

**An Analysis of HB 454
Supplemental Food Stamp Assistance for the
Elderly**

Good for Missouri Seniors – Good for Missouri



Missouri Association for Social Welfare

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This paper provides a short summary and analysis of House Bill 454, which would enable Missouri's neediest senior citizens to receive state-funded supplemental food stamps. This paper indicates that supplemental food stamps for elderly residents would have a positive impact on the health and well-being of Missouri's elderly population and its economy.

A. House Bill 454

House Bill 454 would authorize the Family Support Division (hereinafter "FSD"), subject to appropriations, to provide elderly individuals with supplemental food stamps. Individuals who are 65 years old or older and qualify for the federal Food Stamp Program would be able to receive supplemental food stamps.

Qualified households consisting of one or two eligible elderly individual(s) will receive a supplement to their federal food stamp benefits. A household with one eligible elderly individual could receive up to \$30 a month total in federal food stamps and supplemental food stamps. A household with two eligible elderly individuals could receive up to \$60 per month in federal and supplemental food stamps combined.

The supplemental food stamp program would sunset on August 28, 2009.

B. Discussion

The federal Food Stamp program delivers food stamp benefits on a sliding scale based on income and expenses. Generally, as the recipient's income goes up, the food stamp benefit is to be adjusted downward.¹ The minimum Food Stamp benefit of \$10 was set in 1974 and has not been adjusted to account for inflation or other factors. Today, \$25 of food stamps can only purchase the amount of food that \$10 would have bought in 1974.² Thus, the minimum Food Stamp benefit is woefully inadequate for many elderly Food Stamp recipients who often live on a fixed income, such as Supplemental Security Insurance (SSI) benefits or retirement benefits.

Across the United States, 1.86 million elderly individuals received Food Stamps or lived in households receiving Food Stamps in Fiscal Year 2005.³ Households with elderly members comprised 17.1 percent of all Food Stamp households in the nation during Fiscal Year 2004.⁴ Approximately 292,000 households with elderly members nationwide received the minimum \$10 food stamp benefit in Fiscal Year 2005.⁵ This means that 15.7 percent of all households with elderly members in the United States received the minimum \$10 food stamp benefit in Fiscal Year 2005.⁶ **Even more striking, about half of the households receiving the minimum food stamp benefit in the United States are households with elderly members.**⁷ In Missouri, 47,000 households with elderly members (16.1 percent of all Food Stamp households in Missouri) received Food Stamps in Fiscal Year 2005.⁸ This represents a substantial *increase* of elderly households receiving Food Stamps in Missouri (approximately 8,000 more elderly households than

FY 2004).⁹ It is estimated that 5,341 elderly one-person households in Missouri received the minimum benefit in Fiscal Year 2005¹⁰ and that approximately 400 elderly two-person households received the minimum benefit in Fiscal Year 2005.¹¹ House Bill 454 will deliver much-needed assistance to low-income elderly individuals in Missouri.

Of the elderly households across the United States that received the minimum \$10 food stamp benefit in 1999, 67.2 percent had income below the poverty level and 30 percent had income between the poverty level and 130 percent of the poverty level.¹² It is difficult for these households to pay for their rent, medical care, utilities and still pay for food on such a meager income. *The ten-dollar minimum food stamp benefit is especially inadequate for those individuals who are disabled or elderly -- many of whom have high medical expenses -- and does little to alleviate their difficult financial circumstances. Therefore, some advocates have suggested increasing the minimum food stamp benefit for elderly or disabled households to \$50.*¹³ Implementing a state-funded supplemental food stamp program will help to remedy this situation for many elderly Missourians.

The elderly population is the fastest growing segment of America's population, and elderly individuals often have special dietary and health needs due to medical issues associated with the aging process.¹⁴ The minimum food stamp benefit may not be sufficient to meet these dietary needs, thereby causing health problems resulting from inadequate nutrition. As noted in the testimony regarding last year's supplemental food stamp legislation (and reflected in the bill summary), these seniors who receive the minimum food stamp benefit "sometimes have to choose between paying for health care and paying for food."¹⁵ By increasing the minimum amount of food stamps for poor elderly Missourians, House Bill 454 would provide a positive boost to elderly individuals who need help with purchasing food.

Implementing supplemental food stamp benefits in Missouri will increase participation in the federal food stamp program among needy elderly individuals. Many elderly people who are eligible are not participating in the federal food stamp program. In fact, in FY 2004, only about 28.4 percent of eligible elderly people were participating in the federal Food Stamp program across the country.¹⁶ In contrast, households with children have a nationwide participation rate of 81.5 percent and non-elderly adults have a nationwide participation rate of 55.5 percent.¹⁷

Repeated testimony before the United States Department of Agriculture (hereinafter "USDA") indicates that *the inadequacy of the minimum food stamp benefit is often a deterrent* to those that need help with purchasing food. In fact, many report that the \$10 benefit was not worth their time and expense in traveling to the office, applying for food stamps (or re-certifying for food stamps), and traveling back home.¹⁸ A 2002 report from USDA echoed this theme, noting that seniors were commenting on how inadequate the \$10 benefit was and noting that many seniors who receive only \$10 in Food Stamp benefits per month often like to save up the benefit for special occasions.¹⁹ House Bill 454 would remove this deterrent and encourage more seniors to apply for nutrition assistance through the *federal* Food Stamp Program.²⁰ Since the Food Stamp Program's

benefits are 100 percent federally funded, the legislation would have the additional benefit of bringing more federal resources into Missouri.²¹

These federal dollars generate economic benefits for state and local economies. USDA indicates that every \$5 in Food Stamps generates \$9.20 in economic activity.²² Moreover, \$1 billion of “retail food demand” by food stamp recipients generates 3,300 farm jobs.²³ In fact, the Food Stamp Program pumped \$737.6 million into the Missouri economy in 2005, resulting in an estimated \$1.36 billion of economic activity and benefiting farmers, grocers, and small businesses throughout the state.²⁴ USDA has found that if Missouri had increased Food Stamp participation by just 5 percentage points, 40,000 additional Missourians would be receiving Food Stamp benefits, generating \$24.2 million in additional Food Stamp benefits and \$44.5 million in additional economic activity.²⁵ Thus, it is reasonable to expect that the supplemental food stamp program proposed by House Bill 454 would have similar economic benefits for Missouri, in addition to helping low-income seniors and increasing their participation in the Food Stamp program.²⁶

As noted above, HB 454 responds to the historically low participation rate of elderly people in the Food Stamp program. Missouri also may want to consider other options for improving access to the Food Stamp program for elderly and disabled residents. For example, a number of states are implementing combined application projects (CAP) with the Social Security Administration in which the process of applying for food stamps is simplified for elderly and disabled recipients of SSI benefits.²⁷ The CAP projects are designed specifically to break down barriers that elderly and disabled individuals face in applying for food stamps²⁸ by making it easier for SSI recipients to also receive food stamps.²⁹ Some other strategies to improve elderly participation might include concerted food stamp outreach at senior centers, adult day care centers and public housing facilities, simplifying the application process for elderly applicants,³⁰ and providing special assistance to seniors in applying for food stamps.³¹ These types of strategies could enhance the benefits of a new supplemental food stamp program for Missouri seniors.³²

C. Conclusion

Missouri’s most vulnerable seniors would receive much needed assistance under House Bill 454. Elderly Missourians would receive assistance in meeting their dietary needs, be healthier, and avoid being in the position of having to choose between two basic survival needs: their health and their food. In addition to helping senior citizens to avoid hunger and declining health, Missouri could realize economic benefits from the retail spending generated by the new supplemental food stamp program. Finally, Missouri should explore other options, such as a setting up a CAP program, to build on the many benefits of a state-funded supplemental food stamp program.

Endnotes

¹ Federal food stamp benefits are carefully targeted to the neediest households by means of a complicated budgeting system that takes into consideration both income and expenses. Households with low income or

high expenses for basic needs, such as housing and medical care, are more in need of nutrition assistance and therefore receive a higher *federal* food stamp allotment. However, special dietary needs are not taken into account, and many low-income elderly people find that the federal food stamp allotment is simply not enough.

² Testimony of Nancy Jackson, President of the Benefit Programs Organization of Virginia, before the United States Department of Agriculture, October 14, 2005.

³ United States Department of Agriculture, Food and Nutrition Service, Office of Analysis, Nutrition and Evaluation, *Characteristics of Food Stamp Households: Fiscal Year 2005*, September, 2006, at Table 3.3 (Report No. FSP-06-CHAR) (hereinafter “FY 2005 Characteristics Report”).

⁴ *Id.* at Table 3.3.

⁵ *Id.* at Tables A-12 and A-17.

⁶ *Id.* at Tables A-12 and A-17.

⁷ *Id.* at Table A-12.

⁸ *Id.* at Table B-5.

⁹ United States Department of Agriculture, Food and Nutrition Service, Office of Analysis, Nutrition and Evaluation, *Characteristics of Food Stamp Households: Fiscal Year 2004*, September, 2005, at Table B-5 (Report No. FSP-05-CHAR) (hereinafter “FY 2004 Characteristics Report”).

¹⁰ This estimate is based on Center on Budget and Policy Priorities (CBPP) tabulations of the FY 2005 Food Stamp Quality Control Data. This number includes one-person households in which the member is at least 65 years of age.

¹¹ This estimate is based on CBPP tabulations of the FY 2005 Food Stamp Quality Control Data. This number includes two-person households in which all members are at least 65 years of age. The QC sample for Missouri was too small to be reliable, so an estimate was calculated by applying the percentage of households nationally that consisted of two persons, both of whom were over 65, which received the minimum benefit to the number of food stamp participant households in Missouri.

¹² Food Research and Action Center, *Fact Sheet: The Minimum Food Stamp Benefit*, September 14, 2001 (available at: <http://www.frac.org/html/news/fsp/fsminelderly.htm>). The information from this fact sheet was based upon USDA data from 1999 and there are not any available numbers regarding this issue that are more up-to-date.

¹³ *See, e.g.*, Testimony of Nancy Jackson, *supra*. Many advocates are pushing for an increase in the minimum federal food stamp benefit to an amount ranging from \$25 to \$60. United States Department of Agriculture, *Farm Bill Forum Comment Summary and Background: Food Stamp Program*, March 31, 2006, at 3 (available at: http://www.usda.gov/documents/FOOD_STAMP_PROGRAM.pdf). If Congress were to implement an increase in the minimum Food Stamp benefit, the State could use the supplemental program for other needy households. Or, if the state’s revenues grow faster than anticipated and Congress fails to increase the minimum food stamp benefit, the State could expand the state-funded supplemental food stamp program to other vulnerable populations.

¹⁴ Testimony of Nancy Jackson, *supra*.

¹⁵ Alex Curchin, Legislative Analyst, *Bill Summary of HB 1905 – Supplemental Food Stamp Assistance*, 2006. Hunger has a substantial negative impact on productivity as well as health. Food-PATCH: People Allied to Combat Hunger, *The Facts About Hunger*, undated (available at

http://www.foodpatch.org/archives/learning_center/). Thus, the inadequacy of the minimum food stamp benefit also affects recipients' productivity.

¹⁶ United States Department of Agriculture, Food and Nutrition Service, Office of Analysis, Nutrition and Evaluation, *Food Stamp Program Participation Rates: 2004*, June 2006, at Table 2 (hereinafter "USDA 2004 Participation Rate Report").

¹⁷ *Id.*

¹⁸ Testimony of Catherine Pemberton, program specialist, Virginia Department of Social Services, before the United States Department of Agriculture, October 14, 2005; Testimony of Fred Landau, executive director of the York County Assistance Office, before the United States Department of Agriculture, October 14, 2005. *See also* United States Department of Agriculture, Food and Nutrition Service, Office of Analysis, Nutrition and Evaluation, *Elderly Participation and the Minimum Benefit*, November, 2002.

¹⁹ United States Department of Agriculture, Economic Research Service, *Seniors' Views of the Food Stamp Program and Ways to Improve Participation – Focus Group Findings in Washington State: Final Report*, June 2002, at 70-71.

²⁰ The fiscal note for House Bill 454 calculated that 428 new seniors will come on to the program each year.

²¹ Of course, some of these additional federal food stamp dollars would go to elderly households that qualify for more than the \$10 minimum food stamp benefit. Thus, another benefit of implementing a supplemental food stamp program is that it would potentially spur elderly people who *think* they would not qualify for more than the minimum benefit to apply when in reality they do. The state, therefore, would reap the benefits of these households spending federal dollars in Missouri *without expending any general funds*.

²² 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).

²³ *Id.*

²⁴ This estimate is based upon USDA's finding that every \$5 in Food stamp benefits generates \$9.20 in economic activity and upon Figure 6 of the recent annual data report generated by FSD (available at <http://www.dss.mo.gov/re/pdf/fsd/fsd2006.pdf>)

²⁵ United States Department of Agriculture, Food and Nutrition Service, *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)

²⁶ According to the fiscal note for HB 454, it is estimated that 428 new seniors would come onto the federal program as a result of the supplemental food stamp program. *Assuming all 428 new participants get only the minimum federal Food Stamp benefit*, then approximately \$4280 per month (or \$51,360 for a complete year) in *additional* federal funds would flow into the State. If they qualify for more than the minimum benefits, then even more federal funds will come into Missouri.

The fiscal note also says that for new people coming onto the program, the expected general revenue funds for the first year (10 months) would be \$96,400, the second year (12 months) would be \$115,680, and the third year (2 months) would be \$19,280. Thus, the expected combined federal and state benefits would be \$139,200 for the first year, \$167,040 for the second year, and \$70,640 for the third year. Using USDA's calculations, the Missouri Supplemental Food Stamp Program could result in *additional* economic activity in the amount of \$256,128 for the first year, \$307,354 for the second year, and \$129,978 for the third year.

This estimate does not take into account the economic impact of the additional state-funded benefits that would be paid to the *existing elderly Food Stamp recipients that are currently receiving the minimum \$10 benefit*.

²⁷ Food Research and Action Center, *A Guide to Supplemental Security Income/Food Stamp Program Combined Application Projects*, January, 2004. These states are South Carolina, Mississippi, Washington, Texas, Florida, Pennsylvania, Massachusetts, Illinois, North Carolina, Kentucky, Louisiana, New Jersey, Alabama, Wisconsin, Arizona, Connecticut, Kansas, Utah, Idaho, South Dakota, Maryland, Arkansas, and Oklahoma. *Id.*

²⁸ *Id.* Many seniors may face such barriers as being unable to drive to the local food stamp offices, feeling like they are taking the money away from others who need it, facing long and complicated food stamp applications, and feeling like that they are not eligible for much more than the minimum benefit. *Id.* at 4.

²⁹ Seven states operate a “standard” CAP program, in which they receive information directly from the Social Security Administration on new SSI recipients who expressed an interest in receiving food stamps. The state automatically enrolls the SSI recipient in the Food Stamp Program and issues them food stamp benefits. The household may then choose whether or not to participate. In this manner, SSI applicants are routinely asked if they want to apply for Food Stamps and if the applicant agrees, the relevant information is then automatically downloaded to the state food stamp agency and the food stamp benefits generated without the applicant ever appearing at a local food stamp office. *Id.* In addition, these states do outreach by sending information and letters to existing SSI recipients in their states to encourage them to apply for food stamps. *Id.* States operating a standard CAP project must limit CAP applicants to single individuals living alone or single individuals living with others but paying a fair share of food and shelter costs. Married couples are excluded from the standard CAP project. *Id.* Some of these states are still in the process of implementing their CAP projects. Seventeen states have opted to operate a “modified” CAP project in which the state food stamp agency develops a simplified application process, requests information on new SSI applicants from the Social Security Administration, and then sends the simplified application to these SSI applicants. *Id.* States operating a “modified” CAP project are given the choice between having the CAP project serve all SSI recipients or only SSI recipients over the age of sixty-five (65). Married couples are not automatically excluded from the “modified” CAP project. *Id.*

³⁰ Scott Cody and James Ohls, *Reaching Out: Nutrition Assistance for the Elderly: Evaluation of the USDA Elderly Nutrition Demonstrations*, Executive Summary, Mathematica Policy Research, Inc., June 2005. In Florida, the simplified application demonstration project increased elderly participation by more than 20 percent. *Id.* at 4.

³¹ *Id.* In Arizona, the application assistance demonstration project increased elderly participation by nearly 37 percent. *Id.* at 4.

³² For example, establishing a CAP program in Missouri would likely increase elderly participation in the federal food stamp program, achieve administrative savings for the State, and improve access to food stamp benefits. In South Carolina’s CAP project (which has operated since 1995), the participation rate for SSI recipients in South Carolina *increased* by 12 percent between 1994 and 1998 while the national participation rate *decreased* by nine percent during the same time period. *Id.* at 12. South Carolina, moreover, estimates that net administrative savings were \$575,000 per year due to the CAP project. *Id.* at 13. The take up rates in New York and Massachusetts standard CAP projects have been in the 70 to 80 percent range. Testimony of Commissioner John A. Wagner before the 184th General Court of the Commonwealth of Massachusetts, March 7, 2006; Presentation of Russell Sykes, Deputy Commissioner, NYS Office of Temporary and Disability Assistance, March 13, 2006.