to purchase food from local retailers.

The Food Stamp Program, along with other federal nutrition programs, has mitigated the damaging effects of persistent hunger in the United States. Numerous studies have shown that nutrition assistance programs improve birth outcomes and increase children's intake of key nutrients.

In Arkansas the Food Stamp Program is vital to reducing food insecurity—a condition the United States Department of Agriculture (USDA) defines as a lack of adequate nutrition for an active, healthy life. Food Stamps, being targeted to those in greatest need, helps thousands of families buy nutritious food. The program helps minimum-wage workers make ends meet. It accomplishes these goals with a minimum of fraud and stigma and in ways that greatly benefit local economies. It is no wonder that the American public overwhelmingly supports the Food Stamp Program.

Emergency food providers do critical work to help low-income people meet their nutritional needs; however, they are not intended to be a family's primary source of food. In recent months and years, people have been turning to emergency food providers in higher numbers, straining the resources of charities and private donors.

As part of this year's federal budget agreement, the Senate and House Agriculture Committees must cut \$3 billion over five years in programs under their jurisdiction, which include food stamps, agricultural subsidies, and conservation programs. The decision on how these cuts will be made by the House and Senate Agriculture Committees is expected no later than September 16, 2005. The basic structure of the Food Stamp Program is also threatened by two provisions of the House Temporary Assistance for Needy Families (TANF) Reauthorization Bill.

“The Food Stamp Program serves as the centerpiece and primary source of nutrition assistance for over 24 million low-income people. It enables participants, over 50 percent of whom are children, to improve their diets by increasing food purchasing power using benefits that are redeemed at retail grocery stores across the country.”

— President Bush's FY 2006 Budget

The Food Stamp Program Has Made Severe Hunger Rare in America

In the late 1960s, a team of doctors documented serious hunger and malnutrition in the South, Appalachia, and other poor areas. The findings of this study, as well as other studies conducted at that time, formed the basis for the 1968 CBS television documentary “Hunger in America.” The documentary showed children suffering from diseases related to severe malnutrition that are usually assumed to exist only in developing countries.

After food stamps and other nutrition assistance programs were made available nationwide, a similar team of physicians returned to very poor areas of the United States and found marked reductions in malnutrition and related problems. Summarizing this and other research, Rebecca Blank, a noted economist and dean of the Ford School of Public Policy at the University of Michigan, observed that “evidence of severe malnutrition-related health problems has almost disappeared in this country. The primary reason is food stamps.”

A. The Food Stamp Program in Arkansas

For a growing number of low-wage workers, a job no longer guarantees that their family will have sufficient food. As increasing numbers of working families are unable to afford basic necessities, the Food Stamp Program makes it possible for them to buy groceries.

- An estimated 165,000 households in Arkansas live with hunger or the threat of hunger, according to the USDA. That amounts to 16 percent of all families in Arkansas and includes senior citizens living on fixed incomes and low-income working families that struggle to make ends meet.
- Food Stamps is a lean, proven, efficient program that helps thousands of Arkansas families stay afloat during hard times.
- An estimated 372,916 Arkansans--12.6 percent of the state’s population--use food stamp benefits every month.
- They receive, on average, 93 cents per person per meal, or \$250.32, to feed a family of three for a month. This modest amount is crucial to financially pressed families.
- The vast majority of these benefits—about 80 percent—go to households with children. Most of the remainder goes to households with elderly people or people with disabilities.
- Food Stamps are part of the safety net for laid-off workers hoping to get hired again, and for people leaving welfare and moving into low-income jobs.

- Over 95 percent of food stamp benefits go to households with income below the federal poverty level. Over half of all food stamp recipients are children. Another quarter are elderly or disabled.
- During the recent recession and subsequent weak recovery, Food Stamp Program participation in Arkansas increased. In 2000, an average of 246,572 Arkansans received food stamps each month. That number rose steadily until by 2004 an average of 346,441 people in the state received food stamps each month--an increase of 40.5 percent. Still, only about half of those eligible for the program are enrolled.
- The Food Stamp Program pumped \$346,881,013 into Arkansas's economy last year, resulting in an estimated \$638,261,064 million of economic activity affecting farmers, grocers, and small businesses throughout the state.
- Critics complain about waste and fraud in this program, but their charges are simply not justified. Last May USDA Secretary Johanns announced a record high accuracy rate in the program nationwide. Arkansas's Food Stamp office has won awards for outstanding performance and accuracy for nine out of the past eleven years.

B. Why Food Stamps Are Vital for Vulnerable Arkansans

1. Food Stamps Reduce Food Insecurity.

Thousands of vulnerable Arkansans find that their wages or Social Security are not enough to support their families. They just do not have enough money to cover rent, utilities, medicine, and other basics, and still buy food.

While the Food Stamp Program has made severe hunger rare, it has not completely eliminated food insecurity. Food security is defined as "access by all people at all times to enough food for an active, healthy life." It is measured by the USDA's food security survey, which is administered annually by the Census Bureau. According to the most recent food security survey, 11.2 percent of households nationwide experienced food insecurity in 2003. A recent report issued by the Children's Sentinel Nutrition Assessment Program—a pediatric research team that includes Dr. Patrick Casey of Arkansas Children's Hospital—documented that "even mild to moderate under-nutrition in young children is linked to problems that last throughout the lifespan."

"All of us recognize the relationship of adequate nutrition and the ability of children to learn."

— Senator Richard Lugar
(R-IN), 8/3/89

However, the Food Stamp Program is vital in reducing the likelihood that participating families will be food-insecure, and in lessening hunger's harmful effects. In their report, the pediatricians found that infants and toddlers in families with reduced or terminated Food Stamp benefits are four-fifths more likely to be in food-insecure households and more than twice as likely to experience food insecurity. They warned, "Reductions or losses of family Food Stamp benefits following potential federal funding cuts will exacerbate food insecurity for families with infants and toddlers. Medical data suggest that increased food insecurity will weaken the health of the nation's youngest generation."

2. Food Stamps Are Targeted to Those in Greatest Need.

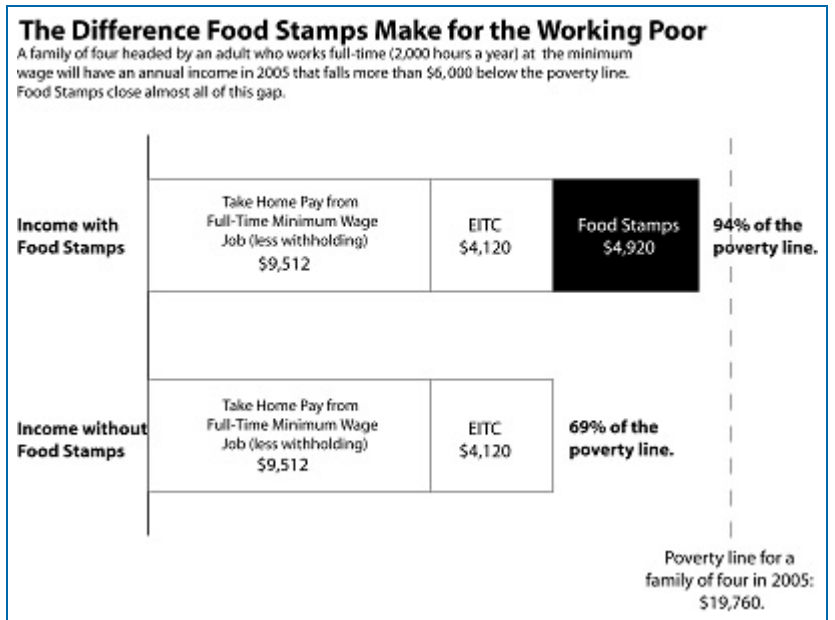
Ninety percent of the households that receive food stamps have incomes below the poverty line. More than a third of food stamp recipients have incomes below half of the poverty line — \$7,836 per year for a family of three.

Many factors affect eligibility, including income, expenses, and assets. Of these factors, income is the most influential. Income eligibility for the food stamp program is measured against the federal poverty level (FPL). Households with incomes up to 130 percent FPL (\$20,376 for a family of three) are eligible to apply for food stamps. As individuals move closer to the upper income limit, they will qualify for lower benefits. Therefore, very poor households receive more food stamps than households closer to the poverty line, significantly increasing their food purchasing power.

3. Food Stamps Are Essential for Families Making Minimum Wage.

Figure 1

Leaders from across the political spectrum agree that a family supported by a full-time, year-round worker should not have to be poor and should not have to raise its children in poverty. Even if one includes the Earned Income Tax Credit and does not subtract any work expenses except payroll taxes, a family of four headed by a full-time minimum-wage worker will fall far below the poverty line without food stamps. As Figure 1 shows, food stamps make it possible for this family to approach the poverty line.



Food stamps help ensure that families are financially better off working than on welfare. Studies of families leaving TANF (cash assistance) for employment have found that many work close to full-time at very low wages. A typical welfare leaver (working 35 hours per week at \$6.50 per hour) is eligible for about \$200 a month in food stamps for a family of three. This can make the difference between independence and returning to welfare.

Many working families turn to food stamps to help feed their families. Community volunteer organizations go a long way toward helping to ease hunger through donations and food banks, but their work can only go so far.

4. Food Stamps Help Vulnerable Arkansans Buy Food.

The Food Stamp Program increases the amount that low-income households spend on food and directs the most assistance to those who need the most help. Studies have found that participation in the Food Stamp Program significantly increases household food expenditures and thus the nutrients that are available to low-income households.

The Food Stamp Program is not restricted to specific subgroups of people. It serves a wide range of low-income people, including families with children, elderly people, and people with disabilities. About 80 percent of food stamp recipients live in households with children. Some 31 percent of households—nearly one-third—include elderly people or people with disabilities.

The benefit amount is low, averaging less than \$1 per person per meal. However, for the families receiving food stamps, the additional money for their food budget is critical.

5. Food Stamp Spending Benefits Local Economies.

In addition to providing protection against economic risks for individuals and families, food stamps provide a measure of counter-cyclical protection for the local and national economy. Because they respond automatically to increased need, food stamps help maintain overall demand for food during slow economic periods. This is important because when unemployment increases, consumption can decline (since people have less money to spend). That can create a negative cycle of increasing unemployment and declining economic activity. Food stamps stimulate the economy with an infusion of federal dollars. Food Stamp Program participation begins increasing as recession hits, providing a counter-cyclical support for local businesses. A USDA study found that every \$5 of food stamps generates almost \$10 in total economic activity. These food purchases ripple through our economy, helping protect a range of jobs,

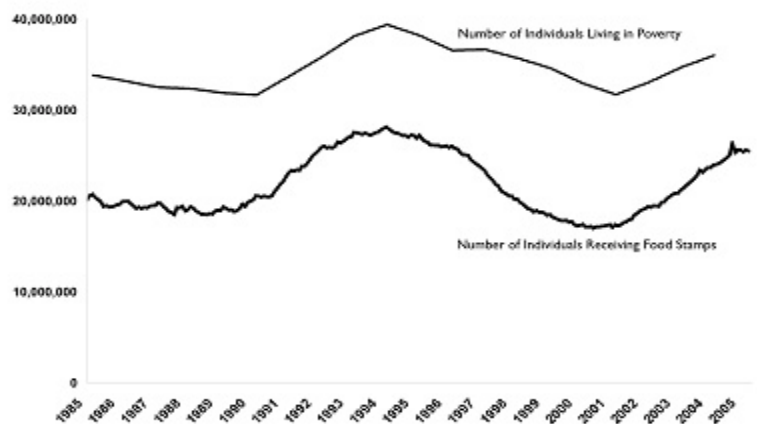
from farmers to truckers to grocers.

This protective function can be seen in the program's quick and effective response to the recent economic downturn, when an increasing number of people lacked the earnings necessary to adequately feed their families. As can be seen in Figure 2, the Food Stamp Program responds to declines in employment and increases in poverty by providing food assistance to a larger number of low-income families. Conversely, when the economy experienced robust growth in the late 1990s and the number of people who were poor fell, the number of people receiving food stamps also declined.

Figure 2

Food Stamps Respond to Poverty

When poverty increases, as it during the recession in the early 1990s and the recent economic downturn, more people need and get help purchasing groceries from the Food Stamp Program. As conditions improve, the number of people receiving food stamps declines.



6. The Food Stamp Program Delivers Benefits Efficiently.

The Food Stamp Program's error rate—the sum of overpayments and underpayments to recipients—is at an all-time low after falling for six consecutive years. More than 98 percent of food stamp benefits go to eligible households. (By comparison, the Internal Revenue Service recently reported that taxpayers underpay their taxes by about 15 percent.) In 2003, only four percent of food stamp benefits represented either overpayments to eligible households or payments to ineligible households. Arkansas's Food Stamp office has won awards for outstanding performance and accuracy for nine out of the past eleven years.

"In my view, the dramatic growth of the Food Stamp Program is probably the most important welfare change since the passage of the Social Security Act; Because whether we intend it or not, through the Food Stamp Program we do aid the working poor."

— Former Senator Bob Dole (R-KS)
5/24/77

7. When Eligible People Do Not Receive Benefits, Emergency Food Resources Are Strained Beyond Capacity.

To assess how well the Food Stamp Program is reaching eligible people, the USDA measures the percentage of eligible people in the United States who actually participate in the program. In 2003, the most recent year for which data is available, the national participation rate was 56 percent--that is, about 56 percent of eligible people received benefits. Rates of participation are lowest among eligible elderly adults and individuals in households with incomes above poverty, less than a third of whom participated.

At the same time that large numbers of eligible people are not receiving the assistance for which they are eligible, local emergency food providers are overwhelmed by demand. Increasingly, people rely on emergency food providers month after month, as their money runs out and they cannot afford to buy food. Emergency food providers fear that further limitations on the Food Stamp Program eligibility or benefits will overwhelm their ability to feed all those who turn to them for help.

While the program has made great progress in recent years in improving access for working people and simplifying the application process, clearly more needs to be done to ensure that all Americans can get adequate, nutritious food.

8. The American People Strongly Support the Food Stamp Program.

Two recent polls show that the American people strongly endorse the Food Stamp Program and believe it should not be cut. A survey in three farm states (Iowa, Minnesota, and Kansas), which was conducted for the W.K. Kellogg Foundation, found that large majorities in each state opposed cuts to the food stamp program.

Another poll, conducted by the polling firm McLaughlin and Associates for the Alliance to End Hunger, had the following findings:

- Even in a tight budget year, 75 percent of American voters say the Food Stamp Program should be protected from cuts by the administration or Congress.

- Voters want our nation’s leaders to take action on hunger. Sixty-three percent report that they feel the U.S. government is spending *much too little* on feeding hungry Americans.
- Ninety-two percent of voters want to see Congress continue to fund anti-hunger programs like food stamps.
- Seventy-eight percent of voters want to see Congress pass new legislation that strengthens hunger-fighting efforts of community groups and will commit Congress to cutting domestic hunger in half by 2010.

As pollster Jim McLaughlin put it, “This is an important issue for American voters. Americans care greatly about hunger and poverty in the U.S. and around the world. National leaders working to do more for hungry people carry with them the support of a clear majority of Americans.”

Conclusion

Food Stamps are vital to hundreds of thousands of people in Arkansas and across the country. Many families rely on this nutrition assistance to help them provide adequate food for their families as they work hard to gain financial stability.

“No statistics, no rote recitation of facts and figures, no narrative or prose can describe the suffering of mind and body that associates itself with hunger and poverty in America. The fact that such conditions exist in America is both alarming and tragic. It should represent a blight on our collective consciousness.”

— Senator Tom Harkin (D-IA) 7/26/88