

Decline in Nutrition Assistance Expenditures Continued in 1999

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Federal expenditures for domestic nutrition assistance totaled \$32.9 billion in fiscal 1999. This represented a 2.5-percent decrease from the previous year, the third consecutive year in which annual nutrition assistance expenditures fell after increasing for 14 consecutive years prior to fiscal 1997 (fig. 1). Nearly all of the decrease in nutrition assistance expenditures was due to the contraction of the Food Stamp Program. Most of the other nutrition assistance programs expanded in fiscal 1999.

USDA's Food and Nutrition Service administers a wide variety of programs that comprise the Nation's nutrition assistance system. These programs differ by size, target population group, and type of benefits provided (see box on domestic nutrition assistance programs). They represent our Nation's commitment to the principle that no one in our country should fear hunger or experience want. By providing children and families better access to food and a more healthful diet, these programs provide a nutritional safety net to people in need.

This article discusses how each program expanded or contracted in

fiscal 1999 (October 1998 through September 1999). Individual nutrition assistance programs are grouped into four broad categories—Food Stamp-Related, Child Nutrition, Supplemental Food, and Food Donation—in order to examine general trends. The data cited in this article are based in part on preliminary data submitted by various reporting agencies as of December 1999 and are subject to change as reporting agencies finalize data.

Costs of Food Stamp-Related Programs Declined Slightly

The Food Stamp Program is available to most households (subject to certain work and citizenship requirements) that meet income and asset criteria, unlike the other nutrition assistance programs that target specific groups. In lieu of the Food Stamp Program, Puerto Rico, the Commonwealth of the Northern Marianas Islands, and American Samoa receive grant funds that allow them to operate nutrition assistance programs designed specifically for their low-income residents.

While food stamp-related programs remain the largest of the four broad nutrition assistance groups, their share of the total expenditures

for nutrition assistance has declined from almost 70 percent during its peak in fiscal 1992 to about 58 percent in fiscal 1999 (the lowest share since fiscal 1973). Combined expenditures for these programs totaled \$18.9 billion in fiscal 1999, a decrease of 6 percent from fiscal 1998. This marked the fourth consecutive year in which expenditures for this group of programs declined.



In fiscal year 1999, 4.5 billion lunches were served as part of the National School Lunch Program, the second-largest nutrition assistance program behind the Food Stamp Program.

Credit: Ken Hammond, USDA.

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The Food Stamp Program

The Food Stamp Program is the Nation's principal nutrition assistance program, accounting for over half of all nutrition assistance expenditures in fiscal 1999. The Food Stamp Program was the only major nutrition assistance program to contract in fiscal 1999 (the other programs that contracted accounted for less than 1 percent of total nutrition assistance expenditures). Expenditures for the program totaled \$17.7 billion in fiscal 1999, or 6.5 percent less than the previous year (table 1). By comparison, food stamp expenditures decreased by over 12 percent in fiscal 1998.

The fiscal 1999 decrease in expenditures was largely the result of a decline in program participation. An average 18.2 million persons per month participated in the food stamp program in fiscal 1999, 8.1 percent fewer than the previous year, and 33.8 percent fewer than fiscal 1994 when participation peaked at 27.5 million people per month. In fact, in each of the last 5 years, the number of food stamp recipients in a given month was lower than the corresponding month a year earlier (fig. 2). In fiscal 1999, about 1 out of 15 U.S. residents received food stamps, down from about 1 out of 9 residents in

fiscal 1994 (see box on the proportion of the U.S. population receiving food stamps).

This steady decrease in participation is attributable largely to the Nation's favorable economic conditions and low unemployment rate. As people find work, their households' income increases, and they may either no longer qualify for food stamps or feel they no longer need food stamps. Welfare reform has also reduced participation in the Food Stamp Program by severely restricting the eligibility of legal immigrants and limiting the length of time that some nonworking able-

Table 1
Nutrition Assistance Program Expenditures Fell in Fiscal 1999

Nutrition assistance program	Program costs		Change in costs, 1998-99
	1999	1998	
	Million dollars		Percent
Food-stamp-related programs ¹	18,911.6	20,109.0	-6.0
Food Stamp Program	17,665.2	18,894.6	-6.5
Nutrition assistance programs	1,246.4	1,214.4	2.6
Child nutrition programs ²	9,325.5	9,059.0	2.9
National School Lunch	5,985.6	5,829.4	2.7
School Breakfast	1,333.6	1,271.6	4.9
Child and Adult Care Food ¹	1,613.5	1,553.2	3.9
Summer Food Service ¹	266.6	262.5	1.6
Special Milk	16.6	16.9	-1.8
Supplemental food programs	4,020.4	3,984.2	.9
WIC ^{1,3,4}	3,922.3	3,889.9	.8
CSFP ^{1,5}	98.2	94.4	4.0
Food donation programs	493.6	457.3	8.0
Food Distribution on Indian Reservations ¹	75.3	71.6	5.5
Nutrition Program for the Elderly	140.2	141.1	-.6
Disaster Feeding	8.5	1.0	750.0
TEFAP ⁶	266.6	234.4	13.7
Charitable institutions and summer camps	3.1	9.2	-66.3
All programs ⁷	32,862.3	33,717.1	-2.5

¹Includes administrative costs.

²Total includes the Federal share of State administrative costs, which was \$109.6 million in fiscal 1999 and \$125.3 million in fiscal 1998.

³Refers to the Special Supplemental Nutrition Program for Women, Infants, and Children.

⁴Expenditure data for fiscal 1999 do not include the costs associated with the WIC Farmers' Market Nutrition Program.

⁵Refers to the Commodity Supplemental Food Program.

⁶Refers to The Emergency Food Assistance Program.

⁷Total includes Federal administrative expenses of \$111.2 million in fiscal 1999 and \$107.6 million in fiscal 1998.

Source: USDA, Food and Nutrition Service, Keydata September 1999. Data subject to change with later reporting.

Figure 1
Nutrition Assistance Expenditures Continued To Decrease in Fiscal 1999

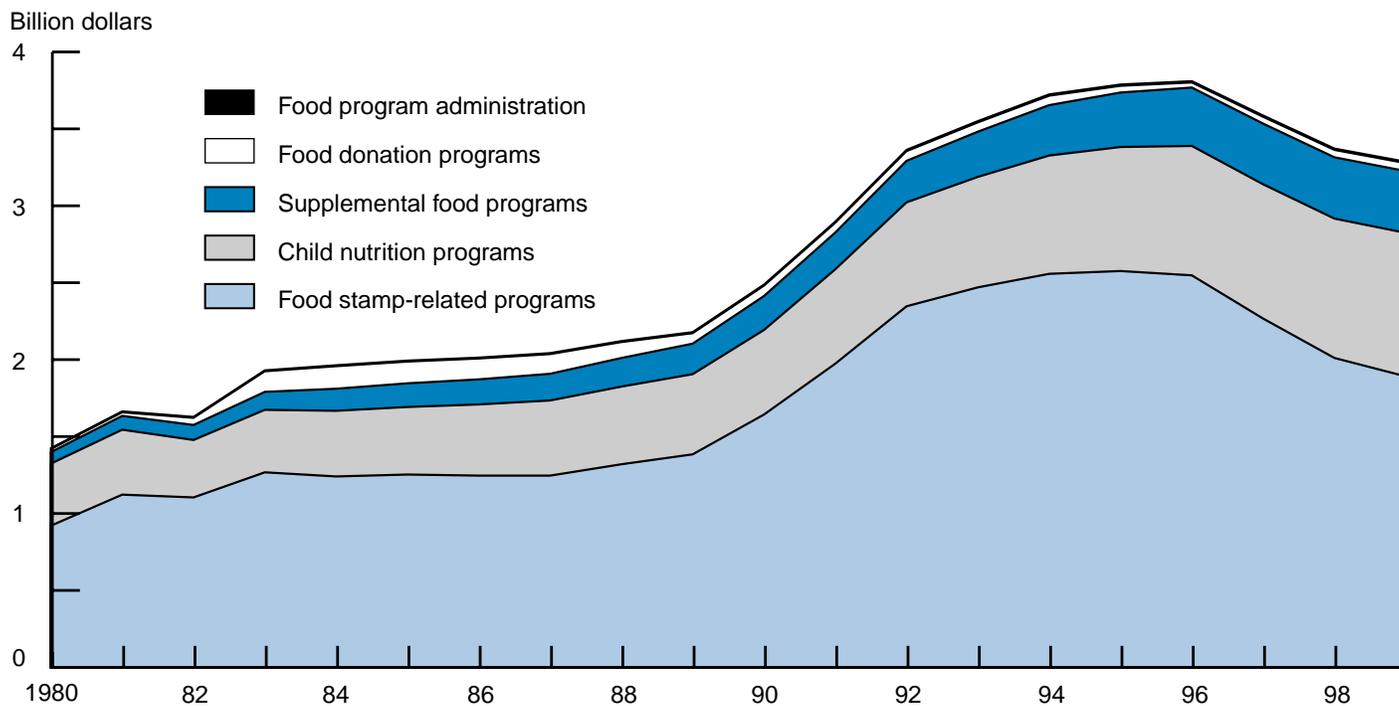
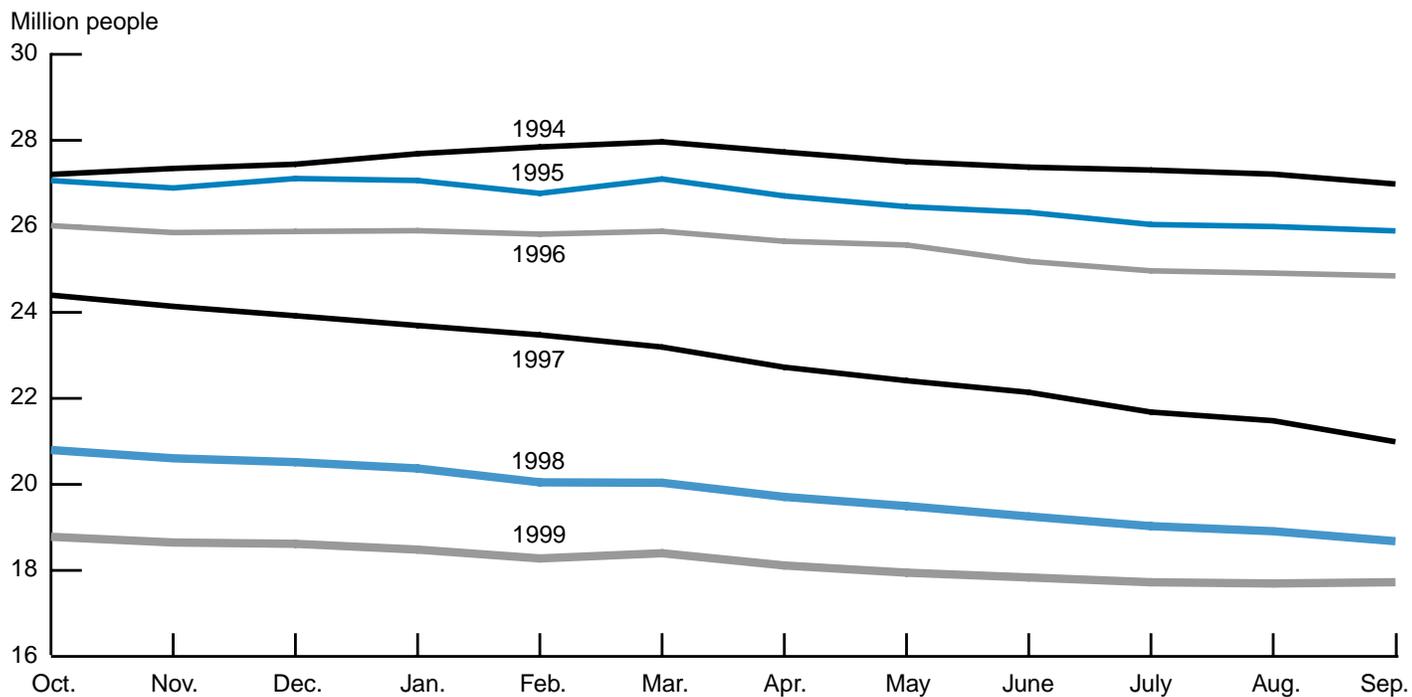


Figure 2
Number of Food Stamp Recipients Declined for 5th Straight Year in Fiscal 1999



Domestic Nutrition Assistance Programs

About one in six Americans are estimated to participate in at least one of USDA's nutrition assistance programs. The goals of these programs are to provide needy people with access to a more nutritious diet, to improve the eating habits of the Nation's children, and to help America's farmers by providing an outlet for the distribution of food purchased under farmer assistance authorities.

The cornerstone of USDA's nutrition assistance programs, the *Food Stamp Program*, helps low-income households buy the food they need for a nutritionally adequate diet. The program provides monthly benefits for eligible participants to purchase approved food items at approved food stores. The Food Stamp Program is available to most households (subject to certain work and citizenship requirements) that meet income and asset criteria. Eligibility and benefits are based on household size, household assets, and gross and net income (gross monthly income cannot exceed 130 percent of the poverty guidelines).

Able-bodied adults between 18 and 50 who do not have any dependent children can receive food stamps for only 3 months in every 36-month period if they do not work or participate in a workfare or employment and training program. In the past, nearly all households received monthly allotments of coupons that were redeemable for food at authorized retail food stores. However, more than half of all food stamp benefits are now distributed by an Electronic Benefits Transfer (EBT) card system. (All States must convert to EBT systems by 2002.) The amount of a household's monthly food stamp allotment is based on USDA's Thrifty Food Plan, a market basket of suggested

amounts of foods that make up a nutritious diet and can be purchased at a relatively low cost.

The Food Stamp Program in Puerto Rico was replaced in 1982 by the *Nutrition Assistance Program*. In the same year, the Nutrition Assistance Program for the Northern Marianas was started. The program for American Samoa started in 1994. These modified food stamp programs receive Federal funds through block grants, which allow these areas to operate programs designed specifically for their low-income residents.

The *National School Lunch Program* provides lunch to children in public schools, nonprofit private schools, and residential childcare institutions. Schools receive cash and some commodities from USDA to offset the cost of foodservice. In return, the schools must serve lunches that meet Federal nutritional requirements and offer free or reduced-price lunches to needy children. Any child at a participating school may enroll in the program. Children from families with incomes at or below 130 percent of the poverty level are eligible for free meals, and those from families between 130 and 185 percent of the poverty level are eligible for reduced-price meals. Children from families with incomes over 185 percent of the poverty level pay a full price, though their meals are still subsidized to some extent. (Effective from July 1, 1999, through June 30, 2000, a family of four would have to have annual income at or below \$21,710 to be eligible for free meals and at or below \$30,895 to be eligible for reduced-price meals.)

The *School Breakfast Program* provides breakfast to school children, with students from low-income families receiving free or

reduced-price meals (eligibility is the same as that for the National School Lunch Program). USDA provides schools with cash assistance to offset the cost of food service. In return, the school must serve breakfasts that meet Federal nutrition standards. As an incentive for schools in low-income areas to participate in the program, a school may qualify for higher "severe needs" reimbursement rates if a specified percentage of its meals are served free or at a reduced price and if preparation costs exceed the standard reimbursement rates.

The *Child and Adult Care Food Program* provides healthy meals and snacks to children in participating childcare centers and in family and group day care homes as well as to adults in adult day care centers. In centers, children and adults from low-income families are eligible for free or reduced-price meals based on the same eligibility guidelines used in the School Lunch and School Breakfast Programs. There are two sets of reimbursement rates for family day care homes. Those located in low-income areas, or whose own households are low-income, are reimbursed at one rate (tier I), while other day care home providers are reimbursed at a lower rate (tier II). In tier II homes, meals served to children who are identified as coming from households with income below 185 percent of the poverty level are reimbursed at the higher tier I rate.

The *Summer Food Service Program* provides free meals to children (age 18 and under) and handicapped people over 18 years of age during school vacations in areas where at least half of the children are from households with incomes at or below 185 percent of the Federal poverty guidelines. There is no

income test for eligibility in these low-income areas; any child in the program's operating area may participate. Sites not in low-income areas may participate if at least half of the children are from families with incomes at or below 185 percent of the Federal poverty guidelines (based on income applications collected from program participants). All children at these sites may receive free meals. The program is operated at the local level by sponsors who are reimbursed by USDA.

The *Special Milk Program* provides funding for milk in public and nonprofit schools, childcare centers, summer camps, and similar institutions that do not participate in any other federally assisted nutrition program. Milk is provided either free or at low cost to all children at participating sites. These sites may elect to serve free milk to children from families with incomes at or below 130 percent of the poverty level.

The *Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)* provides nutritious supplemental foods, nutrition education, and healthcare referrals at no cost to low-income pregnant and postpartum women, as well as infants and children up to their fifth birthday who are determined by health professionals to be nutritionally at risk. To be eligible in most States, income must fall below 185 percent of the poverty guidelines. States can, however, set lower income limits. Food vouchers can be redeemed at retail food stores for specific foods that are rich in the nutrients typically lacking in the target population (iron, protein, calcium, vitamin A, and vitamin C).

The *Commodity Supplemental Food Program (CSFP)* provides nutritious supplemental foods at no

cost to infants and children up to their sixth birthday and pregnant and postpartum women, at or below 185 percent of the poverty level, who are not served by WIC. The program also serves persons 60 years of age or over with incomes not greater than 130 percent of the poverty guidelines. States have the option to require that participants be nutritionally at risk. The program provides food packages (instead of vouchers) tailored to the nutritional needs of the participants. The program operates in parts of 18 States and the District of Columbia.

The *Food Distribution Program on Indian Reservations* provides commodities to low-income households living on participating reservations and to Native American families residing in designated areas near reservations. It provides an alternative to the Food Stamp Program for many American Indians who do not have easy access to food stores. Participants receive a monthly food package weighing about 50 to 75 pounds containing a variety of foods selected to meet their health needs and preferences. Eligibility is based on household income, resources, and proximity to a reservation.

The *Nutrition Program for the Elderly* provides cash and commodities to States for meals served in senior citizen centers or delivered by meals-on-wheels programs. Administered by the U.S. Department of Health and Human Services, the program receives commodity foods and financial support from USDA. There is no income test for eligibility; all people age 60 or older and their spouses are eligible for the program.

The *Disaster Feeding Program* is administered by the Federal Emergency Management Agency (FEMA),

which is responsible for coordinating disaster relief. Under this program, USDA provides food commodities for assistance in major disasters or emergencies when other food supplies are not readily available.

The *Emergency Food Assistance Program (TEFAP)*, which began as a cheese-giveaway program in 1982, was implemented as a way to reduce inventories and storage costs of surplus commodities through distribution to needy households. In 1989, Congress appropriated funds to purchase additional commodities specifically for this program. USDA buys the food, processes and packages it, and ships it to the States. States are allocated commodities and administrative funds based on a formula that considers the number of people below the poverty level in each State and the number unemployed. Within broad guidelines, each State sets its own eligibility criteria and selects local emergency feeding organizations (including soup kitchens, food recovery organizations, and food banks) to distribute the food.

Under the *Food Distribution Programs for Charitable Institutions and Summer Camps*, USDA donates food to nonprofit charitable institutions serving meals on a regular basis for needy persons and to summer camps for children. These institutions include orphanages, soup kitchens, temporary shelters, homes for the elderly, and church-operated community kitchens for the homeless. (Summer camps participating in the Summer Food Service Program are not eligible to receive commodities through this program.) The amount of food donated each year depends on the amount of surplus and price-support commodities available.

bodied persons can receive food stamps benefits.

While participation fell, the average monthly food stamp benefit per person increased slightly, from \$71.12 in fiscal 1998 to \$72.29 in fiscal 1999.

Nutrition Assistance Block Grant Programs

Because Food Stamp Program standards and criteria may not be suitable in outlying areas, USDA

provides block grants to Puerto Rico, American Samoa, and the Northern Marianas Islands to operate separate nutrition assistance programs. Funding for these programs is limited to an annual amount specified by law, unlike the Food Stamp Program, which is an entitlement program that can expand or contract as more or fewer people become eligible. Combined expenditures for these programs totaled \$1.2 billion, an increase of almost 3 percent over the previous fiscal year.

Child Nutrition Programs Continued To Expand

The Child Nutrition Programs consist of five programs: the National School Lunch, School Breakfast, Child and Adult Care Food, Summer Food Service, and Special Milk Programs. Together, these programs assist State and local governments in providing nutritious meals to children in those public and nonprofit schools, child care institutions, summer recreation pro-

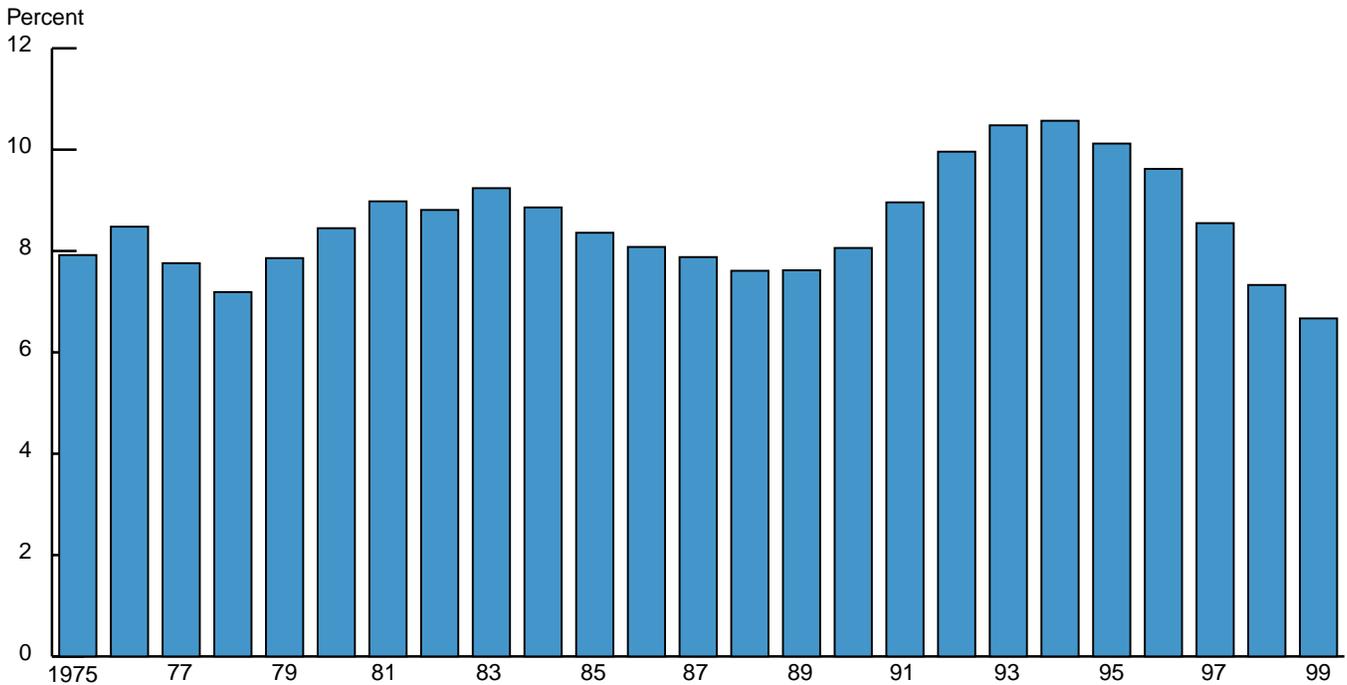
The Proportion of People Receiving Food Stamps Drops

The number of food stamp participants peaked in fiscal 1994 at an average 27.5 million recipients per month. This represented almost 11 percent of the U.S. population, or about one in nine residents (see figure). From fiscal 1994 to 1999, the

average number of food stamp recipients per month decreased by almost 34 percent to 18.2 million. During the same period, the U.S. population increased by almost 5 percent. As a result, the percentage of the U.S. population receiving food stamps

fell to less than 7 percent, or about 1 in 15 residents. This represents the lowest percentage of the U.S. population on food stamps since the program achieved full nationwide coverage in 1975.

Proportion of U.S. Population Receiving Food Stamps Reached New Low in Fiscal 1999



Note: The proportion of the U.S. population receiving food stamps was calculated by dividing the average monthly number of food stamp recipients for the fiscal year by the national population estimate as of July 1.

grams, and adult day care centers that participate in the program. USDA provides reimbursement for all meals served in these programs. In most of these programs, the neediest children receive the largest subsidies. Continuing the trend of annual increases during most of the 1980's and 1990's, combined expenditures for these programs totaled \$9.3 billion in 1999, or almost 3 percent more than the previous year.

National School Lunch Program

With 18 percent of all USDA nutrition assistance expenditures in fiscal 1999, the National School Lunch Program is the second-largest nutrition assistance program. It also accounted for almost two-thirds of all the child nutrition program expenditures. The program, which is available in almost 99 percent of all U.S. public schools, provided nutritious meals in close to 97,000 schools and residential child care institutions in fiscal 1999. Nearly 27 million children, or about 57 percent of the children attending these schools and institutions, participated in the program each school day.

A total of 4.5 billion lunches were served under this program in fiscal 1999, or 1.6 percent more than in fiscal 1998. About 49 percent of these meals were provided free to students and another 9 percent were provided at a reduced price. The remaining 42 percent were full-price meals; however, USDA subsidizes even these full-price meals to some extent. Expenditures for the program totaled almost \$6 billion in fiscal 1999, or about 3 percent more than the previous year.

School Breakfast Program

Although the School Breakfast Program is much smaller than the National School Lunch Program, it

serves about 7.3 million children each school day, or about 21 percent of the children attending participating schools and institutions. The program also serves a larger percentage of low-income children than the National School Lunch Program—78 percent of all breakfasts served in the program were free, and another 8 percent were reduced price in fiscal 1999.

The School Breakfast Program is the fastest growing of the child nutrition programs, as increasing numbers of schools make the program available. Almost 1.3 billion breakfasts were served in fiscal 1999, or 3 percent more than in fiscal 1998. Expenditures for the School Breakfast Program totaled \$1.3 billion, or 5 percent more than in the previous fiscal year.

The Child and Adult Care Food Program

About 1.6 million meals were served under the Child and Adult Care Food Program in fiscal 1999, of which 53 percent were in child care centers, 46 percent in day care homes, and 1 percent in adult care centers. The number of meals served in fiscal 1999 increased by 9 percent in adult care centers and by 4 percent in child care centers. However, the number of meals served in day care homes declined by 1 percent, continuing a declining trend since welfare legislation reduced the reimbursement rate structure in those homes not located in low-income areas or operated by low-income providers. Program costs totaled about \$1.6 billion in fiscal 1999, or about 4 percent more than in the previous fiscal year.

Summer Food Service Program

In fiscal 1999, a total of 137 million meals were served in the Summer Food Program, or about 2 percent more than the previous year.

During the peak month of July, an average of 2.2 million children at 31,000 sites across the country participated in the program daily. All meals under this program are served free. Program costs totaled almost \$267 million in fiscal 1999, or about 2 percent more than in fiscal 1998.

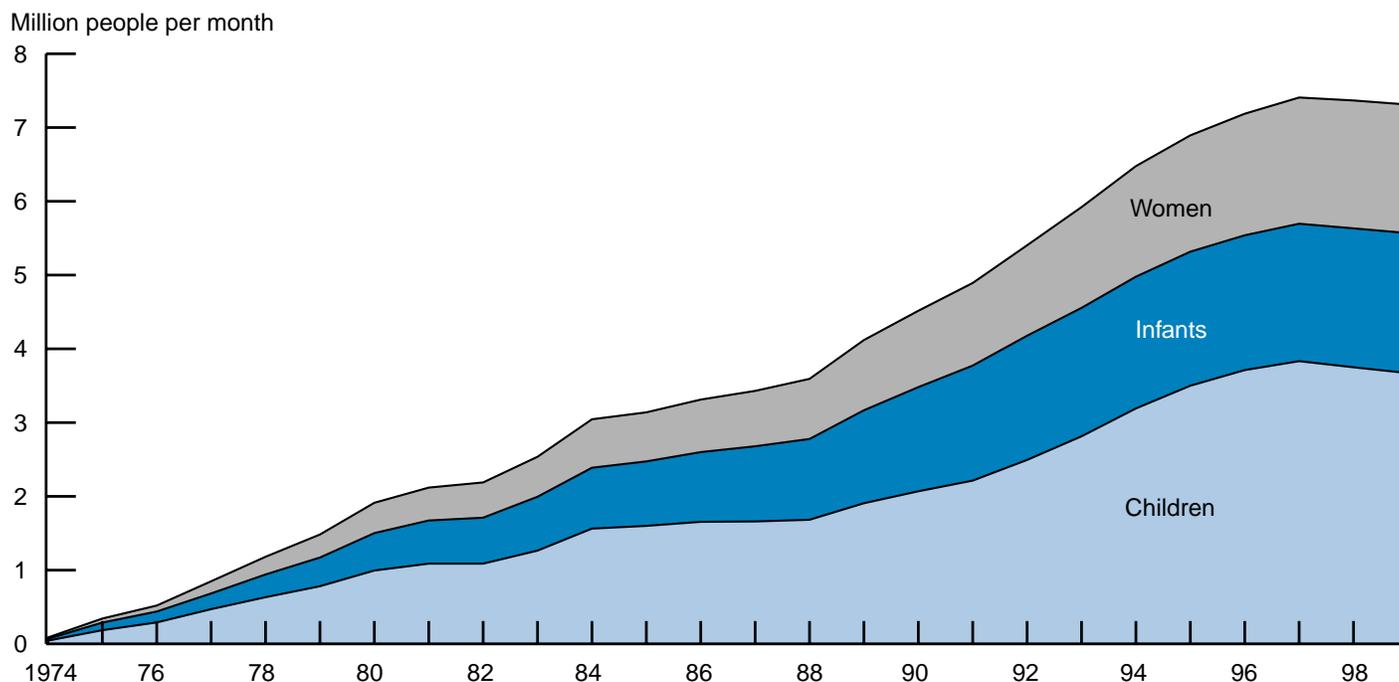
Special Milk Program

Expenditures for the Special Milk Program totaled about \$17 million in fiscal 1999, or almost 2 percent less than the previous year, making it the only child nutrition program to contract in fiscal 1999. The number of half pints of milk served under this program in fiscal 1999 totaled over 128 million, or 4 percent fewer than the previous year. In fact, fiscal 1999 marked the 11th consecutive year in which the number of half pints served in the program decreased from the previous year. Schools continue to leave the Special Milk Program as they participate in the National School Lunch and School Breakfast Programs, which include milk with their meals.

Costs of Supplemental Food Programs Increased Slightly

The Supplemental Food Programs consist of the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) and the much smaller Commodity Supplemental Food Program. Together, these programs had expenditures of \$4.0 billion in fiscal 1999, an increase of about 1 percent from the previous year. After substantially increasing (about 9 percent annually) from fiscal 1990 to 1997, expenditures for these programs have leveled off the past 3 years.

Figure 3
Participation in WIC Has Levelled Off in Recent Years



The Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)

WIC is the third-largest nutrition assistance program in terms of expenditures, trailing only the Food Stamp and National School Lunch Programs. Expenditures for WIC totaled \$3.9 billion in fiscal 1999, an increase of less than 1 percent from the previous year.

An average 7.3 million people per month participated in the program in fiscal 1999, of whom 50 percent were children, 26 percent infants, and 24 percent women. The number of WIC participants has declined slightly in each of the last 2 fiscal years (this decrease was concentrated among children). This is in stark contrast to the dramatic annual increases in participation prior to fiscal 1998 (fig. 3). WIC is not an entitlement program and the number of people served by the program is limited by funding levels

established by Congress. As funding for WIC has leveled off in recent years, the number of participants has stabilized.

The average monthly food cost per person in fiscal 1999 was \$32.47, or 2 percent greater than in fiscal 1998.

The Commodity Supplemental Food Program

A monthly average of 382,000 persons participated in the Commodity Supplemental Food Program in fiscal 1999, about the same number as during the previous fiscal year. However, the change in the composition of participants continued, as elderly participants increased by 8 percent while the number of women, infants, and children decreased by almost 13 percent. As a result, the elderly component accounted for almost 71 percent of all participants in the program in fiscal 1999, compared with only 39 per-

cent in fiscal 1990. Expenditures for the program totaled \$98 million in fiscal 1999, about 4 percent more than the previous year.

Food Donation Programs Expand

The Food Donation programs include the Food Distribution Program on Indian Reservations, the Nutrition Program for the Elderly, the Disaster Feeding Program, The Emergency Food Assistance Program (TEFAP), and the Food Distribution Programs for Charitable Institutions and Summer Camps. The smallest of the four major nutrition assistance program groups, these programs provide food assistance to needy persons through the distribution of surplus foods purchased by USDA to support prices and stabilize market conditions.

Combined expenditures for these programs totaled \$494 million in

fiscal 1999, an increase of 8 percent from the previous year. However, it remains far below the levels of the mid-1980's largely because of reductions in stocks of surplus foods. Modifications in the commodity price support programs and changing market conditions result in varying amounts of surplus food being available for distribution to the needy through these programs each year.

On average, 129,500 people per month participated in the Food Distribution Program on Indian Reservations in fiscal 1999, about 4 percent more than fiscal 1998. This marked the 6th consecutive year in which program participation modestly increased. Cost of the program totaled \$75 million in fiscal 1999.

Although administered by the U.S. Department of Health and

Human Services, the Nutrition Program for the Elderly receives commodity foods and financial support from USDA. In fiscal 1999, the program served 252 million meals, roughly the same as in fiscal 1998. Program costs to USDA totaled \$140 million in fiscal 1999, a slight decrease from the previous fiscal year.

Expenditures for the Disaster Feeding Program totaled over \$8 million in fiscal 1999, compared with only \$1 million in the previous year. Much of the food assistance provided through this program in fiscal 1999 was for victims of Hurricane George in Puerto Rico.

Expenditures for The Emergency Food Assistance Program (TEFAP) (which includes the Food Donation Program to Soup Kitchens and Food Banks) totaled \$267 million in fiscal 1999, an increase of almost 14 per-

cent from fiscal 1998. Combined expenditures for the Food Distribution Programs for Charitable Institutions and Summer Camps totaled \$3.1 million in fiscal 1999 or 66 percent less than the previous year.

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