

**Stretched Too Thin:
Food Stamp Benefits in
New York State**



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Introduction: As Inflation Erodes the Value of Food Stamps in New York, Benefits Are Stretched Too Thin

One of the most important issues Congress will address in this year's Farm Bill is the future of the Food Stamp Program. Roughly 1.8 million New Yorkers—26 million Americans overall—rely on food stamps to help them purchase a nutritionally adequate diet.

Unfortunately, food stamps are worth only about \$1.16 per person per meal for the average New Yorker. And because they don't keep up with the cost of living, the amount of food they can purchase is steadily declining. As a result, households are increasingly likely to run out of food before the end of the month—affecting everything from their health to their ability to succeed at work and in school.

When it renews the Food Stamp Program in the Farm Bill, Congress should improve food stamp benefits with a goal of ensuring families get adequate nutrition, including healthier foods, which tend to be more expensive. At the very least, Congress must stop the erosion in the value of food stamp benefits. Such a change would provide needed help to poor New Yorkers. And, it would also provide a significant boost to New York's economy by increasing overall food purchases.

How New York Is Harmed by the Continuing Erosion in Food Stamp Benefits

- Every year, the food stamp benefits received by roughly 1.8 million New Yorkers can buy less food.
- Next year, a typical working parent with two children will receive roughly \$300 less in food stamp benefits because of the freeze of the standard deduction.
- The declining value of food stamps means that New York will lose \$211.6 million in economic activity next year.

Background on Food Stamps

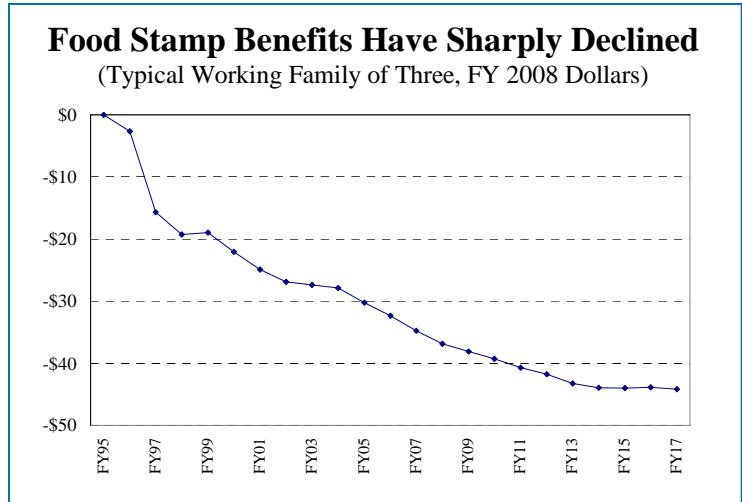
The nation's largest and most comprehensive nutrition program, the Food Stamp Program is primarily responsible for this country's significant progress against hunger and malnutrition in recent decades. In the late 1960s, medical research exposed the fact that American children suffered and died from diseases related to severe malnutrition that usually are thought of as occurring only in third-world countries. But in 1979, after the Food Stamp Program became available nationwide, physicians found that severe malnutrition had become rare. They attributed this dramatic improvement to food stamps.¹

Food stamps generally go to households that include children, elderly people, or people with disabilities. Many food stamp households, however, are working families. In New York, over the course of the most recent economic expansion, the number of individuals receiving food stamps has grown by more than 30 percent, from 1.4 million in 2002 to 1.8 million in 2006. Three

¹ See, e.g., testimony of Dr. Aaron Shirley, Project Director, Jackson-Hines Comprehensive Health Center, Jackson, Mississippi and Leslie Dunbar, Executive Director, Field Foundation, at "Hunger in America: Ten Years Later", Hearing before the United States Senate, Subcommittee on Nutrition of the Committee on Agriculture, Nutrition and Forestry, Monday April 30, 1979.

fourths of this growth can be attributed to an increase in the number of individuals in working families participating in the program.²

Recently *National Journal*, an influential Washington, DC magazine, called the Food Stamp Program one of government's top successes, citing its effectiveness in helping victims of the 2005 hurricanes and its high efficiency. The Food Stamp Program is a "case study in effective government aid," *National Journal* concluded.³



Source: Center on Budget and Policy Priorities

Why Food Stamp Benefits Are Eroding—and How New York Is Affected

Food stamp rules allow applicants to subtract a "standard deduction" from their income to reflect the cost of non-food necessities such as housing, clothes, transportation, and school supplies. The standard deduction represents the portion of household income that is not available to purchase food because it must be used for other basic expenses. Food stamp benefit levels are based on a household's income minus the standard deduction and other deductions; households with lower incomes after deductions receive larger food stamp benefits because they have less money available to purchase food.⁴

Until 1996, the standard deduction went up each year to account for the fact that basic living expenses go up due to inflation. In 1996, however, Congress froze the value of the standard deduction at \$134, a freeze that remains in effect today. If the standard deduction had continued to keep pace with inflation, it would be \$184 this fiscal year, \$205 in fiscal year 2012, and \$229 in fiscal year 2017.⁵

² Temporary and Disability Assistance Statistics, New York Office of Temporary and Disability Assistance, December 2002 and December 2006. These statistics reflect monthly average number of participants. Participants are categorized as Temporary Assistance (which includes recipients of TANF, Safety Net and Supplemental Security Income) or "Non-Temporary Assistance." Between 2002 and 2006, the number of food stamp beneficiaries in the "Non-Temporary Assistance" category grew by 300,000.

³ Carl M. Cannon and Jerry Hagstrom, "10 Successes, 10 Challenges," *National Journal*, January 20, 2007, pp 18-39.

⁴ The methodology for determining the amount of the grant is found in 7 U.S.C. §2017(a) and 7 C.F.R. §273.10. The standard deduction is established in 7 U.S.C. §2014(e). The 2002 Farm Bill changed the standard deduction so that it once again rises with inflation for households with four or more members. However, for households of one, two, or three members the deduction remains frozen at \$134, the 1996 level.

⁵ These and all other calculations of the numbers of people affected and the dollar amount of the impact of the freezing of the standard benefit are from *Families' Food Stamp Benefits Purchase Less Food Each Year*, by Dorothy Rosenbaum, Center On Budget and Policy Priorities, March 2007, <http://www.cbpp.org/3-6-07fa.htm>. These standard deduction amounts are based on inflation projections from the Congressional Budget Office.

Food stamp benefits for a typical working parent with two children in New York will be about \$24 a month lower next year than they would have been without the freeze. The benefit will be about \$37 per month (\$450 per year) less than it would have been absent all the 1996 cuts. Under current rules, this lost ground will never be recovered, and the cut gets deeper with each passing year for most families.⁶

In all, New York residents will lose \$115 million in food stamp benefits in FY2008 due to the freeze in the standard deduction. (See Appendix.) Over the next ten years, the freeze will come to \$1.55 billion that needy New Yorkers will not have available to buy groceries.

This lost income to New York not only harms the households that need food stamps to put food on the table every day, but also weakens the New York economy by reducing low-income households' spending on food. According to the United States Department of Agriculture (USDA), which administers the Food Stamp Program, the Food Stamp Program "also serves as an economic stimulus, creating an economic boost that ripples throughout the economy when new food stamp benefits are redeemed. By generating business at local grocery stores, new food stamp benefits trigger labor and production demand, ultimately increasing household income and triggering additional spending."⁷ USDA estimates that every \$5 in food stamp benefits generates \$9.20 in local economic activity.⁸ Based on that estimate, the \$115 million that New Yorkers will lose next year because of the standard deduction freeze will result in a loss of \$211.6 million in economic activity in New York.

**The Difference \$37 Makes
In the Capital District**



Apples (1 lbs)	\$0.99
Swiss Cheese Slices (8 oz)	\$2.99
Eggs (1 doz, large)	\$0.99
Strawberry Preserves	\$1.99
Milk (64 oz)	\$2.59
Pasta (16 oz)	\$0.99
Peanut butter (28 oz)	\$1.99
Tomatoes (2 lbs)	\$3.76
Tuna fish (6 oz - 5 cans)	\$5.00
Pasta Sauce (26 oz)	\$1.00
Wheat bread (2 loaves)	\$2.69
Russett potatoes (5 lb bag)	\$2.99
Baby carrots (1 lb)	\$1.50
Frozen broccoli	\$1.50
Kelloggs Bite Size Mini Wheats	\$2.50
Green beans (1 lb)	\$0.99
Fresh corn (8 ears)	\$2.00

TOTAL \$36.46

In short, the erosion of food stamps doesn't just hurt poor children, elderly people, and working-poor families. It also hurts local businesses, farmers, and everyone else in New York who depends on a strong economy.

Many New Yorkers Need Help Obtaining an Adequate Diet

While the severe malnutrition documented in the United States in the 1960s is now rare, about 35 million Americans—including *nearly one in five American children*—do not always have access

⁶ As a result of the 2002 Farm Bill, larger households (with four or more members) are no longer losing ground, although most of them continue to have their benefits calculated using a standard deduction that is lower than it would have been under the pre-1996 rules.

⁷ USDA website, at <http://www.fns.usda.gov/fsp/outreach/business-case.htm>

⁸ USDA, *The Benefits Of Increasing Food Stamp Program Participation In Your State*, 2005, http://www.fns.usda.gov/fsp/outreach/pdfs/bc_facts.pdf.

to sufficient food.⁹ The Agriculture Department calls this condition “food insecurity,” or “limited or uncertain access to nutritionally adequate food for an active and healthy life for all family members.”

Food insecurity is a problem in New York too. About 775,000 households in New York are food insecure.¹⁰ This large group includes low-income working families and senior citizens living on fixed incomes. It also includes households with young children; such households are more than twice as likely to lack food than households without children.

Lack of food can have devastating effects, particularly during the critical periods before birth and in early childhood. Infants and toddlers in food-insecure families are 90 percent more likely to be in fair or poor health, and 30 percent more likely to require hospitalization, than other children. In older children, food insecurity contributes to poor physical health, lower school achievement in reading and math, and behavioral and emotional problems, including a higher risk of suicidal thoughts in adolescent girls.¹¹

Conversely, families that receive food stamps are less likely to be food insecure, which in turn means their children are less likely to suffer from anemia or malnutrition (or child abuse) and tend to do better in reading and math. In older children, particularly girls, food stamps have been shown to decrease the risk of obesity.¹²

Food insecurity remains a serious problem because of the rising cost of living and the growth of poverty. Costs for housing, utilities, gas, transportation, and other necessities have climbed, but most working families’ wages have remained stagnant. And when budgets are tight, food is usually the first place where families cut back.

Since food stamp benefits are small and steadily shrinking, even food stamps are no guarantee that a household will be able to afford sufficient food; many of the millions of Americans who are food insecure receive food stamps. Food stamps often do not last a household through the month, and this situation is getting worse each year as the purchasing power of the benefit continues to decline. As an Ohio food stamp recipient recently told a congressional hearing:

In the months when my food stamp benefits are lower, I run out of food stamps before the end of the month and I’m always watching the calendar for the first of the month to come so I’ll have access to my new benefits and we can eat again.¹³

⁹ Mark Nord, Margaret Andrews, and Steven Carlson, *Household Food Security in the United States, 2005*, USDA Economic Research Service, 2006, <http://www.ers.usda.gov/Publications/ERR29/ERR29.pdf>.

¹⁰ Ibid at Table 7.

¹¹ Testimony of [Deborah Frank](#), M.D. Director, Grow Clinic for Children, Boston Medical Center, before the Committee on the Budget, U.S. House of Representatives, February 15, 2007. http://budget.house.gov/hearings/2007/08frank_testimony.pdf. See also, *Food Stamps as Medicine: A New Perspective on Children’s Health*, February 2007, <http://dcc2.bumc.bu.edu/csnappublic/Food%20Stamps-Medicine%202-12-07.pdf>.

¹² Ibid, at pp 6-7.

¹³ Testimony of Rhonda Stewart before the U.S. Senate Committee on Agriculture, Nutrition and Forestry, January 31, 2007, <http://agriculture.senate.gov/Hearings/hearings.cfm?hearingid=2511&witnessId=6029>.

In the New Farm Bill, Congress Can Improve the Value of Food Stamp Benefits

In this year's Farm Bill, there are a number of steps Congress could take to strengthen the Food Stamp Program and thereby reduce hunger and food insecurity in New York and the United States. These steps include restoring food stamp eligibility to groups that have been excluded from the program, allowing people with modest retirement savings to receive food stamps to help them meet daily food expenses, and allowing working families to deduct the full cost of their child care in determining their food stamp benefit levels.

One of the most important improvements Congress can make this year is to restore the food purchasing power of the food stamp benefit. More than ten years after enactment of the 1996 law, the cuts in food stamp benefits contained in that law continue to deepen with each passing year and to affect most food stamp households, including most of the working poor and the elderly poor. Ideally, Congress should undo these cuts. At the very least, Congress should prevent the further erosion of food stamps' purchasing power. Failing to stop this erosion now leads to deeper and deeper cuts as time goes by. Only by stabilizing the benefit now can participants even maintain this year's food stamp purchasing power.

Congress could restore the standard deduction to its pre-1996 level by raising the deduction to \$188 in 2008 and setting it to adjust annually for inflation in the future.¹⁴ A typical household of three or fewer members would see its benefits increase by about \$24 a month next year. This change would be expensive, however, costing about \$9 billion over five years; this level of resources is unlikely to be available in the 2007 Farm Bill.

Just maintaining the value of the standard deduction at its current level would have a substantially lower cost. Congress can do this by simply reinstating its earlier policy of adjusting the standard deduction annually for inflation, beginning in 2008.¹⁵ That would cost about \$1.3 billion over five years.¹⁶ Families would not regain any of the ground lost since 1996, but the real value of their food stamp benefits would stop deteriorating.

Conclusion

The Food Stamp Program has been a resounding success, and polls show that a large majority of Americans strongly support it. However, the erosion of the benefit level is making it increasingly difficult for food stamp recipients to obtain an adequate diet. In addition to any other improvements Congress may make in the program in the new Farm Bill, it is vital that Congress prevent this erosion from continuing. Such a step would help low-income New Yorkers and the entire New York economy.

¹⁴ This would recover much but not all of the ground lost as a result of the 1996 food stamp cuts because it would not undo the effects of the 1996 cut in the size of the maximum food stamp benefit.

¹⁵ Benefits for households of four or more would not be affected by this change, since their standard deduction already rises with inflation each year. (See footnote 2.)

¹⁶ Dorothy Rosenbaum, *Families' Food Stamp Benefits Purchase Less Food Each Year*, Center On Budget and Policy Priorities, March 2007, <http://www.cbpp.org/3-6-07fa.htm>.

Appendix: Food Stamps Have a Huge Impact in New York—If Erosion Is Allowed to Continue, New York Stands to Lose \$1.5 Billion Over Next Decade

Number of New Yorkers Receiving Food Stamps Monthly Average for 2002 and 2006				
	Total		Change	
	2002	2006	Number	Percent
New York City	821,630	1,092,542	270,912	33.0%
Rest of State	533,849	696,291	162,442	30.4%
New York State Total	1,355,479	1,788,833	433,354	32.0%

Number of New Yorkers Receiving Food Stamps Monthly Average for 2002 and 2006				
	Temporary Assistance		Working Poor	
	2002	2006	2002	2006
New York City	640,464	730,348	181,166	362,194
Rest of State	200,813	233,835	333,036	462,456
New York State Total	841,277	964,183	514,202	824,650

Annual Value of Food Stamps Received by New Yorkers 2006			
	TOTAL	Temporary Assistance	Working Poor
New York City	1,478,262,871	988,196,612	490,066,259
Rest of State	802,808,299	292,527,486	510,280,813
New York State Total	\$2,281,071,170	\$1,280,724,098	\$1,000,347,072

Source: New York State Office of Temporary and Disability Assistance. Temporary Assistance category includes SSI recipients as well as TANF and Safety Net recipients. Working poor category includes all other food stamp recipients.

PROJECTION: Number of People Affected and Benefits Lost Due to the Erosion of the Standard Deduction				
	Average Monthly # of People Affected	Benefits Lost		
	FY08	FY08	FY08-12	FY08-17
New York	1,251,000	\$115,000,000	\$651,000,000	\$1,554,000,000
United States total	16,840,000	\$1,665,000,000	\$9,370,000,000	\$22,097,000,000

Estimates based on the Congressional Budget Office (CBO) March 2007 baseline and the 2005 Food Stamp Quality Control data. Source: Center on Budget and Policy Priorities.

Stretched Too Thin: Food Stamp Benefits in New York State

Appendix: Food Stamps Make a Difference in Every New York County—2006

Jurisdiction	Total			Temporary Assistance (includes SSI)			Working Poor		
	Households	Recipients	Value	Households	Recipients	Value	Households	Recipients	Value
New York State	939,252	1,788,833	\$2,281,071,170	583,466	964,183	\$1,280,724,098	355,786	824,650	\$1,000,347,072
New York City	589,874	1,092,542	\$1,478,262,871	424,198	730,348	\$988,196,612	165,676	362,194	\$490,066,259
Rest of State	349,378	696,291	\$802,808,299	159,268	233,835	\$292,527,486	190,110	462,456	\$510,280,813
Albany	10,395	20,413	\$23,264,224	4,943	7,409	\$9,204,553	5,453	13,004	\$14,059,671
Allegany	2,287	4,644	\$4,901,343	1,027	1,495	\$1,839,964	1,261	3,149	\$3,061,379
Broome	9,385	18,474	\$21,986,030	4,389	6,649	\$8,962,617	4,996	11,825	\$13,023,413
Cattaraugus	3,638	7,180	\$7,487,929	1,472	1,942	\$2,280,973	2,165	5,238	\$5,206,956
Cayuga	3,015	6,455	\$7,078,620	1,012	1,363	\$1,681,971	2,003	5,092	\$5,396,649
Chautauqua	7,521	15,789	\$17,905,085	3,072	4,785	\$6,242,784	4,449	11,004	\$11,662,301
Chemung	4,941	10,204	\$11,682,875	2,275	3,576	\$4,560,443	2,666	6,628	\$7,122,432
Chenango	2,279	4,831	\$5,227,313	637	771	\$883,993	1,642	4,060	\$4,343,320
Clinton	4,094	7,533	\$8,408,762	1,867	2,415	\$2,994,088	2,227	5,117	\$5,414,674
Columbia	1,749	3,033	\$3,256,426	805	1,035	\$1,202,841	944	1,998	\$2,053,585
Cortland	2,183	4,388	\$4,815,992	913	1,284	\$1,600,136	1,270	3,104	\$3,215,856
Delaware	1,617	2,928	\$2,984,700	648	742	\$820,019	969	2,186	\$2,164,681
Dutchess	5,751	10,582	\$12,070,043	2,487	3,333	\$4,121,867	3,264	7,249	\$7,948,176
Erie	48,123	95,255	\$117,521,188	21,602	32,436	\$43,820,485	26,521	62,820	\$73,700,703
Essex	1,242	2,163	\$2,122,186	593	746	\$749,582	649	1,417	\$1,372,604
Franklin	2,353	4,551	\$4,902,934	1,003	1,322	\$1,482,417	1,350	3,230	\$3,420,517
Fulton	2,812	5,597	\$6,197,821	1,009	1,199	\$1,407,848	1,804	4,398	\$4,789,973
Genesee	2,025	4,133	\$4,544,919	731	996	\$1,243,139	1,294	3,137	\$3,301,780
Greene	1,735	3,275	\$3,595,150	802	1,132	\$1,453,341	932	2,143	\$2,141,809
Hamilton	172	258	\$203,335	29	44	\$47,661	143	213	\$155,674
Herkimer	2,944	6,049	\$6,684,001	899	1,124	\$1,356,413	2,045	4,925	\$5,327,588
Jefferson	4,700	9,671	\$10,101,027	1,828	2,245	\$2,442,296	2,872	7,426	\$7,658,731
Lewis	1,054	2,159	\$2,240,128	368	465	\$495,744	687	1,694	\$1,744,384
Livingston	2,148	4,202	\$4,749,026	793	1,170	\$1,508,772	1,355	3,032	\$3,240,254
Madison	2,186	4,578	\$4,934,294	709	829	\$908,053	1,477	3,749	\$4,026,241
Monroe	37,348	75,808	\$89,226,014	19,495	32,565	\$41,919,875	17,853	43,243	\$47,306,139
Montgomery	2,607	5,690	\$6,407,451	905	1,178	\$1,414,133	1,702	4,512	\$4,993,318
Nassau	15,987	25,920	\$32,182,764	9,733	13,746	\$17,714,394	6,254	12,174	\$14,468,370
Niagara	9,440	18,323	\$21,095,042	4,262	6,298	\$7,895,867	5,178	12,025	\$13,199,175
Oneida	12,205	25,172	\$27,914,775	5,006	7,444	\$9,139,910	7,199	17,729	\$18,774,865
Onondaga	19,429	41,472	\$47,761,583	8,273	12,637	\$15,691,932	11,157	28,835	\$32,069,651
Ontario	3,176	5,958	\$6,541,221	1,294	1,805	\$2,331,209	1,882	4,153	\$4,210,012
Orange	9,186	22,236	\$26,417,779	3,671	5,726	\$7,161,106	5,514	16,510	\$19,256,673
Orleans	1,813	3,880	\$4,220,537	710	1,059	\$1,381,981	1,103	2,821	\$2,838,556
Oswego	4,865	11,331	\$12,420,230	1,619	2,223	\$2,590,353	3,246	9,108	\$9,829,877
Otsego	1,735	3,348	\$3,581,247	612	688	\$776,976	1,123	2,660	\$2,804,271
Putnam	728	955	\$978,977	411	446	\$486,925	316	509	\$492,052
Rensselaer	5,460	11,244	\$13,092,075	2,368	3,851	\$4,913,909	3,092	7,393	\$8,178,166
Rockland	6,936	20,864	\$23,813,078	2,370	3,487	\$3,597,681	4,566	17,377	\$20,215,397
St. Lawrence	4,920	10,238	\$11,081,672	2,048	2,786	\$3,372,236	2,872	7,452	\$7,709,436
Saratoga	4,226	7,781	\$8,516,074	1,333	1,426	\$1,667,586	2,893	6,355	\$6,848,488
Schenectady	6,335	13,193	\$15,163,059	2,792	4,021	\$4,982,851	3,542	9,171	\$10,180,208
Schoharie	1,046	1,938	\$2,112,907	372	438	\$531,571	675	1,500	\$1,581,336
Schuyler	726	1,506	\$1,602,447	292	426	\$514,269	433	1,080	\$1,088,178
Seneca	1,048	2,005	\$2,110,868	357	442	\$479,353	691	1,563	\$1,631,515
Steuben	3,949	8,317	\$8,972,605	1,796	2,752	\$3,342,283	2,153	5,564	\$5,630,322
Suffolk	22,254	37,711	\$44,398,202	12,925	17,911	\$21,327,376	9,330	19,800	\$23,070,826
Sullivan	3,283	6,449	\$6,782,391	1,577	2,203	\$2,432,934	1,706	4,246	\$4,349,457
Tioga	1,812	3,999	\$4,508,367	646	952	\$1,216,851	1,166	3,047	\$3,291,516
Tompkins	2,867	5,423	\$6,131,559	1,362	1,941	\$2,316,714	1,505	3,482	\$3,814,845
Ulster	5,072	9,121	\$9,995,698	2,567	3,520	\$4,156,211	2,505	5,602	\$5,839,487
Warren	2,158	3,933	\$4,229,345	884	988	\$1,135,935	1,274	2,944	\$3,093,410
Washington	2,132	4,200	\$4,522,895	830	1,034	\$1,301,536	1,302	3,166	\$3,221,359
Wayne	3,292	6,171	\$6,803,570	1,322	1,673	\$2,128,280	1,970	4,497	\$4,675,290
Westchester	20,903	39,640	\$46,931,921	10,810	16,712	\$20,113,758	10,093	22,928	\$26,818,163
Wyoming	1,019	1,957	\$2,082,582	398	537	\$660,039	621	1,420	\$1,422,543
Yates	1,074	2,163	\$2,344,013	320	412	\$519,452	754	1,751	\$1,824,561

Source: New York State Office of Temporary and Disability Assistance.



The Fiscal Policy Institute is a nonpartisan research and education organization that focuses on tax, budget, and economic issues that affect the quality of life and the economic well being of New York State residents.

www.fiscalpolicy.org

**One Lear Jet Lane
Latham, NY 12110
518-786-3156**

**11 Park Place, Suite 701
New York, NY 10007
212-414-9001**