



Not Just for Farmers

Nebraska and the 2007 Farm Bill



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*A decade of sowing
the seeds of justice.*

Jennifer M. Hernandez, MSW

Introduction

Congress is currently working to craft the 2007 Farm Bill, an important piece of legislation that is of great concern to Nebraska. In the last year, dozens of Farm Bill listening sessions have been held across the country. Thousands of farmers and ranchers have shared their thoughts with federal policymakers about ways to strengthen our country's agricultural sector. Some of those listening sessions have been held at home, right here in Nebraska. The overall message? Family farms in Nebraska need the right kind of public policy and support to continue feeding more than 7 million people across the country and around the world each year. *But farmers are not the only ones who should care about this important piece of legislation.*

Background

The Food Stamp Program, the nation's largest and most comprehensive nutrition program, will be reauthorized in the 2007 Farm Bill. The Food Stamp Program is an important contributor to the farm economy. It benefits farmers, the food industry, and the Nebraska economy. The Economic Research Service (ERS) of the United States Department of Agriculture (USDA) estimates that each \$1 billion of food stamps generates \$340 million in farm production and 3,300 farm jobs. Each \$5 of food stamps spent generates almost \$10 in total economic activity.

The Food Stamp Program is also the nation's first line of defense against hunger. The Food Stamp Program is a 100% federally funded benefit that allows eligible recipients to purchase nutritious foods in authorized retail food stores.¹ The Food Stamp Program has made severe hunger rare in the United States, and numerous studies have shown that nutrition assistance programs such as food stamps improve birth outcomes and increase children's intake of key nutrients.

An estimated 73,000 households in Nebraska live with hunger or the threat of hunger, according to the U.S. Department of Agriculture. That amounts to 10.7 percent of all families in Nebraska and includes senior citizens living on fixed incomes and low-income working families that struggle to make ends meet.²

“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

Food Security

As defined by the USDA and measured by the ERS,³ food security for a household means access by all members at all times to enough food for an active, healthy lifestyle. Food security

¹ While the Food Stamp benefit is 100% federally funded, states pay 50% of the administrative cost.

² Mark Nord, Margaret Andrews, and Steven Carlson, *Household Food Security in the United States, 2003*, United States Department of Agriculture, Economic Research Service, Food Assistance and Nutrition Research Report Number 42, October 2004, (Table 7), <http://www.ers.usda.gov/publications/err11/>.

includes at a minimum (1) the ready availability of nutritionally adequate and safe foods, and (2) an assured ability to acquire acceptable foods in socially acceptable ways (that is, without resorting to emergency food supplies, scavenging, stealing, or other coping strategies).

Food Insecurity

As defined by the USDA, food insecurity is limited or uncertain availability of nutritionally adequate and safe foods, or limited or uncertain ability to acquire acceptable foods in socially acceptable ways.

Hunger

The physiological phenomenon of hunger is defined as an uneasy or painful sensation caused by a lack of food. As measured and described in the U.S. food security measurement project of the ERS, “hunger” is involuntary hunger that results from not being able to afford enough food. People are not counted as “hungry” if they were hungry only because they were dieting to lose weight, fasting for religious reasons, or just too busy to eat.

Between 1999 and 2004, there was a 43% increase in hungry households in the United States. Nebraska is not exempt from the widespread problem of hunger and food insecurity. Nebraska was one of five states that showed statistically significant increases in both food insecurity and hunger rates between 1999-2001 and 2002-2004.⁴ On the prevalence of hunger and food insecurity, Dr. J. Larry Brown, director of the Center on Hunger and Poverty said, “This chronic level of hunger so long after the recession ended means that it is a man-made problem. Congress and the White House urgently need to address growing income inequality and the weakening of the safety net in order to get this epidemic under control.”⁵

Self-Sufficiency

The concept of self-sufficiency is particularly important when it comes to discussing food and nutrition. Food is the most elastic part of a family’s budget, meaning that when families are on very limited budgets, they are often forced to pay fixed expenses first: utilities, phone, childcare, medical bills, rent. Families buy groceries with whatever money is left over. Thousands of Nebraska families with low earnings pay these fixed expenses and have little or nothing left with which to purchase food. These families join a growing number of families who are unable to stretch their wages to meet the costs of basic needs. Even though many of these families are not poor according to the official poverty measure, their incomes are inadequate. But what is adequate income – and how does this vary among different family types and living in different communities? **The Self-Sufficiency Standard for Nebraska measures how much income is**

³ The Economic Research Service (ERS) of the USDA develops national measurements of food security from a survey that asks households a series of questions about behaviors and experiences that characterize difficulty in meeting food needs. ERS also examines annual changes in food security, food insecurity, and hunger, measures the differences in the prevalence of food insecurity and hunger among states and between metropolitan and non-metropolitan areas, and develops methods of assessing community food security. ERS data and methods provide the backbone for assessing and addressing food security in Nebraska.

⁴ Data on 2004-2006 is not yet available.

⁵ Center on Hunger and Poverty. *Center on Hunger and Poverty Bulletin: October 2005*.
www.centeronhunger.org/pdf/Oct2005Bulletin.pdf

needed for a family of a given composition in a given place to adequately meet its basic needs – without public or private assistance. (To view the Self-Sufficiency Standard for Nebraska, visit the publications section at www.neappleseed.org.)

	2 adults, 1 preschooler, 1 school-age child in Douglas Co, NE	2 adults, 1 preschooler, 1 school-age child in Hall Co, NE	1 adult, 1 infant, 1 preschooler, 1 school-age in Douglas Co, NE	1 adult, 1 infant, 1 preschooler, 1 school-age in Hall Co, NE
2006 Federal Poverty Line	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
Self-Sufficiency Standard for Nebraska	\$ 42,732	\$ 34,230	\$ 49,632	\$ 37,099

For families living below the federal poverty line, food stamps help ensure that families are financially *better off working than on welfare*, helping those families transition to work by supplementing their food budgets so that they can stay independent and work toward self-sufficiency. Studies of families leaving Temporary Assistance for Needy Families (TANF) (cash assistance, called Aid to Dependent Children (ADC) in Nebraska) for employment have found that many work close to full time at very low wages. A typical individual leaving TANF (working 35 hours per week at \$6.50 per hour) is eligible for about \$230 a month in food stamps for a family of three. This can make the difference between independence and returning to welfare. Since food stamp benefits decrease only by about 30 cents for every additional dollar of earnings, food stamp recipients are better off working rather than receiving food stamp benefits alone.

Many working families turn to food stamps to make the transition to self-sufficiency, keeping them healthy and their families fed during tough times. Half of all new participants leave the program within nine months. Community volunteer organizations go a long way toward helping to ease hunger through donations and food banks, but 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.

When families are able to meet their needs, including their food and nutrition needs, without public or private assistance, they are self-sufficient. The goals of this report are (1) to further the public dialogue about how we encourage families to become self-sufficient and (2) to help shape public policies that will allow families to move toward self-sufficiency.

Characteristics of Food Stamp Households in Nebraska

According to the latest report on the characteristics of food stamp households by the Office of Analysis, Nutrition, and Evaluation, 56.8 percent of Nebraska food stamp recipients were children and 14.2 percent were elderly individuals. Nationally, 54.3 percent of food stamp recipients were children, while 17.3 percent were elderly individuals.⁶

⁶ Food and Nutrition Service, United States Department of Agriculture. "Characteristics of Food Stamp Households: Fiscal Year 2004." www.fns.usda.gov/oane

In February 2006, according to data from the Nebraska Health and Human Services System, Nebraska had a total of 51,421 households participating in the Food Stamp Program, with a total of 119,704 individuals receiving benefits. Both of these figures had increased from February 2005, during which 50,043 households and 117,461 individuals received food stamps.⁷

Food Stamp Eligibility

To be eligible for food stamps, the household must comply with work requirements (30 hours per week in Nebraska⁸) and meet the income guidelines⁹ set in the following table:

Household Size	Maximum Gross Annual Income	Average Nebraska Monthly Food Stamp Allotment	Maximum Monthly Food Stamp Allotment (set in federal law)
1	\$ 12,744	\$ 79.52	\$ 149
2	\$ 17,160	\$ 159.04	\$ 274
3	\$ 21,588	\$ 238.56	\$ 393
4	\$ 26,004	\$ 318.08	\$ 499
5	\$ 30,420	\$ 397.60	\$ 592
6	\$ 34,848	\$ 477.12	\$ 711
7	\$ 39,264	\$ 556.64	\$ 786
8	\$ 43,680	\$ 636.16	\$ 898
Each additional member	+ \$4,428	+ \$79.52	+ \$112

While the Food Stamp Program helps meet the nutritional needs of 120,000 vulnerable Nebraskans (6.7 percent of Nebraskans), many eligible people who need help buying food are not receiving food stamps. In Nebraska, only 56 percent of eligible people participate. *Increasing Food Stamp Program participation can bring an estimated \$5.1 million more federal dollars into Nebraska, providing an important economic boost, supporting local farmers and retailers, and helping to maintain a healthy workforce.*

Food stamps are effective, efficient, and closely monitored.

The Food Stamp Program is efficiently targeted to reach people who have the most difficulty affording an adequate diet. Over 95 percent of benefits go to working households with incomes below the poverty level; nearly all of the remaining beneficiaries are elderly or disabled.

“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.”

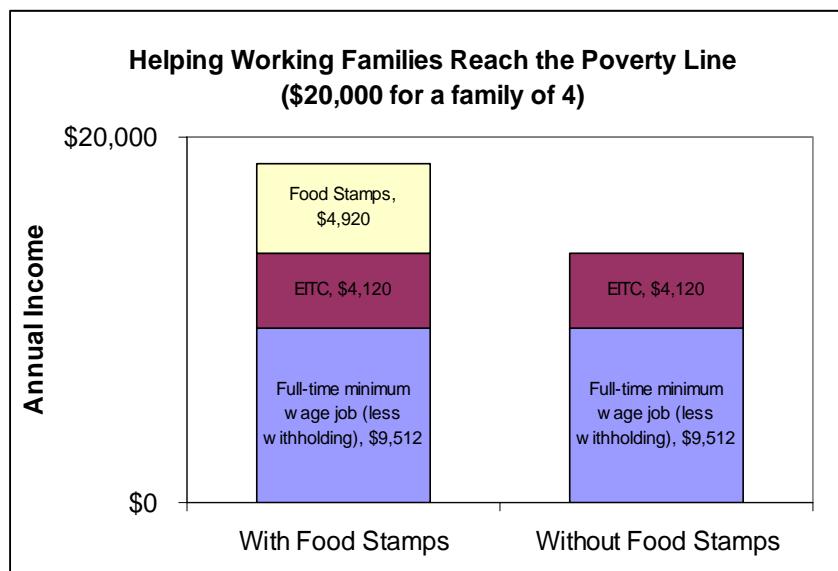
— *Benefits of Increasing Food Stamp Program participation in Your State*, USDA, 2005.

⁷ Communication dated March 15, 2006

⁸ 475 NAC 3.001.04

⁹ Household expenses are also taken into account, and families must meet asset restrictions.

Food stamps are essential to help make ends meet for Nebraska families supported by low-wage workers. A full-time minimum wage worker earns the equivalent of just under half of the poverty line for a family of four.¹⁰ Even with the earned income tax credit (EITC)¹¹, this family's income is only about 70 percent of poverty. Food stamps make it possible for such working poor families to stretch their income so that it approaches the poverty line.



Last year, the General Accounting Office (GAO) released a report finding that efficiency in the Food Stamp Program nationwide has reached its best level in history. Among the findings:

- The error rate for the Food Stamp Program has declined by almost one-third over the past five years from 9.86 percent in 1999 to a record low of 6.63 percent in 2003.
- 98 percent of households receiving food stamps were eligible for the program.
- By reducing the error rate between 1999 and 2003, the Food Stamp Program avoided paying out some \$700 million in erroneous payments that it otherwise would have paid out had the error rates from 1999 remained constant.
- Of the errors reported in the Food Stamp Program, two-thirds are the result of caseworker error (such as failure to act on reported changes in income or making mistakes in applying program rules).
- In addition, declining error rates in the Food Stamp Program have occurred at a time of rapidly rising participation in the program, showing increased efficiency and targeting of resources.

The Food Stamp Program helps individuals and communities hit by disasters.

When natural or man-made disasters hit, the Food Stamp Program provides timely, critical resources to help people cope, and is an important ingredient for physical and economic recovery. This was recently demonstrated in the program's quick response to Hurricane Katrina when, without the necessity of 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. In Nebraska, emergency food stamp benefits were distributed to the victims of the Hallam tornado in 2004.

¹⁰ The 2006 poverty line for a family of four is \$20,000.

¹¹ A refundable federal income tax credit for low-income working individuals and families. See www.irs.gov.

Food stamps benefit farmers, the food industry, and the economy.

The \$28.6 billion of federal food benefits that were spent in local stores and farmers markets nationwide in FY 2005 resulted in an estimated \$52.6 billion in economic activity and created an estimated 173,000 farm jobs. Further, changes in food stamp policy have significant impacts on economic activity and household income across the country, according to an ERS study finding that cuts in food stamp benefits reduce food demand and farm production.

In 2004, the State of Nebraska received \$108,691,184 in federal food stamp funds. Based on an ERS study that found every \$5 in food stamps spent generates \$9.20 in the local economy, the *Food Stamp Program generated \$199 million in economic activity in Nebraska* in just a year's time.

If the participation rate in Nebraska rose five percentage points, 9,000 more low-income Nebraskans would have an additional \$5.1 million in benefits per year to use to purchase healthy food and *\$9.4 million in new economic activity would be generated in Nebraska*.

The American people strongly support the Food Stamp Program.

Recent polls have shown that the American people strongly support the Food Stamp Program and oppose cuts to the program. A survey in three farm states (Iowa, Minnesota, and Kansas), which was conducted for the W.K. Kellogg Foundation, found that large majorities in each state opposed cuts to the Food Stamp Program.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 like food stamps.¹³

A 2006 poll by the same firm found that:

- Sixty-two percent of voters say the government spends too little to reduce hunger in the United States, while only 9 percent say it spends too much.
- Sixty-six percent said that in the 2008 presidential campaign they would be more likely to support a candidate who “made fighting hunger and poverty in the United States a major priority,” including a strong majority in both parties.
- On the Congressional side, 85 percent of voters said that a candidate’s position on reducing hunger was “important” in deciding their vote for Congress, including 76 percent of Republicans.
- American voters have grown more concerned about hunger over the past four years. Between July 2002 and March 2006, the number of Americans citing hunger and poverty as

¹² W.K. Kellogg Foundation, Press Release, “Survey on Farm-State Voter Reaction to Federal Spending Priorities,” August 2, 2005.

¹³ Alliance to End Hunger, Press Release, “Americans Care Deeply about Hungry People and for Many, It Is a Powerful Moral Issue,” July 20, 2005.

the single most important issue in deciding their vote for Congress or U.S. Senate more than doubled, from 4 percent to 10 percent.

The Farm Bill

The Farm Bill adopts major food and farm legislation, and it is set to be reauthorized in 2007. Although Farm Bill design and content can vary, the 2007 bill will likely include many of the same major components, called titles, as the last Farm Bill, which was reauthorized in 2002. The 2002 Farm Bill contains the following titles:¹⁴

- I. Commodity Programs: specifies the method and level of federal support for agricultural producers of various crops.
- II. Conservation: reauthorizes and expands conservation and environmental programs.
- III. Trade: reauthorizes and amends USDA foreign export promotion, credit, and subsidy programs and foreign food aid through 2007.
- IV. Nutrition: extends the food stamp program, expanding some eligibility and benefit provision through 2007.
- V. Credit: authorizes annual appropriations for USDA farm lending programs.
- VI. Rural Development: authorizes funding for a variety of programs such as value-added agricultural market development grants, rural broadcast and broadband services, and rural and regional planning.
- VII. Research: reauthorizes university research and state cooperative extension programs through FY2007.
- VIII. Forestry: creates programs to foster sustainable forest management practices and to help local governments fight wildfires.
- IX. Energy: extends bioenergy programs and establishes loans and grants for farmers to purchase renewable energy systems.
- X. Miscellaneous: covers a wide range of programs such as origin labeling of fresh meats, animal health protection laws, and financial assistance to apple growers.

The 2002 Farm Bill improved access to the Food Stamp Program. At the same time, payment accuracy rates have improved greatly following changes that simplified and streamlined program participation and oversight. By authorizing further changes in the 2007 Farm Bill, we have an important opportunity to further increase the participation rate among working families in the Food Stamp Program, better serve the nutritional needs of Nebraskans, and continue to boost demand for our agricultural production.

2007 Farm Bill Nutrition Title Recommendations

The Food Stamp Program is a resounding success story. As Congress considers the reauthorization of the program in the Farm Bill, it is vital that it be strengthened and expanded to enable more low-income Nebraskans to meet their nutritional needs and move closer to self-sufficiency.

¹⁴ The "Farm Bill" in Brief (CRS Report for Congress)
<http://www.nationalaglawcenter.org/assets/crs/RS22131.pdf>

1. Maintain the structure of the Food Stamp Program. The 2007 Farm Bill should maintain the entitlement structure of the program, which responds to increases in need whether due to economic changes or disasters. Other important aspects of the program that should be continued 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.

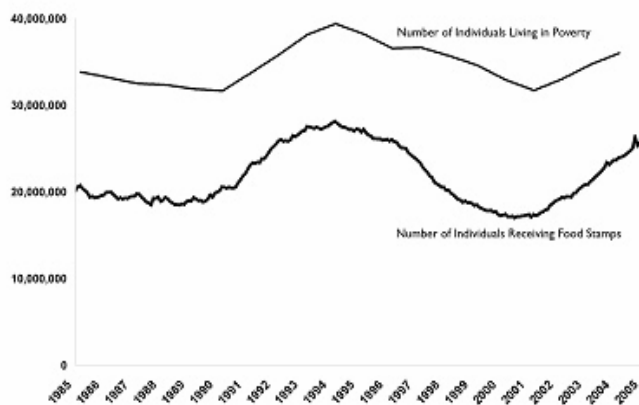
2. Reduce eligibility restrictions.

Immigrants and Their Families:

Immigrant restrictions prevent vulnerable non-citizens from receiving important nutritional support and also appear to discourage participation of citizen children. Less than half of eligible citizen children of immigrant parents participate in the Food Stamp Program. Through the use of state dollars, Nebraska allows legal immigrants to access the Food Stamp Program. Eligibility restrictions on legal immigrants should be lifted federally.

Food Stamps Respond to Poverty

When poverty increases, as it during the recession in the early 1990s and the recent economic downturn, more people need and get help purchasing groceries from the Food Stamp Program. As conditions improve, the number of people receiving food stamps declines.



Single Childless Adults: The food stamp provision limiting eligibility to three months of benefits for most childless adults marks the first time in Food Stamp Program history that individuals have been cut off not because they have refused to work but because no work opportunity is available to them. This provision is also overly complex and difficult to administer. This time limit should be eliminated.

Asset Limits: The restrictive asset limits make genuinely needy people ineligible. The asset limit has not been increased for most households in two decades. The limit of \$2,000 that was established in FY 1985 would be equivalent to \$3,680 today. Also, all forms of retirement accounts, educational savings accounts, and burial funds should be exempted to permit households to use the same economic planning tools that are available to the rest of the population.

3. Ensure the adequacy of food stamp benefits. In 1996, the Food Stamp Program was cut by almost \$28 billion over six years as part of the 1996 welfare law, according to the Congressional Budget Office. A significant portion of these cuts came from across-the-board benefit reductions that affected nearly all recipient households, including families with children, the working poor, the elderly, and people with disabilities. As a result, a typical family of three with monthly income of \$1,078 (or 78 percent of the poverty line) is eligible for \$217 in food stamps under current law. If the welfare law had not included across-the-board benefit reductions, the household could receive \$248, or 14 percent more each month. 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.

Congress should restore benefits to their prior level to ensure that households have enough resources to purchase adequate foods to maintain a healthy diet. In addition, the minimum food stamp benefit of \$10 per month is inadequate should be adjusted to \$50.

4. Continue improving access to the Food Stamp Program. A lot of progress has been made toward simplifying the program to improve access by all eligible people. Still about 44 percent of eligible Nebraskans do not participate. Many of these eligible people find that barriers to participation make it too difficult or costly to participate. Significant improvements were made in the 2002 Farm Bill, and those efforts should be continued by exploring ways to facilitate enrollment and make it easier for participants to retain benefits. Efforts to improve access should be carefully designed to avoid undermining the current design of the program or radically redistributing benefits among poor households, which could cause benefit cuts to the neediest households. Some initiatives that could improve access are extended automatic certification to all elderly or disabled people receiving SSI and continued efforts to accommodate the needs of people who have jobs.

5. Continue to allow recipients choice among food purchases. The 2007 Farm Bill should continue to allow recipients' choice among food purchases and support healthy choices through nutrition education. The current clear distinction between food and non-food items is in keeping with the fundamental purposes of the program and provides consumers and retailers with a simple test for determining an eligible product.

6. Strengthen and support outreach and education activities. It is estimated that just over half (56%) of those eligible under current rules are participating in the program. USDA's "Food Stamps Make America Stronger" media campaign and grants to community-based outreach efforts are important initiatives and a sound start to address this problem. However, these outreach efforts should be expanded, especially in light of our senior population. Many elderly people are low-income, hungry, or food insecure, and in need of nutrition-related assistance. Many do not have enough of the right types of food needed to maintain their health or simply do not have enough food to eat. Only a small proportion of these seniors access the Food Stamp Program. The reasons for non-participation include a lack of information, low benefits expected (\$10/month), the time and hassle involved in applying, and the stigma of receiving public benefits.

Conclusion

The Farm Bill has always been an important piece of legislation for Nebraska. Each year, our agricultural production feeds more than 7 million people worldwide, and more than 50,000 Nebraska farms and ranches depend on sound food and farm policy to keep the sector strong. Nebraska remains strong when families are self-sufficient and no longer need public assistance.

Responsible food policy is not about charity. It's about justice, and it's about opportunity. It's about keeping our children healthy so they have the opportunity to retain what they are learning in school. It's about transitioning families into a stable workforce where they have the opportunity to provide for their own needs.

The impact of the 2007 Farm Bill will go far beyond our 50,000 farms and ranches. It will reach into the homes and onto the kitchen tables of Nebraskans all across the state. As outlined in this report, I urge our federal policymakers to commit to a strong nutrition title in the 2007 Farm Bill.