

The Food Assistance Landscape

FY 2008 Annual Report

Domestic food and nutrition assistance programs account for about 64 percent of U.S. Department of Agriculture (USDA) outlays. At some point during the year, about 1 in 5 Americans participates in 1 or more of 15 food and nutrition programs that provide children and needy families better access to food and a more healthful diet. The Economic Research Service (ERS) conducts studies and evaluations of these programs. This report uses preliminary data from USDA's Food and Nutrition Service (FNS), the agency responsible for managing the programs, to examine trends in the food and nutrition assistance programs through fiscal 2008 (October 1, 2007, to September 30, 2008). It also discusses a recent ERS report that examined some of the issues facing the National School Lunch Program.





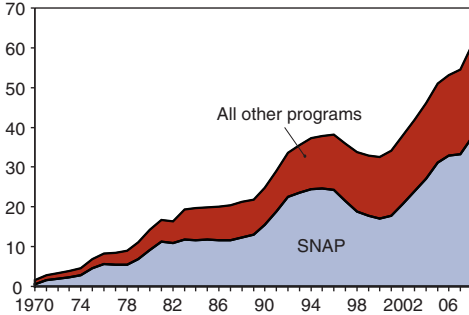
Expenditures for Food Assistance Increase Sharply

Federal expenditures for USDA's food assistance programs totaled \$60.7 billion in fiscal 2008, 11 percent more than in the previous fiscal year—the largest percentage increase in 16 years. Fiscal 2008 marked the eighth consecutive year in which food assistance expenditures exceeded the previous historical record amount. The five largest food assistance programs in fiscal 2008—the Supplemental Nutrition Assistance Program (SNAP), the National School Lunch Program, the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), the Child and Adult Care Food Program, and the School Breakfast Program—accounted for 95 percent of USDA's expenditures for food assistance. Each of these five major programs expanded during fiscal 2008.

On October 1, 2008, the Food Stamp Program changed its name to the Supplemental Nutrition Assistance Program (SNAP). The new name reflects the program's mission to not only provide food assistance, but also to increase nutrition to improve the health and well-being of low-income people.

USDA expenditures for food assistance, FY 1970-2008

Billion dollars



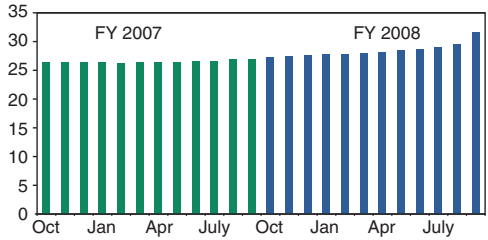
Supplemental Nutrition Assistance Program Expands

The Supplemental Nutrition Assistance Program is the foundation of USDA's food assistance programs, accounting for 62 percent of all Federal food assistance spending in fiscal 2008. The program provides monthly benefits for eligible participants to purchase approved food items at authorized food stores. SNAP is available to most needy households with limited income and assets (subject to certain work and immigration status requirements). During fiscal 2008:

- Federal spending for the program reached \$37.5 billion, 13 percent more than the previous record high of \$33.2 billion set the previous year.
- Program participation rose rapidly throughout the year, increasing in 11 of the 12 months.
- In September 2008 (the last month of FY 2008), 31.6 million people participated in the program, the largest number of participants to ever participate in the program. This increase was due to the weak economy as well as the impact of natural disasters, such as Hurricane Gustav in Louisiana.
- Benefits per person averaged \$101.53 per month, 6 percent more than in the previous year. This growth represented the third largest annual increase in percentage terms over the last 17 years.

Monthly SNAP participation, FY 2007-08

Million people



WIC Is the Fastest Growing Food Assistance Program

The Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) helps safeguard the health of low-income pregnant, breastfeeding, and postpartum women and infants and children up to age 5 who are at nutritional risk by providing a package of supplemental foods, nutrition education, and health care referrals. During fiscal 2008:

- Spending for WIC totaled \$6.2 billion, 15 percent more than in fiscal 2007, making it the fastest growing food assistance program during the year.
- An average 8.7 million people per month participated in the program, 5 percent more than in the previous fiscal year. The number of children increased by 7 percent, while the number of women and infants each increased by about 3 percent.
- Almost half of all participants were children (ages 1-4), 26 percent were infants, and 25 percent were women.



Federal nutrition assistance at a glance

Program		FY 2007	FY 2008	Change
Supplemental Nutrition Assistance Program	Average monthly participation (millions)	26.5	28.4	7.3%
	Average benefit per person (dollars/month)	95.63	101.53	6.2%
	Total annual expenditures (\$ billions)	33.2	37.5	13.0%
WIC	Average monthly participation (millions)	8.3	8.7	5.0%
	Total expenditures (\$ billions)	5.4	6.2	15.3%
National School Lunch Program	Average daily participation (millions)	30.5	30.9	1.4%
	Total expenditures (\$ billions)	8.7	9.3	6.3%
School Breakfast Program	Average daily participation (millions)	10.2	10.6	3.2%
	Total expenditures (\$ billions)	2.2	2.4	9.0%
Child and Adult Care Food Program	Meals served in:			
	• child care centers (millions)	1,161.6	1,205.4	3.8%
	• family day care homes (millions)	626.4	626.9	0.1%
	• adult day care centers (millions)	60.7	63.8	5.1%
	Total expenditures (\$ billions)	2.2	2.4	7.2%
All programs	Total expenditures (\$ billions)	54.5	60.7	11.4%

Notes: The figures are based on preliminary data provided by the Food and Nutrition Service as of November 2008 and are subject to change. Total program expenditures include figures from other programs not shown in table.

- After rebates, per person food costs averaged \$43.55 per month, an increase of almost 12 percent from the previous fiscal year. This increase, the largest ever, was due largely to the increase in food prices.

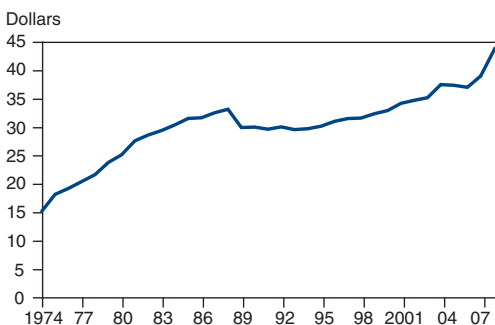
National School Lunch Program Grows Modestly

The National School Lunch Program provides nutritious low-cost or free lunches to schoolchildren. Schools that participate in the National School Lunch Program receive cash and some commodities from USDA to offset the cost of food service. In return, the schools must serve lunches that meet Federal nutrition 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 Federal poverty guidelines are eligible for free meals, and those from families between 130 percent and 185 percent of the poverty guidelines are eligible for reduced-price meals. Children from families with incomes over 185 percent of the poverty guidelines pay full price, although their meals are still subsidized to a small extent. During fiscal 2008:

- Spending for the program totaled \$9.3 billion, 6 percent more than in the previous year.

The legislation that authorizes the WIC and child nutrition programs (including WIC, the National School Lunch Program, the School Breakfast Program, and the Child and Adult Care Food Program) is set to expire on September 30, 2009. USDA is preparing for the 2009 reauthorization of the programs.

Average monthly WIC food cost per person, FY 1974-2008





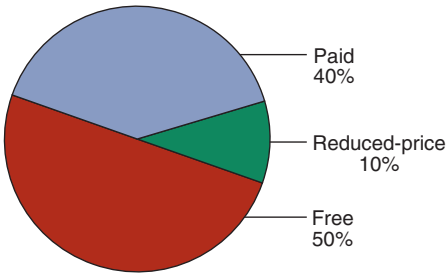
- The number of lunches served rose to 5.2 billion, an increase of almost 3 percent over that of fiscal 2007.
- Half of all school lunches were provided free to students, and another 10 percent were provided at a reduced price.

School Breakfast Program Expands

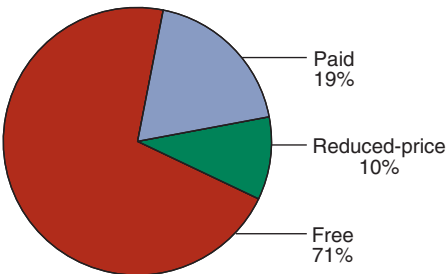
The School Breakfast Program provides low-cost breakfasts to schoolchildren, with students from low-income families receiving free or reduced-price meals (eligibility requirements are the same as those for the National School Lunch Program). During fiscal 2008:

- Spending for the program totaled \$2.4 billion, 9 percent more than in the previous year.
- An average of 10.6 million children participated in the program each schoolday, 3 percent more than the previous fiscal year.
- A total of 1.8 billion breakfasts were served, 5 percent more than in FY 2007.
- Seventy-one percent of all breakfasts served were provided free to students, and another 10 percent were provided at a reduced price.

Meals served in the National School Lunch Program by type of reimbursement, FY 2008



Meals served in the School Breakfast Program by type of reimbursement, FY 2008



Child and Adult Care Food Program Grows

The Child and Adult Care Food Program subsidizes healthy meals and snacks in participating child care centers and homes and adult day care facilities. The providers of care are reimbursed for each type of qualifying meal (breakfast, lunch/supper, or snack) they serve. During fiscal 2008:

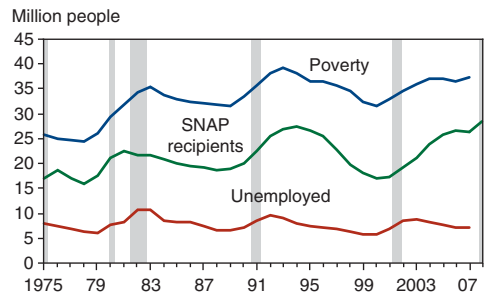
- Program expenditures totaled \$2.4 billion, 7 percent greater than the previous year.
- A total of 1.9 billion meals were served, about 3 percent more than in fiscal 2007. The number of meals served increased by 5 percent in adult day care centers and 4 percent in child care centers. The number of meals served in family child care homes remained about the same.

Economic and Social Indicators

Economic and social conditions affect participation in and spending on the food assistance programs through their influence on (1) the size of the eligible population, (2) the rate of participation among eligible people, and (3) benefit levels. Historically, changes in the country's economic conditions have significantly affected participation in SNAP. For example, the number of SNAP recipients typically rises during recessionary periods when the number of unemployed and poor people increases and falls during periods of economic growth as the number of unemployed and poor people decreases.

The unemployment rate was 5.8 percent in 2008, compared with 4.6 in 2007. This marked the first increase in the unemployment rate since 2003.

Number of SNAP recipients, unemployed, and people in poverty, 1975-2008



Note: Gray bars indicate recessions.



Selected economic and social indicators, 2006-08

Indicator	2006	2007	2008
Population in July (millions)	298.8	301.6	304.2
Persons in poverty (millions)	36.5	37.3	NA
Poverty rate (%)	12.3	12.5	NA
Median household income (2007 dollars)	49,568	50,233	NA
Civilian unemployment rate (%)	4.6	4.6	5.8
Real GDP (% change) ¹	2.8	2.0	NA
Food-insecure households (thousands)	12,648	13,011	NA
Very-low-food-security households (thousands)	4,617	4,749	NA
CPI for all items (% change) ²	3.2	2.8	NA
CPI for food (% change)	2.4	4.0	NA
CPI for food at home	1.7	4.2	NA
CPI for food away from home	3.1	3.6	NA
TANF recipients in June (thousands) ³	4,127	3,885	3,784
School enrollment (thousands)	55,559 (P)	55,710 (P)	55,879 (P)

Note: NA = Data not available. (P) = Projected.

¹Gross domestic product. ²Consumer Price Index. ³Temporary Assistance for Needy Families.

Research Update: The National School Lunch Program—Background, Trends, and Issues

The National School Lunch Program (NSLP) is USDA's second largest food and nutrition assistance program in terms of expenditures. The proportion of students in NSLP schools who participate in the program has increased in recent years, reaching 62 percent in 2008. A recent ERS report provides background information on the NSLP, including historical trends and participant characteristics. It also discusses current issues facing the program and steps being taken by school food authorities and USDA's Food and Nutrition Service in response to challenges faced by program administrators.

Most issues related to the NSLP touch upon, in one way or another, two, if not all three, components of a school meal "trilemma" involving tradeoffs between (1) the meal's nutritional quality, (2) program cost, and (3) student participation in the program. This trilemma is further complicated by competitive foods—other

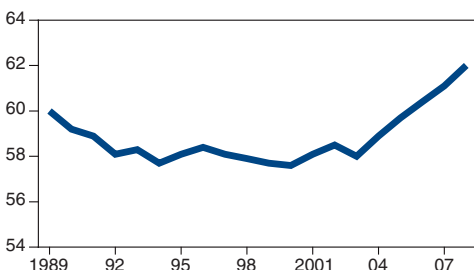
foods and beverages available in the school. A change to one component of the trilemma can have unintentional effects on either or both of the other components.

Nutritional Quality of Foods. While some studies find that participants derive important nutritional benefits from participating in the program, including higher intake of key nutrients and underconsumed foods and lower intake of sweets, other findings suggest that participants have high intakes of fat and sodium and that a substantial share of school meal providers are not ensuring that foods meet the recommended levels of fat and sodium. Results are inconclusive from the best designed studies comparing the weight gain of NSLP participants with that of nonparticipants. One study shows no effect of program participation on children's obesity, and another study shows a small effect. The most rigorous study of nutrient intake shows similar calorie intakes for participants and nonparticipants but higher fat and sodium intakes for participants.

Program Costs and Revenues. Besides USDA reimbursements, many schools and sometimes the school food service itself also depend on revenues from competitive foods, even though such foods have been found to contribute to overconsumption of calories, increased plate waste of nutritionally balanced NSLP lunches, and decreased intakes of nutrients by students. Rising costs also have

NSLP student participation rate, FY 1989-2008

Percent of students



Source: USDA, ERS using data from USDA, FNS.



increased pressure on school boards to use private foodservice management companies. The larger size of these operations provides them with greater purchasing power to procure foods.

Several studies show that schools could reduce the fat content of foods offered and increase consumption of underconsumed foods, such as milk and vegetables, while still maintaining revenue levels and NSLP participation levels. This objective can be accomplished by exposing students to new foods, updating menus, changing the way food is presented, and providing nutrition education. USDA has assisted schools in this effort by providing grants for educational resources through its Team Nutrition initiative and by including lower fat foods as part of the commodities it donates to the program.

Access and Integrity. In the late 1990s, concerns arose that certification errors were enabling ineligible students to receive free or reduced-price meals from NSLP. Studies to uncover the sources of the errors found that household incomes of students often changed during the year, causing some students to move in and out of monthly eligibility. The 2004 Child Nutrition Reauthorization Act established eligibility for certified students for a full year, and this change has eliminated errors related to income volatility. Direct certification—automatic certification for children in households participating in SNAP, Temporary Assistance for Needy Families, or the Food Distribution Program on Indian Reservations—has also reduced error rates and has been shown to increase participation by students eligible for a free school lunch. The act required

all schools to phase in direct certification and to use new methods to verify eligibility of students. The new policies are expected to reduce, but not totally eliminate, certification errors; some errors, such as those stemming from inaccurate household reporting, are not directly affected by the policies.

Improving the nutritional quality of school meals and competitive foods may, in principle, be a goal of many NSLP stakeholders, including schools, parents, the nutrition community, FNS, and Congress. But meeting this goal may raise program costs for parents, localities, or the Federal Government. Moreover, even if more nutritious foods are provided, that does not guarantee that students will eat them.

The complete report can be found on the ERS website in *The National School Lunch Program: Background, Trends, and Issues*, ERR-61, U.S. Department of Agriculture, Economic Research Service, July 2008, which is available at www.ers.usda.gov/publications/err61/



Information on food assistance research can be found on the ERS website at www.ers.usda.gov/briefing/foodnutritionassistance and on the FNS Office of Research, Nutrition, and Analysis website at www.fns.usda.gov/oane. Information on USDA's food assistance programs can be found on the FNS website at www.fns.usda.gov/fns. For more information on this report, contact Victor Oliveira at victoro@ers.usda.gov

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