



FACT SHEET

FOOD STAMPS

Overview

The Food Stamp Program (FSP) is a federally-funded, state-administered entitlement program that provides cash benefits to individuals and families to enhance their food purchasing power. Benefits are provided to low-income households through coupons or electronic benefits that can be used at most grocery stores. In FY 2004, the maximum monthly food stamp benefit for a family of three was \$393. The average monthly benefit was approximately \$86 per person and \$200 per household.

Major State Policy Issues

A decline in participation rates in the FSP that coincided with declines in welfare rolls has led to aggressive outreach efforts at both the federal and state level. Approximately 54 percent of eligible people received food stamps in FY 2002 (most recent data available). During this same time period, participation rates varied widely across states, from under 45 percent to over 65 percent. Following years of decline, participation in the food stamp program has been on the rise over the past four years. Because the majority of costs for the food stamp program are borne by the federal government, increasing participation rates not only ensures that families have access to nutritional assistance, it also brings money into communities, stimulating the local economy. Beginning April 1, 2003, food stamp benefits were restored for immigrants who have lived in the U.S. for five years as qualified aliens, and who are otherwise eligible. States are outreaching to this newly-eligible population.

The 2002 Farm Bill included significant new changes to the FSP, restoring eligibility to many legal immigrants, granting states new options to reduce paperwork and improve access to the program, and providing modest benefit improvements. The majority of these provisions were optional and states began implementing them as of October 1, 2002. State options include providing transitional food stamp benefits for up to five months for families leaving TANF cash assistance; requiring reporting of income only at six-month intervals; and adopting annual certification. In reducing administrative costs, however, states may incur upfront expenditures, such as upgrading information systems.

Financing

The Food Stamp Program is an open-ended entitlement that is not subject to annual appropriations. Therefore, federal expenditures for the FSP vary with the number of food stamp recipients. In FY 2004, the federal government spent about \$27 billion on the FSP (including benefits and administrative costs) and approximately 24 million people were served. States contribute to the program by splitting the administrative costs 50-50.

Program Rules

The federal government is largely responsible for dictating the program rules for running the FSP, including setting eligibility requirements, benefit levels and administrative rules. States are responsible for the day to day operation of the FSP, including determining eligibility, calculating benefits and issuing food stamp allotments. As a result of the Farm Bill of 2002, as well as actions taken in recent years by the US Department of Agriculture, states now have greater flexibility in operating the FSP. Specifically, states have been given greater discretion to exercise options related to how benefits are determined and delivered, and to better enable states to align food stamps with other programs such as TANF and Medicaid. In addition, some waiver authority is allowed in the federal food stamp statute, although numerous restrictions on which provisions states can alter and the potential costs of program changes have limited the number and scope of such demonstration projects.

Eligibility

Benefits are available to households that meet federal eligibility tests for limited monthly income and liquid assets. Temporary Assistance for Needy Families (TANF) and Supplemental Security Income (SSI) recipients are generally automatically eligible for food stamps. The 1996 welfare reform law ended eligibility for many legal immigrants, though Congress has restored benefits to many children and elderly immigrants, as well as some

Federal Jurisdiction

Administering Agency:
The Food and Nutrition Service (FNS) at the US Department of Agriculture.

Congress:
House Agriculture Committee,
Senate Agriculture Committee

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State policy issues:

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specific groups. Most able-bodied adult applicants must meet certain work requirements.

Quality Control

The degree to which errors are made by state welfare agencies in determining eligibility and benefit allocations is monitored by the food stamp Quality Control (QC) system. The QC system is also used to calculate and impose fiscal sanctions on states have very high error rates.

Electronic Benefits Transfer

Electronic Benefit Transfer (EBT) is an electronic system that allows a recipient to authorize transfer of their government benefits from a federal account to a retailer account to pay for products received. Over 95 percent of food stamp benefits were issued by EBT to approximately 8.4 million household as of August 2003. The 1996 welfare reform law mandated that all states must operate EBT issuance for food stamp benefits by October 2002.

Federal legislative issues:

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