

The Missouri Food Stamp Program: Good for Families, Good for Farmers, Good for Missouri

**Missouri Association for Social Welfare,
The Missouri Budget Project, and
Legal Services of Eastern Missouri**

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*Missouri Association
for Social Welfare
Since 1901*



As the nation's largest and most comprehensive nutrition program, the Food Stamp Program helps low-income people purchase a nutritionally adequate diet. Nationally, more than 25 million low-income people use Food Stamps — which are now provided through an electronic benefits card — to purchase food from local retailers. The Missouri Food Stamp Program helps, on average, 796,350 low-income Missourians buy food and meet their nutritional needs each month. Congress is currently working on the reauthorization of the Farm Bill, which includes renewal of the federal Food Stamp Program. The United States House of Representatives has passed a version of the Farm Bill and the bill is being debated in the Senate.¹

The Missouri Food Stamp Program is extremely efficient, accurate and accessible. Food Stamp coupons have been replaced by an electronic debit card that can only be used to buy food, a move that has helped reduce fraud and decrease the stigma that was often associated with Food Stamp benefits. The Food Stamp program has a stringent quality control system that in recent years has achieved record-high rates of accuracy in issuing benefits.

Food Stamps are essential to helping low-income working families make ends meet. In fact, for a typical low-income family with children, Food Stamps provide approximately 25 percent of the family's total purchasing power.² When combined with the federal Earned Income Tax Credit, Food Stamps enable a Missouri family supported by a low-wage, full-time worker to reach the poverty line.

Food Stamp benefits, *which are fully funded by the federal government*, also boost the local economies across the United States and in Missouri: the \$30.1 billion of federal food benefits³ that were spent in local stores and farmers' markets in fiscal year 2006 generated an estimated \$55.4 billion in economic activity and created an estimated 182,820 farm jobs.⁴ In Missouri alone, the \$740.1 million in Food Stamps that were spent in Missouri generated an estimated \$1.36 billion in economic activity and created an estimated 4,488 farm jobs.⁵

Along with other federal nutrition programs, the Food Stamp Program has made severe hunger rare in the United States. Moreover, numerous studies have shown that nutrition assistance programs improve birth outcomes and increase children's intake of

“Reauthorization of funding for Food Stamps is important for a program that provides less-fortunate Americans with access to nutritious food they would not otherwise be able to afford. Fighting hunger is a national priority, and federal support for the food stamp program meets a basic human need for millions of Americans. Approximately half of all food stamp support goes to children and a quarter goes to elderly or disabled Americans. For them, and for any American unfortunate to someday be in the position of needing assistance to afford daily meals, we must continue to advocate on behalf of this necessary program.”

--U.S. Representative Jo Ann Emerson (R-MO)
9/6/2006

key nutrients. Missouri has one of the most successful Food Stamp Programs in the country. In fact, 95 percent of eligible Missourians participated in the Food Stamp Program during fiscal year 2005.⁶ Approximately 89 percent of eligible “working poor”⁷ Missourians participated in the program in the same fiscal year.⁸ Yet food insecurity — the lack of adequate nutrition for an active, healthy life — remains a problem, both nationally and in Missouri. In spite of the Food Stamp Program’s many successes, some Missourians who need help buying food still do not receive Food Stamps⁹ or receive insufficient benefits. Therefore, the State should continue working to strengthen the program and to improve on its successes.

The Food Stamp Program is targeted to those in the greatest need, and is one of the few programs able to respond efficiently and quickly to changed conditions, such as economic downturns or natural disasters.¹⁰ This was recently demonstrated, in 2005, through its quick response to Hurricane Katrina. Without the need for any act of Congress, the Food Stamp Program distributed over \$500 million in food assistance to more than 1.2 million Katrina survivors in the weeks following the disaster. The Food Stamp Program was later cited as one of the most efficient programs that operated in the wake of the Hurricane Katrina disaster.¹¹ The Food Stamp program also has successfully responded to widespread power outages resulting from severe storms in Missouri during the last two years, as discussed below.

In sum, the Food Stamp Program is a resounding success story, which is why polls show a large majority of Americans strongly support it.¹² Moving forward, it is vital that the Food Stamp Program be strengthened and expanded to enable more low-income Missourians to buy healthy foods and better meet their nutritional needs.

*“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 (emphasis added)

Quick Facts about the Missouri Food Stamp Program

- An average of 796,350 Missourians use Food Stamps to buy food every month. That amounts to 13.7 percent of the people in Missouri.¹³
- Missouri Food Stamp households receive, on average, 86 cents per person per meal in Food Stamp benefits.¹⁴ This modest amount is crucial to financially pressed families.
- About 76.1 percent¹⁵ of Food Stamp benefits go to households with children. Most

of the rest go to households containing elderly people or people with disabilities.

- Almost 90 percent¹⁶ of Food Stamp households have incomes under the poverty level. The rest have income slightly above the poverty level, but their basic expenses (e.g. utilities, mortgage or rent payments, or medical expenses) are high enough to make them eligible for a small Food Stamp benefit.
- The number of working Food Stamp households with children is on the rise and exceeds the number that receives TANF-funded cash assistance.¹⁷
- During the most recent recession and subsequent weak recovery, Food Stamp Program participation in Missouri *increased*. In FY 2000, an average of 423,320 Missourians received Food Stamps each month. That number rose steadily to 796,350 in FY 2005,¹⁸ *an increase of 88.1 percent*.
- About 35.5 million Americans, including nearly one in five American children, have difficulty affording food.¹⁹ An estimated 293,109 households in Missouri are “food insecure” and live with hunger or the threat of hunger, according to USDA.²⁰ That amounts to 12.3 percent of all families in Missouri and includes low-income working families and senior citizens living on fixed incomes.²¹
- Nationally, only 65 percent of those eligible for Food Stamps in fiscal year 2005 received them.²² In Missouri, however, the FY 2005 participation rate is estimated to be 95 percent.²³
- **In 2006, the Missouri Food Stamp Program won a bonus award of \$2.25 million for attaining one of the best program access indexes in the country.**²⁴ The Missouri Food Stamp Program also won a \$1.39 million program access index bonus award in 2005.²⁵ The program access index measures how many eligible people and/or households are actually participating in a state’s Food Stamp Program. By attaining one of the highest Program Access Indexes in the country, Missouri now has an opportunity to re-invest the bonus money into improving the Missouri Food Stamp Program and reap more bonus awards from the federal government.
- **In 2006, the Missouri Food Stamp Program won a \$3.23 million bonus award, from the federal government for achieving one of the nation’s best payment accuracy rates.**²⁶ Combined with Missouri’s track record in providing accessibility to Food Stamp benefits, this means that the State is maintaining a high standard of

“The Food Stamp Program (FSP) is an investment in our future. It offers nutrition benefits to participating clients, supports work, and provides economic benefits to communities. However, too many low-income people who are eligible for the program do not participate. . . . Their communities lose out on the benefits provided by new Food Stamp dollars flowing into local economies.”

— The Benefits of Increasing Food Stamp Program Participation in Your State, USDA, 2005.

benefit payment accuracy while *increasing* access to the Food Stamp Program.

- The Food Stamp Program has a substantial economic impact upon Missouri’s local communities.²⁷ For example, in St. Louis County, the Missouri Food Stamp Program delivered \$87.2 million in Food Stamp benefits in FY 2006 which resulted in an estimated \$160.4 million in economic activity.²⁸ Thus, the Missouri Food Stamp Program not only benefits families and the State, it helps local economies as well.
- The Missouri Food Stamp Program is among the most responsive programs in the State. In fact, after the storms on July 19 and 21 of 2006 that struck the St. Louis Metropolitan area and caused widespread power outages, the Missouri Food Stamp Program replaced more than \$4.5 million in lost Food Stamp benefits to over 21,000 households in St Louis City (these households had approximately 50,000 individuals) *in one week*.²⁹ The program’s speed at delivering nutrition assistance in times of need, e.g. disasters or economic downturns, is a significant advantage in the battle to prevent hunger in Missouri.

1. The Food Stamp Program Works Accurately and Efficiently to Help Needy Missourians Purchase Food.

The Food Stamp Program, administered by the states and overseen by the U.S. Department of Agriculture (USDA), increases the amount that low-income households spend on food. Studies have consistently found that participation in the Food Stamp Program significantly increases household food expenditures and thus the nutrients available to low-income households.³⁰ The 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 76.1 percent of Food Stamp recipients live in households with children.³¹ 10.2 percent of Food Stamp households contain an elderly person, and 20.4 percent of Food Stamp households include a non-elderly disabled person.³²

The Food Stamp benefit amount is modest, averaging about 86 cents per person per meal in Missouri.³³ But for families receiving Food Stamps, this additional money for their food budget is critical, since 90 percent³⁴ of Food Stamp households have incomes below the poverty line. About 41.6 percent³⁵ of Food Stamp households have incomes below *half* of the poverty line, which means their income is approximately \$8,585³⁶ per year or *less* (or approximately \$692 per month or less) for a family of three.

“When times get especially tough, hundreds of thousands of Missouri families rely on the Food Stamp Program to get by. I will continue to fight for the reauthorization of this nutrition program, which brings crucial help to the people who need it most.”

-- Senator Claire McCaskill (D-MO)
11/7/2007

The Food Stamp benefit formula targets food assistance to those with the *greatest need*. Many factors affect a household’s eligibility for Food Stamps, including income,

expenses, and assets.³⁷ Households with gross incomes up to 130 percent of the federal poverty line, or up to \$22,321 for a family of three,³⁸ are eligible for Food Stamps. As individuals or families move closer to the Food Stamp income limit, their benefits decrease. Therefore, very poor households receive more Food Stamps than households closer to the poverty line, significantly increasing their food purchasing power.

The Missouri Food Stamp Program is especially accurate and efficient. More than 98 percent of Food Stamp benefits go to eligible households. Nationwide, the Program's error rate (the sum of overpayments and underpayments to recipients) is extremely low, standing at 5.99 percent.³⁹ Missouri's error rate was only 2.59 percent in 2006.⁴⁰ Moreover, in 2003, only 4.5 percent of Food Stamp benefits nationwide represented either overpayments to eligible households or payments to ineligible households. By comparison, the Internal Revenue Service recently reported that taxpayers underpaid their taxes by about 16 percent in 2001.⁴¹ And, as indicated above, Missouri has won federal bonus awards because the state's Food Stamp program is such an accurate program.

One reason the Food Stamp Program is so efficient, compared to many other programs, is that USDA has eliminated the old food coupons. All benefits are now issued through Electronic Benefit Transfer (EBT) cards, which allow recipients to transfer their benefits electronically to a participating retailer. This has eliminated the need to print, transport, safeguard, distribute, track, and destroy the coupons, and created administrative savings for the government, retailers, and bankers. These changes have effectively helped fight fraud and misuse of benefits.⁴²

EBT is the required method of issuing Food Stamp benefits in every state. In the Missouri Food Stamp Program, the EBT card program was implemented on a statewide basis in 1998. The EBT card is mailed to the Food Stamp recipient within 5 days after the recipient receives notice of eligibility for Food Stamp benefits and can be used to purchase food at any grocery store that displays the QUEST mark. The Food Stamp benefit is automatically replenished on the EBT card every month to prevent the wrong person from getting the Food Stamp benefit. In addition, as an additional precaution, the EBT card is "locked" for the day if the PIN code is incorrect in 4 tries. These measures help Missouri prevent Food Stamp benefits from being misused or stolen.

Julie is a single mother with 4 children residing in Saint Louis, Missouri. Julie works as a bus monitor and receives Food Stamps every month. Regarding the importance of Food Stamps to her family, Julie stated:

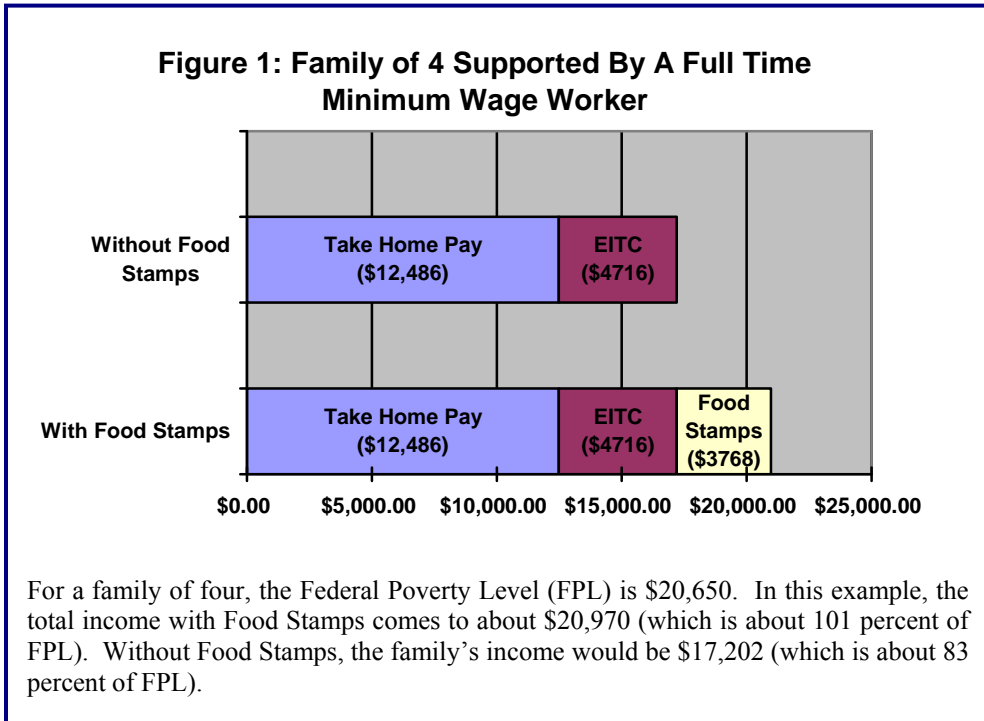
"For me as a working mom, Food Stamps are so important. They allow me to buy food for my kids and then I can use my cash for other things I need, like washing powder and hygiene items. Kids are always hungry... these Food Stamps help me to just keep things going."

For a growing number of low-wage workers like Julie, a job no longer guarantees that they will be able to afford life's basic necessities. The Food Stamp Program makes it possible for such workers to feed their families adequately.

2. Food Stamps Are Essential for Low-Wage Workers

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. Yet low-wage workers, like Julie,⁴³ cannot earn enough to keep their family out of poverty. A full-time, minimum-wage worker earns only about \$13,520 per year in gross pay — almost \$4,000 less than the poverty line for a household of three.⁴⁴ 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 slightly exceed the poverty line in 2007.⁴⁵



In addition, Food Stamps help former welfare recipients move toward self-sufficiency by helping ensure that they are financially better off when they are working than when they were on welfare.⁴⁶ Under the Food Stamp benefit formula, benefits decrease only by about 30 cents for every additional dollar of earnings. This means that Food Stamp families have a strong incentive to work longer hours or to search for better-paying employment because they will be better off. Studies show that many families leaving cash assistance for employment work close to full time at very low wages. In Missouri, a typical such family (working 35 hours per week at \$6.50 per hour and taking only the earned income and standard deductions), is eligible for about \$229 a month in Food Stamps for a family of three.⁴⁷ This amount can make the difference between remaining independent or returning to welfare.⁴⁸

"[I] [t]hought about food A LOT. How can kids possibly concentrate in school when [they are] hungry?"

-- Comment by Marilyn Ratkin, Domestic Issues Director for the Jewish Community Relations Council, in response to the five-day Food Stamp challenge that she took.

Good nutrition is also vital to maintaining a healthy workforce and healthy children.⁴⁹ As a recent USDA report noted, “[r]esearch shows that low-income households participating in the [Food Stamp Program] have access to more food energy, protein, and a broad array of essential vitamins and minerals in their home food supply compared to eligible non-participants.”⁵⁰ Employees whose nutrition needs are met may be healthier and thus may take fewer sick days; they also may tend to stay longer with a company that cares enough to share information about Food Stamps with them.⁵¹

3. Food Stamps Have Nearly Eliminated Severe Hunger, but Food Insecurity Remains

In the late 1960s, the Field Foundation and a network television news show documented the kind of severe malnutrition in the United States that we usually think of as occurring only in third-world countries. Since Food Stamps and other nutrition assistance programs

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 American children suffering from diseases related to severe malnutrition that usually are thought of as occurring only in third-world 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.”

Rebecca Blank, *It Takes a Nation* (New York: Russell Sage Foundation, 1997); Nick Kotz, *Hunger in America: The Federal Response* (New York: Field Foundation, 1979).

have become available nationwide, however, severe hunger and the health consequences of severe hunger, e.g. disease and death, have become rare.

Yet food insecurity remains a serious problem, and in fact has grown in recent years. Each year the Census Bureau administers a national survey on food security, defined as “access by all people at all times to enough food for an active, healthy life.”⁵² According to the most recent survey, about 35.5 million Americans, or 11.3 percent of all households, lived in households that were “food insecure” in 2006.⁵³ Nearly one in five American children lived in “food insecure” households. The number of individuals facing food insecurity has increased by more than 4 million people between 1999 and 2006.⁵⁴

Missourians are not exempt from this condition — our levels of food insecurity are unacceptable as well. The most recent Census Bureau data shows that an estimated 293,109 households in Missouri live with hunger or the threat of hunger.⁵⁵ That amounts to 12.3 percent of all families in Missouri and includes senior citizens living on fixed incomes and low-income working families struggling to make ends meet. These vulnerable Missourians find that their wages or Social Security are not enough to cover rent, utilities, medicine, and other basics, and still buy food for their family.

A recent pediatricians' report documented that infants and toddlers in families whose Food Stamp benefits have been reduced or terminated are more than twice as likely to experience food insecurity as comparable children whose Food Stamp benefits have been maintained. The report went on to warn that food insecurity contributes to young children's poor health: "even mild to moderate under nutrition in young children is linked to problems that last throughout the lifespan."⁵⁶ Food Stamps "help to protect young children from the harmful health effects of food insecurity," the report stated.⁵⁷

4. The Missouri Food Stamp Program Benefits the State's Economy

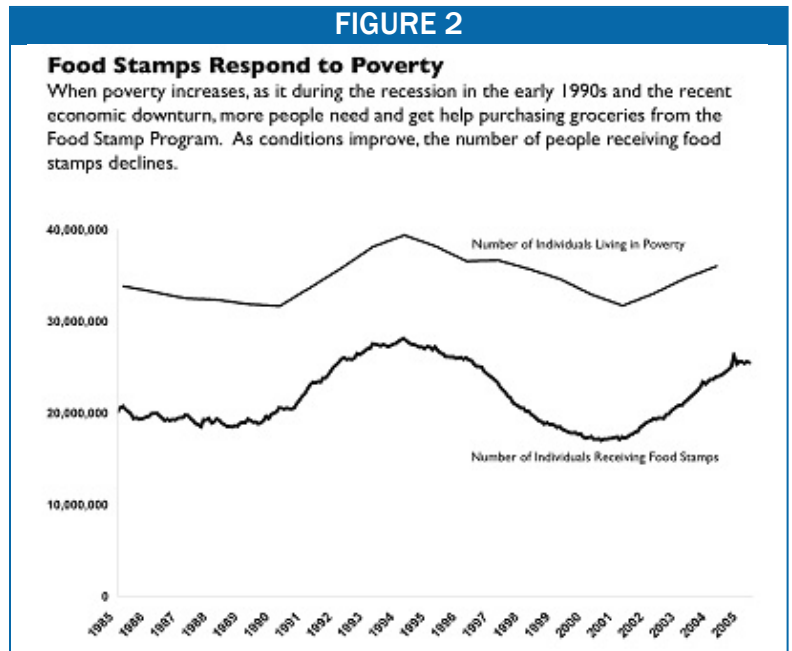
In fiscal year 2006, \$30.1 billion in Food Stamp benefits were spent in local stores nationwide. Slightly over eighty-six percent of benefits were spent in supermarkets; the rest went to farmers' markets, grocery stores, and other food providers.⁵⁸ This infusion of federal Food Stamp dollars stimulates the economy as a whole. Food purchases ripple through our economy, supporting a range of jobs, from farmers to truckers to grocers. Food Stamp benefits used at authorized farmers' markets provide additional customers for local farmers. (They also give Food Stamp recipients access to healthy, locally grown fruits and vegetables that might otherwise be unavailable to them.)

A USDA study found that every \$5 in new Food Stamp benefits generates \$9.20 in spending in the community.⁵⁹ Every \$1 billion of Food Stamp spending results in increased demand for food that creates 3,300 farm jobs — in addition to the new jobs it helps create in supermarkets and other related industries.⁶⁰ According to these estimates, Food Stamp spending generated \$55.4 billion in economic activity and created 182,820 farm jobs in fiscal year 2004.

In addition to protecting individuals and families against economic risk, Food Stamps also provide a measure of protection for the local and national economy.⁶¹ After unemployment insurance, the Food Stamp Program is the most responsive of all federal benefit programs to declines in employment and increases in poverty. In fact, the Congressional Budget Office found that of all the federally funded assistance programs in which participant eligibility depended on income and assets, only the Food Stamp Program was responsive to changing economic conditions.⁶² As shown in Figure 2 below,⁶³ when employment declines and poverty increases, the program helps a larger number of low-income families. Conversely, when the economy is doing well and the number of poor people falls (as in the 1990s), fewer people receive Food Stamps.

As discussed above, the Missouri Food Stamp Program's effectiveness in automatically responding to times of need can be seen in the aftermath of the storms of July 19 and 21 which caused widespread power outages in the St. Louis Metropolitan area.⁶⁴ Similarly, the Food Stamp Program responded quickly and effectively to the disastrous 2005 hurricanes.⁶⁵ In these times of crisis, the Food Stamp Program exemplified government at its best: well run, efficient, and rising to the occasion at a time of crisis.⁶⁶

USDA has made improving Food Stamp participation a priority because of the nutritional benefits it would bring to new participants and the economic benefits it would bring to local communities.⁶⁷



5. Missouri can still improve its Food Stamp Program

The Food Stamp Program has been very successful in reducing hunger in America. While the 2002 Farm Bill made the program much more accessible,⁶⁸ the Food Stamp Program could still be improved to reach more needy people and increase benefits. While Missouri operates an exemplary Food Stamp Program (as demonstrated by the State's extremely high participation rate), the State can improve the program in a variety of ways. For example, the State could undertake the following efforts:

- Support independence by granting transitional Food Stamps for five months after a household leaves TANF;
- Encourage participation by low income elderly and disabled people by automatically enrolling all SSI recipients in Food Stamps through a "Combined Application Project;"⁶⁹
- Implement a Supplemental Food Stamp Program, funded by state dollars, to assist those elderly and disabled people who are only able to receive the woefully inadequate minimum Food Stamp benefit of \$10;⁷⁰
- Reduce the use of in-person interviews and maximize the use of telephone interviews for people who are working, live in remote areas, or otherwise have difficulty getting to the local Food Stamp office;
- Automatically screen all applicants for health programs, such as Medicaid and SCHIP, to determine if they are eligible for Food Stamp benefits and use information from the Medicaid/SCHIP application to generate a Food Stamp application for the applicant;

- Continue to maximize the use of waivers and exemptions from three-month time limits for unemployed childless adults;
- Work to maximize the participation of college students who either are not attending college full-time or meet one of the various exemptions that allow college students to receive Food Stamps;
- Work to increase the number of Food Stamp applicants and/or recipients who use the Dependent Care Deduction.
- Explore ways to expand the use of categorical eligibility for needy working families;
- Adopt twelve-month certifications consistent with Medicaid requirements;
- Simplify the application process for certain groups of applicants, such as individuals with mental disabilities or individuals who are elderly;
- Expand Food Stamp outreach efforts through expansion of allowable outreach activities which would maximize state matching funds to draw down additional federal dollars that can be used for outreach; and
- Implement a Food Stamp “Call Center” where individuals can call in and report changes in income and family circumstances.

6. Positive Reforms That Can Be Made at the Federal Level.

While the Food Stamp Program is a success story nationwide (as well as in Missouri), the following reforms would make an already successful program even better:

- **Build on the Food Stamp Program’s strengths.** The structure of the Food Stamp Program as a federal entitlement program enables it to support communities during times of economic downturn or natural disaster by automatically responding to increased need. *This structure must be retained.* Other important aspects of the program that should be maintained and strengthened are the national benefit structure, near universal eligibility for low-income individuals, targeting of benefits based on need, state administrative flexibility, and the extensive measures in place to ensure that the program is run efficiently.
- **Reduce eligibility restrictions.** In three areas in particular, existing eligibility restrictions are counterproductive and should be changed:

First, the *three-month time limit* on receipt of Food Stamps by most unemployed childless adults marks the first time in the program’s history that individuals have been cut off of Food Stamps not only because they refuse to work, *but also because no work is available to them.* This provision is overly complex and difficult to administer. The time limit should be eliminated or, at the very least, modified to take into account the availability of jobs to a Food Stamp recipient.

Second, the restrictions on legal immigrants' eligibility for Food Stamps prevent vulnerable non-citizens from receiving important nutritional support. These restrictions also appear to discourage immigrant parents from obtaining Food Stamps on behalf of their citizen children: fewer than half of eligible citizen children of immigrant parents participate in the Food Stamp Program. Eligibility restrictions on legal immigrants should be lifted.

Third, the program's restrictive asset limits make many genuinely needy people ineligible for Food Stamps. Most households are ineligible for Food Stamps if they own more than \$2,000 in assets. *This asset limit has not been increased in two decades; it would have to rise to \$3,680 just to compensate for inflation over that period.* Also, all forms of retirement accounts, educational savings accounts, and burial funds should be exempt from the Food Stamp asset limit in order to permit Food Stamp households to plan for their financial future just as the rest of the population can.

“For the majority of Americans, our nation lives up to its reputation as a land of plenty. Unfortunately, even in one of the world's most prosperous countries, millions of people still struggle to have enough food to eat for themselves and their families. Our country has a moral obligation to look out for our neighbors and try to address the needs of those who would otherwise go hungry, and the Food Stamp Program has been a critical tool in our efforts to fight hunger in America. The Food Stamp Program has traditionally enjoyed bipartisan support, so I hope that next year's reauthorization legislation will bring together a broad coalition representing rural, urban, and suburban interests to support and strengthen this important food assistance program.”

U.S. Representative Ike Skelton (D-MO)
9/15/2006

- **Ensure the adequacy of Food Stamp benefits.** The 1996 welfare law cut the Food Stamp Program by almost \$28 billion over six years. A significant portion of these cuts came from across-the-board benefit reductions for nearly all households, including families with children, the working poor, the elderly, and people with disabilities. For example, in 2008, a typical family of two will be eligible for \$37 less per month in Food Stamp benefits under current law than under the pre-1996 benefit cuts. This loss will increase to about \$42 per month by 2012 for the same family. In fact, if nothing is done to ensure the adequacy of the Food Stamp benefit levels, Missouri will lose \$27 million in Food Stamp dollars in 2008 alone and lose a combined amount of \$261 million from 2008 to 2012.

While Congress made some improvements in 2002 to address this problem, the real value of the Food Stamp benefit has continued to deteriorate over time. Without further changes, poor households will always receive less help from the Food Stamp Program than if the welfare law had not cut benefits. At a minimum, benefits should be restored to their prior level to ensure that households have enough resources to purchase an adequate diet.

- **Continue improving access to the program.** Much progress has been made toward simplifying the program so that everyone who is eligible can participate. Still, many eligible people do not participate, often because it is too difficult or costly.

Significant improvements were made in the 2002 Farm Bill, and those efforts should be continued by exploring ways to make it easier for people to enroll in the program and continue receiving benefits as long as they remain eligible. Such efforts, however, should be carefully designed to avoid undermining the program's current design or radically redistributing benefits in ways that could reduce benefits for the neediest households. Some initiatives that could improve access are extending "automatic certification" to all elderly or disabled people receiving SSI (so these needy individuals are able to receive Food Stamps without having to apply separately) and continued efforts to accommodate the needs of people who have jobs. Also, as USDA has recommended, the name of the program should be changed to something that more accurately reflects the current program, which no longer uses stamps.

7. Conclusion

Many low-income Missouri families rely on nutrition assistance provided by the Food Stamp Program to help them feed their families. Missouri has operated a program that is nationally recognized for its accuracy and efficiency. Missouri can reduce food insecurity even more by maximizing the use of the federal resources available through the Missouri Food Stamp Program.

Improving the Missouri Food Stamp Program requires the combined efforts of national, state, and local public leaders as well as non-profit community agencies, retailers, employers, and anyone else who touches the lives of potentially eligible people. Such efforts would bring more federal money into Missouri, support retailers and farmers, increase economic activity, and provide improved nutrition for many more low-income Missourians. This report recommends several steps that can be taken to strengthen a highly successful program and increase the nutritional assistance that low-income Missourians receive.

"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

Endnotes

¹ Food, Nutrition and Bioenergy Act of 2007, HR 2419, 110th Cong. (2007).

² Michael LeBlanc, Biing-Hwan Lin, et al, *Food Assistance: How Strong is the Safety Net?*, United States Department of Agriculture, Amber Waves, September 2006, at 13 (hereinafter “Amber Waves Article”)(available at: <http://www.ers.usda.gov/AmberWaves/September06/Features/FoodAssistance.htm>).

³ United States Department of Agriculture, *Food Stamp Program Benefits*, updated September 26, 2007 (available at: <http://www.fns.usda.gov/pd/17fsfybft.htm>).

⁴ The economic activity calculation was made by multiplying the total amount of Food Stamp benefits delivered (\$30.1 billion) by 1.84. That equals \$55.4 billion in estimated economic activity. The farm job calculation was done by multiplying \$55.4 billion by 3300. That equals approximately 182,820 farm jobs nationally. United States Department of Agriculture, *The Benefits of the Food Stamp Program*, December 23, 2005 (available at: http://www.fns.usda.gov/fsp/outreach/pdfs/bc_benefits.pdf).

⁵ *Id.* As before, the economic activity calculation was made by multiplying the total amount of Food Stamp benefits delivered in Missouri (\$740.1 million) by 1.84. That equals 1.36 billion in economic activity. The farm job calculation was made by multiplying \$1.36 billion by 3300. That equals approximately 4,488 farm jobs in Missouri.

⁶ Karen E. Cunyningham, et al., *Reaching Those In Need: State Food Stamp Participation Rates in 2005*, United States Department of Agriculture, Food and Nutrition Service, October 2007, at 2 (available at: <http://www.fns.usda.gov/oane/MENU/Published/FSP/FILES/Participation/Reaching2005.pdf>) (hereinafter “2005 Food Stamp Participation Rate Report”). In FY 2004, the participation rate was 84 percent. United States Department of Agriculture, *Table: Potential Increases in People Served, Total Benefits, and Economic Activity If All States Served An Additional 5 Percent of Eligibles in Fiscal Year 2004*, November 20, 2006 (available at: http://www.fns.usda.gov/fsp/outreach/pdfs/bc_table.pdf). Clearly, Missouri is making tremendous progress in reaching out to people who are eligible for the Food Stamp Program.

⁷ “Working poor” individuals are defined as “people who are eligible for the Food Stamp Program and live in households in which someone earns income from a job.” Food Stamp Participation Rate Report, *supra*, at 1.

⁸ Food Stamp Participation Rate Report, *supra*, at 3.

⁹ Many low-income Missourians do not receive Food Stamps because they are they are ineligible for reasons that have nothing to do with need, such as the restrictions on

participation by childless adults, college students, legal immigrants, and drug felons, or they qualify for Food Stamps but have not applied.

¹⁰ Amber Waves Article at 13.

¹¹ Elaine M. Ryan, *A Call for Partnership Now*, Policy and Practice, December 1, 2005.

¹² A poll conducted by the polling firm McLaughlin and Associates for the Alliance to End Hunger in 2005 found that 75 percent of American voters said the Food Stamp Program should be protected from cuts and 92 percent wanted Congress to continue funding anti-hunger programs such as Food Stamps. Alliance to End Hunger, “Americans Care Deeply About Hungry People And For Many, It Is A Powerful Moral Issue,” press release, July 20, 2005 (available at: <http://www.alliancetoendhunger.org/New%20Pages/pressroom/2005/july%2020%202005.html>).

¹³ USDA’s data on the number of people participating in the Food Stamp Program by state can be found at: <http://www.fns.usda.gov/pd/fslatest.htm>. The percentage is calculated by dividing the number of participants in the state by the Census Bureau’s population for the state, which can be found at <http://www.census.gov/popest/states/NST-ann-est.html>.

¹⁴ USDA posts the average monthly benefit by state at: [http://www.fns.usda.gov/pd/19fsavghh\\$.htm](http://www.fns.usda.gov/pd/19fsavghh$.htm). The benefit per meal is arrived at by dividing this number by 90 (90 meals per month).

¹⁵ “Characteristics of Food Stamp Households, Fiscal Year 2006,” Table A-1, United States Department of Agriculture, Office of Analysis, Nutrition, and Evaluation, September 2007 (available at: <http://www.fns.usda.gov/oane/MENU/Published/FSP/FILES/Participation/2006Characteristics.pdf>)(hereinafter “Food Stamp Household Characteristics Report”).

¹⁶ *Id.* at Table A-1.

¹⁷ *Id.* at Table A-1.

¹⁸ USDA data: Food Stamp Program Average Monthly Participation, <http://www.fns.usda.gov/pd/15fsfypart.htm>.

¹⁹ Mark Nord, Margaret Andrews, and Steven Carlson, *Measuring Food Security in the United States: Household Food Security in the United States, 2006*, United States Department of Agriculture, Economic Research Service, Food Assistance and Nutrition Research Report Number 49, November 2007, Table 1A (available at: <http://www.ers.usda.gov/publications/err49/>)(hereinafter “2006 Food Security Report”).

²⁰ *Id.* at Table 7.

²¹ *Id.* at Table 7. In fact, out of the estimated 293,109 households that are struggling with hunger, 104,852 households are actually living with hunger (as opposed to living with the threat of hunger). *Id.*

²² Food Stamp Participation Rate Report, *supra*, at 1.

²³ Food Stamp Participation Rate Report, *supra*, at 2.

²⁴ Governor Matt Blunt, *Blunt Administration Receives National Recognition for Food Stamp Program: Governor’s Administration Receives \$3.2 Million Bonus for Accuracy and Efficiency*, August 17, 2007, available at: <http://www.gov.mo.gov/cgi-bin/coranto/viewnews.cgi?id=EEIzFyyuZVzoOnIozF&style=Default+News+Style&tmpl=newsitem> (hereinafter “Accuracy and Efficiency Press Release”)

²⁵ USDA, Press Release, *USDA Awards \$18 Million to States for Excellent Customer Service in Food Stamp Program*, September 28, 2006.

²⁶ Governor Matt Blunt, *Blunt Administration Receives National Recognition for Food Stamp Program Access*, press release, September 24, 2007 (available at: <http://www.gov.mo.gov/cgi-bin/coranto/viewnews.cgi?id=EEApyVAykpKMXRNYHZ&style=Default+News+Style&tmpl=newsitem>).

²⁷ Missouri Department of Social Services, *County Quick Facts SFY 2006*, undated (<http://www.dss.mo.gov/mis/cqfacts/index.html>). On that website, one merely needs to click on a particular county and it will bring up a fact sheet regarding that county, including the average amount of the monthly Food Stamp benefits and the amount of Food Stamp benefits delivered for FY 2006.

²⁸ Missouri Department of Social Services, *Quick Facts about DSS in St. Louis County*, November 27, 2006 (available at: <http://www.dss.mo.gov/mis/cqfacts/cntyqf06/stlouiqf.pdf>). The economic activity estimate is based on USDA’s estimate of \$9.20 in economic activity for every \$5 in Food Stamp spending. The estimate was made by multiplying the amount of Food Stamp benefits delivered by 1.84 (920 divided by 500 equals 1.84). United States Department

of Agriculture, *Calculation Methodology: Potential Increases in People Served, Total Benefits, and Economic Activity Associated with Higher Food Stamp Participation Rates*, December 23, 2005 (available at: http://www.fns.usda.gov/fsp/outreach/pdfs/bc_calculation.pdf).

²⁹ Bill Siedhoff, *Press Release: City's Storm Recovery Efforts Brings Results, Food Stamp Replacement Adds to Success*, August 10, 2006.

³⁰ An USDA article estimated that a dollar of Food Stamp benefits increased households' food spending by 17 to 47 cents whereas cash assistance (e.g. TANF) was only estimated to increase food spending by a mere 5 to 10 cents for every dollar of cash assistance. Amber Waves Article at 12.

³¹ Food Stamp Household Characteristics Report, *supra*, at Table A-1.

³² *Id.*

³³ See endnote 14, *supra*.

³⁴ Food Stamp Household Characteristics Report, *supra*, at Table A-1.

³⁵ *Id.*

³⁶ 2007 HHS Poverty Guidelines, Federal Register, Vol. 71, No. 15, January 24, 2007, pp. 3147-3148 (available at: <http://frwebgate6.access.gpo.gov/cgi-bin/waisgate.cgi?WAISdocID=760883414567+1+0+0&WAIAction=retrieve>).

³⁷ For an explanation of Food Stamp eligibility factors and benefit calculations, see USDA's website at <http://www.fns.usda.gov/fsp/default.htm>.

³⁸ See endnote 36, *supra*.

³⁹ Governor Matt Blunt, Accuracy and Efficiency Press Release, *supra*. In fact, the Food Stamp Program's error rate stood at 5.88 percent for fiscal year 2004, after falling for six consecutive years. Dorothy Rosenbaum, *The Food Stamp Program is Effective and Efficient: Savings Cannot be Achieved by Targeting "Waste, Fraud, and Abuse"*, Center on Budget and Policy Priorities, revised June 29, 2005.

⁴⁰ Governor Matt Blunt, Accuracy and Efficiency Press Release, *supra*.

⁴¹ Internal Revenue Service, IRS Updates Tax Gap Estimates (IR-2006-28, February 14, 2006), available at: <http://www.irs.gov/newsroom/article/0,,id=154496,00.html>.

⁴² Food Stamp recipients like the convenience and security of EBT. They used to receive an “Authorization to Purchase,” which they took to a food stamp office or bank to get their coupons. That trip, and the middleman, has been eliminated. Also, if an EBT card is lost or stolen, it is protected by a PIN and can be replaced quickly and easily. Many recipients also report that the EBT card reduces the stigma associated with using Food Stamp coupons, since it works like the credit or debit cards used by other customers.

⁴³ “Julie” is a fictitious name for this Missouri Food Stamp recipient. Her name has been changed in order to protect her and her family’s privacy.

⁴⁴ The poverty level for a household of three is \$17,170 per year (see endnote 35). A person working 40 hours per week for 52 weeks per year at minimum wage in Missouri has a gross income of \$13,520.

⁴⁵ See Dorothy Rosenbaum and Zoë Neuberger, “Food and Nutrition Programs: Reducing Hunger, Bolstering Nutrition,” Center on Budget and Policy Priorities, July 2005, online at <http://www.cbpp.org/7-19-05fa.htm>. See also Jason Furman and Sharon Parrot, “A \$7.25 Minimum Wage Would Be a Useful Step in Helping Working Families Escape Poverty,” Center on Budget and Policy Priorities, January 2007, at 2, for an explanation of how Food Stamps continue to help working families approach or exceed the poverty line.

Figure 1 is based upon a similar example in these reports, however, the take home pay amounts used in Figure 1 were updated to reflect Missouri’s increased minimum wage to \$6.50, effective as of January 2007. The corresponding amounts for the EITC and Food Stamps were also re-calculated to take into account the increase in the minimum wage in Missouri.

⁴⁶ A study indicates that if there were a 10 percent cut in the share of the population that receives public assistance, the share of food-insecure households increases by 5 percentage points. Amber Waves Article at 12. Clearly, Food Stamps is essential to welfare reform by eliminating the threat of food insecurity as these individuals and families work to re-enter the nation’s work force.

⁴⁷ A standard minimum wage worker working 35 hours a week would make roughly \$985.07 per month ($\$6.50 \times 35 \times 4.33$). The Earned Income Deduction would amount to roughly \$197.01. The Standard deduction is \$134. That means the family would have a net income of \$654.06. According to the Missouri Food Stamp Basis of Issuance tables (available at: http://www.dss.mo.gov/fsd/b_iss/2008coupons10.pdf), the family would receive approximately \$229 a month in Food Stamp benefits. Of course, should the family be entitled to *additional* deductions (such as the excess medical expense

deduction, the dependent care deduction, the excess shelter deduction, etc), the family would receive *more* Food Stamp benefits.

⁴⁸ Many working families turn to Food Stamps to make the transition to self-sufficiency, helping them keep their families healthy and fed for a temporary period. Half of those who enter the Food Stamp program leave it within nine months. While a large number of community volunteer organizations also help to ease hunger through donations and food banks, their work is intended only for emergencies and can only go so far. Food Stamps are the essential bridge between welfare dependence and self-sufficiency.

⁴⁹ Recent research has documented what low-income people have long asserted: that healthy food is more expensive than less nutritious foods. Researchers at the University of Washington have studied food costs in the course of their research on the relationship between poverty and obesity. *Poverty and Obesity*, Presentation by Adam Drewnowski, PhD, at Obesity and the Built Environment: Improving Public Health through Community Design, Washington DC, May 24-26, 2004. He found that “A reduction in diet costs leads to high-fat, energy dense diets that are similar in content to those consumed by low-income people. Such diets are more affordable than are prudent diets based on lean meats, fish, fresh vegetables, and fruit.” *Id.*

In fact, research conducted by USDA has shown that Food Stamps are not in any way related to obesity. *Food Stamps and Obesity: Ironic Twist or Complex Puzzle?* by Michele Ver Ploeg, Lisa Mancino, Biing-Hwan Lin, Amber Waves, Vol 4 Issue 1, Feb 2006. Thus, Food Stamps cannot solve the problem of obesity, but we can continue to work to make it part of the solution by working to increase the benefit levels for Food Stamp recipients (and thereby enable them to purchase healthy food).

⁵⁰ United States Department of Agriculture, “The Benefits of Increasing Food Stamp Program Participation in Your State,” 2005, at 3 (available at: http://www.fns.usda.gov/fsp/outreach/pdfs/bc_facts.pdf) (citing Barbara Devaney, Pamela Haines, and Robert Moffitt, *Assessing the Dietary Effects of the Food Stamp Program –Volumes I and II*, U.S. Department of Agriculture, Food and Nutrition Service, 1989).

⁵¹ *Id.* at 2.

⁵² “Household Food Security in the United States, 2003,” Mark Nord, Margaret Andrews, and Steven Carlson, United States Department of Agriculture, Economic Research Service, Food Assistance and Nutrition Research Report Number 42, October 2004 (available at: <http://www.ers.usda.gov/publications/err11/>).

⁵³ 2006 Food Security Report, *supra*, at Table 1A.

⁵⁴ 2006 Food Security Report, *supra*, at Table 1A.

⁵⁵ 2006 Food Security Report, *supra*, at Table 7.

⁵⁶ “Food Stamps Are Good Medicine for Children,” C-SNAP Research Brief August 2005, page 1, http://dcc2.bumc.bu.edu/csnappublic/Food_Stamps_8-05.pdf.

⁵⁷ *Id.* at 2.

⁵⁸ United States Department of Agriculture, Benefit Redemption Division, “Annual Report, FY 2006,” June 2006, at 10.

⁵⁹ United States Department of Agriculture, “The Benefits of Increasing Food Stamp Program Participation in Your State,” 2005 (available at: http://www.fns.usda.gov/fsp/outreach/pdfs/bc_facts.pdf).

⁶⁰ The USDA found that \$1 billion of retail food demand by Food Stamp recipients generates an average of 3,300 farm jobs. *Id.*

⁶¹ When a town or region suffers an economic blow and people lose their sources of income, consumption can decline as well, since people have less money to spend. That can create a steadily worsening cycle of increasing unemployment and declining economic activity. The Food Stamp Program works against this cycle by assisting a larger number of families during slow economic periods, which helps maintain overall demand for food. An example of this can be seen in the correlation between unemployment and Food Stamps. A 1 percentage point rise in unemployment typically creates 700,000 *additional* Food Stamp recipients over a period of one year and 1.3 million *additional* Food Stamp recipients over a period of 5 years. Amber Waves Article at 13.

⁶² Amber Waves Article at 13.

⁶³ Dorothy Rosenbaum and Zoë Neuberger, “Food and Nutrition Programs: Reducing Hunger, Bolstering Nutrition,” Center on Budget and Policy Priorities, July 2005, <http://www.cbpp.org/7-19-05fa.htm>.

⁶⁴ Bill Siedhoff, *Press Release: City’s Storm Recovery Efforts Brings Results, Food Stamp Replacement Adds to Success*, August 10, 2006.

⁶⁵ USDA data, available at http://www.fns.usda.gov/disasters/response/disaster_chart.pdf.

⁶⁶ It should be noted, though, that the program was able to do this only because of its structure as a federal entitlement program, in which everyone who meets the eligibility criteria is entitled to benefits.

⁶⁷ A recent USDA report found that an increase in participation of five percentage points would provide Food Stamps to an additional 40,000 low-income Missourians, bringing \$24.2 million to the local economy in Missouri. This would result in a total of \$44.5 million in estimated additional economic activity in Missouri. United States Department of Agriculture, “The Benefits of Increasing Food Stamp Participation in Your State, 2005, available at: http://www.fns.usda.gov/fsp/outreach/pdfs/bc_facts.pdf. While Missouri’s estimated participation rates have risen since the USDA report, the economic benefits of increased Food Stamp participation are indeed substantial.

⁶⁸ In 2002, Congress simplified and improved the Food Stamp Program to make it easier for working people to participate. As a result of some of these new state options provided by the 2002 Farm Bill, the Missouri Food Stamp Program made important efforts to reach needy working families and elderly people and to improve administration of the program so it is easier for these households to get benefits. These efforts include: simplifying the reporting requirements for most Food Stamp recipients by increasing the certification period to six months, exempting vehicles and funds in retirement accounts from the Food Stamp resource test, excluding educational assistance and child support from the Food Stamp income test, using allotted exemptions from the time limit for 18-50 year olds without dependents and waivers for counties with insufficient jobs, increasing the standard utility allowance (SUA) and allowing the full SUA for individuals in public housing with shared meters. Clearly, the next reauthorization will have an equally profound effect on our state, its low-income residents and the Missouri economy.

⁶⁹ CAP projects are designed to break down barriers that certain groups, e.g. elderly and disabled individuals, face in applying for Food Stamps. In fact, twenty-three states now operate either a full or “modified” CAP projects with varying degrees of success in increasing participation in the Food Stamp programs by elderly and/or disabled beneficiaries. Food Research and Action Center, *A Guide to Supplemental Security Income/Food Stamp Program Combined Application Projects*, January 2004.

⁷⁰ In fact, the minimum Food Stamp benefit has not been changed since 1974 and, today, approximately \$25 in Food Stamp benefits can purchase the same amount of food that \$10 in Food Stamp benefits would have purchased in 1974. Absent a move by Congress to increase the minimum Food Stamp benefit in the upcoming reauthorization of the Farm Bill, this is perhaps one of the most effective anti-hunger strategies that the State could implement and potentially could bring in *additional economic activity* besides the economic activity spurred by the federally funded Missouri Food Stamp Program.