



## Review of U.S. Nutrition Assistance Policy: Programs and Issues

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**This publication was commissioned by AGree to inform and stimulate dialogue about policy reform; it does not represent official AGree positions. The views expressed here are those of the individual authors.**

## Foreword

AGree seeks to drive positive change in the food and agriculture system by connecting and challenging leaders from diverse communities to catalyze action and elevate food and agriculture policy as a national priority. Through its work, AGree will support policy innovation that addresses four critical challenges in a comprehensive and integrated way to overcome the barriers that have traditionally inhibited transformative change. AGree anticipates constructive roles for the private sector and civil society as well as for policymakers.

AGree has developed the foundation for its work by articulating four interconnected challenges:

- Meet future demand for food;
- Conserve and enhance water, soil, and habitat;
- Improve nutrition and public health; and
- Strengthen farms, workers, and communities.

Meeting these challenges will require work over the long term and cannot be solved quickly or through a single policy vehicle. AGree is taking a deliberative, inclusive approach to developing a policy framework that can meet the challenges ahead. We are undertaking research to understand problems and assess options, and we are engaging a broad array of stakeholders to contribute insights, guidance, and ideas that lead to meaningful, evidence-based solutions.

This publication represents the fifth in a series of background papers intended to lay the groundwork for a common understanding of the complex issues and policies related to food and agriculture policy across diverse audiences. Our goal is to inform discussion and stimulate debate about future directions for policy.

This AGree backgrounder was written by Stephanie Mercier, former chief economist for the Senate Agriculture Committee. It provides a detailed and comprehensive overview of the domestic nutrition programs, such as the Supplemental Nutrition Assistance Program (SNAP) and National School Lunch Program, that are now the dominant components of U.S. agriculture policy from a budgetary standpoint. In addition to explaining the origins, characteristics, and impacts of the major programs, the backgrounder highlights current policy issues about their funding and operations.

We hope you find this paper a helpful resource and source of ideas. And we hope you will join the effort to transform federal food and agriculture policy to meet the challenges of the future.

A handwritten signature in blue ink that reads 'Deb Atwood'.

Deb Atwood  
Executive Director

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## Executive Summary

*This paper provides basic background information on U.S. nutrition assistance programs—their history, objectives, key program elements and program participants—and places them within the broader federal agricultural policy, budgetary, and political processes. It also summarizes key research on the effectiveness of the programs.*

Domestic nutrition assistance policy has been an important component of U.S. agricultural policy and the farm bill process since two years after the passage of the seminal piece of farm legislation (the Agricultural Adjustment Act of 1933). In recent years, it has become the dominant component from a budgetary viewpoint. In general, all domestic nutrition programs have dual goals—to improve the nutritional status and food security of targeted segments of the U.S. population, while encouraging the consumption of domestic agricultural commodities and other foods.

The original nutrition assistance program back in the 1930s consisted of the ability of the U.S. Department of Agriculture (USDA) to acquire surplus commodities under the authority provided by Section 32 of the Act of Aug. 24, 1935, and to distribute those commodities through local schools and other institutions to help those in need. Since that initial effort, the U.S. government has developed an array of programs designed primarily to help low-income individuals or households afford sufficient food. The largest programs are the Supplemental Nutrition Assistance Program (SNAP), formerly known as the Food Stamp Program; National School Lunch Program (NSLP); School Breakfast Program; and Supplemental Nutrition Program for Women, Infants, and Children (WIC) (Table 1). Combined, these four programs have cost more than \$70 billion annually on average between fiscal year 2007 (FY07) and fiscal year 2011 (FY11) (adjusted for inflation). This record total reflects the need for assistance generated by the weak economy that has challenged the United States since the beginning of the most recent recession in late 2007. Due to the continuing poor economy, SNAP spending alone rose to \$75 billion in FY11. Overall, domestic nutrition assistance programs accounted for nearly 60 percent of all federal

expenditures associated with agriculture over that period. SNAP and the school meal programs receive mandatory, entitlement funding, while WIC is subject to annual limits through the discretionary appropriations process. Many U.S. households participate in more than one of the individual programs described below.

## Overview of Federal Nutrition Assistance Programs

### Supplemental Nutrition Assistance Program

The Supplemental Nutrition Assistance Program (SNAP) provides monthly benefits to eligible low-income individuals and households to purchase food for the purpose of alleviating hunger and malnutrition. To be eligible to receive SNAP benefits, individuals and households must meet certain requirements related to resources and income. In general, U.S. households are eligible for SNAP if their monthly gross income is no more than 130 percent of the official poverty guidelines and if their net income falls below 100 percent of poverty for their household size. Further, most households may hold no more than \$2,000 in countable resources.<sup>1</sup> Many recipients are categorically eligible for SNAP through their participation in other means-tested social safety net programs. SNAP benefits are calculated based on the expectation that participants spend about 30 percent of their net monthly income on food. An eligible household's net monthly income is divided by 0.3, and that value is subtracted from the maximum allotment for the household size. The maximum allotment is derived from the USDA Thrifty Food Plan, which is the lowest cost of four USDA-designed food plans specifying foods and amounts of food intended to provide adequate nutrition based on household size and age composition. Since fiscal 1975, the first year of a nationwide program, participation has increased from 12 million people to nearly 45 million people, with costs

rising from \$4.6 billion to \$75 billion in FY11. As of November 2011, the most recent month for which participation data are available, 46.3 million, or one in seven Americans, received benefits under SNAP.

### National School Lunch and School Breakfast Programs

School meal programs have officially operated in school systems across the United States continuously since the 1940s, with the goal of “safeguarding the health and

well-being of the Nation's children.” As currently operated, children from households earning less than 130 percent of the poverty guidelines are eligible for free meals under the school lunch and breakfast programs (breakfast was added to the system in 1975), and children from households earning between 130 percent and 185 percent of the poverty guidelines are eligible for reduced-price meals. Schools must serve meals meeting minimum nutritional requirements in order to be reimbursed. The level of overall participation

**Table 1 | Key Aspects of Major Federal Nutrition Assistance Programs**

Program	Established	Benefit Type	Targeted Population <sup>1</sup>	Recent Participation Level	Recent Funding Level
Supplemental Nutrition Assistance Program (SNAP)	1964 (Food Stamp Act)	Monthly transfer to purchase food	Household (HH) members with income <130% of poverty threshold	46.3 million (September 2011)	\$75 billion Fiscal Year 2010 (FY11)
National School Lunch Program (NSLP)	1946 (National School Lunch Act)	Free or reduced-price lunches at schools	Free meals to children from HHs with income <130% of poverty, reduced-price meals to children from HHs with income between 130% and 185% of poverty	32 million (2010 school year)	\$9.7 billion cash costs (FY10) <sup>2</sup>
School Breakfast Program (SBP)	1975 (School Lunch and Child Nutrition Amendments)	Free or reduced-price breakfasts	Same as NSLP	11.7 million (2010 school year)	\$2.9 billion cash costs (FY10)
Special Nutrition Program for Women, Infants, and Children (WIC)	1975 (see SBP)	Supplemental foods and nutrition education	Mothers and children (below 5 years) <185% of poverty threshold, and at “nutritional risk”	9.2 million (2010)	\$6.7 billion (FY10)
Child and Adult Care Food Program (CACFP)	1978 (Child Nutrition Amendments)	Funds food provided through child and adult care facilities and homeless shelters	Eligibility determined at facility level	3.3 million	\$2.7 billion (FY11)
The Emergency Food Assistance Program (TEFAP)	1983 (Emergency Food Assistance Act)	Food through food banks, soup kitchens	Eligibility determined at state level	Not available	\$180 million (FY11)

<sup>1</sup>Eligibility can also be determined as a result of participation in other social safety net programs—known as categorical eligibility.

<sup>2</sup> Commodities also provided for the NSLP.

is quite different between the school lunch and school breakfast programs—while nearly 32 million students participated in the school lunch program in 2010, only 11.7 million students participated in the school breakfast program in the same year. In recent years, about 60 percent of students receiving meals under the school lunch program and 80 percent of students receiving meals under the school breakfast program have done so free of charge or at reduced rates. Between 1969 and 2010, the inflation-adjusted federal cost of all of the school-based child nutrition programs increased by nearly 400 percent, from \$2.5 billion to \$12.4 billion.

### **Supplemental Nutrition Program for Women, Infants, and Children (WIC)**

WIC was developed due to the recognition that existing federal nutrition assistance programs were not well designed to meet the specific nutritional needs of pregnant and post-partum women, infants, and pre-school children. Under WIC, state agencies use the same household income requirements to determine eligibility as those used for access to free and reduced-price meals under the school lunch program (185 percent of the poverty guidelines based on household size), with the added requirement that eligible recipients be determined to be at nutritional risk. The WIC benefits package consists of three main components—supplemental foods, nutrition education, and referrals for health care and other services. Overall, there were 9.2 million participants in the program in fiscal year 2010, with total costs of \$6.7 billion.

### **Other Federal Nutrition Assistance Programs**

Although the programs just described account for the bulk of federal spending in this area, USDA also operates several smaller related programs, including The Emergency Food Assistance Program (TEFAP), under which USDA purchases commodity foods for distribution by states to needy households through food bank systems, and the Child and Adult Care Food Program (CACFP), which provides nutritional assistance through institutions such as child and adult care facilities. In total, USDA operates 15 separate nutrition assistance programs.

## **Effectiveness and Impacts of U.S. Nutrition Assistance Programs**

This paper summarizes the results of studies that evaluate the impact of the major nutrition programs on the following areas—

- The general economy—Studies show that funds spent on nutrition programs have significant multiplier effects on the whole economy, generating an estimated \$1.73 in additional economic activity for every added dollar spent.
- The agricultural sector—Studies have found that households receiving SNAP benefits increase their spending on food on the margin by between 29 and 62 percent.
- Food security for participating households—Most studies find that such participation tends to have a positive effect on reducing household food insecurity.
- Nutritional status of participating individuals—Studies are mixed on the impact of individuals' intake of specific nutrients from participation in these programs.
- Birth outcomes for pregnant mothers participating in WIC—Studies show that WIC participation increases average birth weight and reduces medical costs for mothers and infants.
- Outcomes of non-food WIC activities—Limited studies show positive impact from nutritional education and referral for medical services that are components of WIC.
- Relationship between programs and incidence of obesity—Evidence is mixed on association between program participation and increased obesity among participants.

## **Governance of U.S. Nutrition Assistance Programs**

This paper also discusses some of the political aspects of federal nutrition programs, including federal versus state roles in funding and operating the programs, Congressional jurisdictional issues, and the political tradeoffs involved in and considerable resources devoted to certification and compliance issues for the programs.



## Nutrition Policy Issues and Proposals

The final section of the paper discusses a number of policy issues and proposals that are relevant to U.S. nutrition assistance programs, including those that cut across nutrition programs and other agricultural programs, such as the federal budget process and food prices, and those specifically related to the operation or funding structure of the federal nutrition programs. The specific issues or proposals covered include:

- Federal budget—Is the government spending too much on nutrition programs, or are these programs a crucial component of the social safety net that should not be breached? A review of the Supercommittee and 2012 farm bill processes and proposals provides perspective on this issue.
- Entitlements or block grants—Should nutrition programs continue to be entitlements, or should they be converted to state block grants, as Republicans are again proposing?
- Nutrition under SNAP—Should the government seek to influence or limit the nutritional choices of SNAP recipients, and if so, how? This paper reviews two approaches, one based on restricting use of SNAP resources to “appropriate” foods, the other providing positive incentives to buy healthier foods.
- School meal nutrition—How should the nutritional criteria of the school lunch and breakfast programs be strengthened? This paper describes the development of new standards and the recent intervention of Congress to pre-empt proposed changes.
- Competitive foods—What is the effect of food available to students outside the school meal system during the school day? The debate on what are known as “competitive foods” is laid out.
- Establishment of breastfeeding incentives under WIC—With studies showing that WIC mothers lag non-WIC mothers significantly in adopting breastfeeding practices, how could that gap be reduced?
- Impact of food prices on nutrition programs—Nutrition programs are designed to ameliorate

the effect of higher prices on beneficiaries, but such adjustment mechanisms contribute to higher program costs. Is this a worthwhile tradeoff?

- Impact of potential farm program changes on nutrition programs—What are the implications of a potential end to restrictions on planting program acres for row crops in fruits and vegetables if the direct payment program is ended?
- Impact of the local food movement on nutrition programs—The paper looks at dual approaches being considered—encouraging direct market outlets such as farmers markets to accept electronic benefit cards used for SNAP, and providing incentives to defray the cost of buying fresh, locally produced fruits and vegetables for SNAP beneficiaries. Which is the better approach?

## Concluding Remarks

Nutrition programs are an essential component of the U.S. social safety net. The current debate over the federal deficit has drawn attention to the increasing cost of the nutrition safety net, particularly as a proportion of total federal spending for agriculture. This attention has given impetus to some groups to raise doubts about the appropriateness of providing an effective social safety net that adjusts to economic conditions—thus, the renewal of efforts to “block grant” federal nutrition programs to the states. As these proposals are put forward, nutrition advocates will press for better utilization of existing resources, trying to achieve specific nutritional outcomes for participants in the assistance programs. The debate promises to be an interesting one.

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<sup>1</sup> The following assets are excluded from official countable assets—the family’s home and the lot it sits on, payments to individuals from Social Security, Temporary Aid to Needy Families (TANF), and most pension plans, and the value of personal vehicles up to a certain limit (level varies by state).

## Introduction

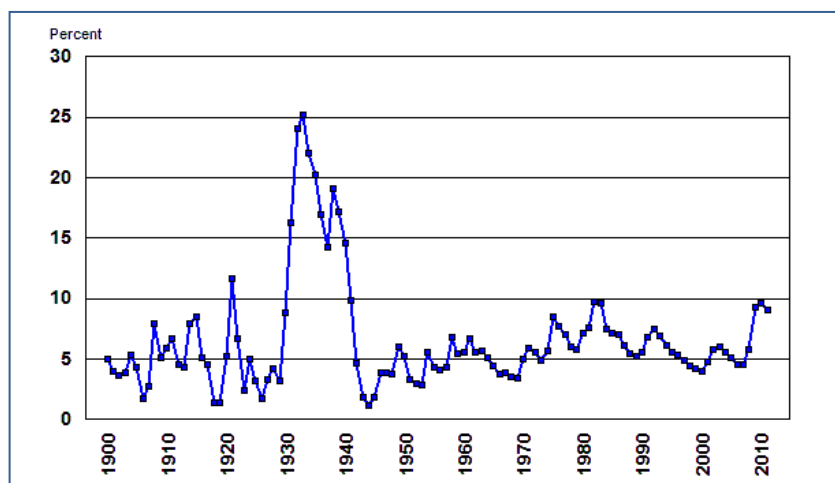
This paper provides basic background information on U.S. nutrition assistance programs— their history, objectives, key program elements, and program participants—and places them within broader federal agricultural policy, budgetary, and political processes. It also summarizes key research on the effectiveness of the programs.

Domestic nutrition assistance has been an important component of U.S. agricultural policy and the farm bill process since two years after the passage of the Agricultural Adjustment Act of 1933, the seminal piece of farm legislation. In recent years, it has become the dominant component from a budgetary viewpoint. In general, all domestic nutrition programs have dual goals—to improve the nutritional status and food security of targeted segments of the U.S. population, while encouraging the consumption of domestic agricultural commodities and other foods.

Official data on the status of poverty in the United States only began to be published in 1963, although the poverty measures were back-calculated to 1959.<sup>2</sup> To go back further into history, the next best proxy for tracking chronic hunger over the long term and, thus, the sustained need for nutrition assistance is probably the civilian unemployment rate, which peaked at 25.2 percent in 1933, during the course of the Great Depression (Figure 1). That dismal economic situation spurred the election of Franklin D. Roosevelt as U.S. President in 1932. Subsequently, Roosevelt led the drive to establish a variety of programs intended to serve as a national economic safety net against the effects of poverty for the American people, under the general rubric of the New Deal. Previously, efforts to alleviate hunger and poverty occurred on a scattershot basis around the country, run primarily by charitable organizations and state and local governments.

Interestingly, the first step in this process was actually an effort to establish a safety net for U.S. farmers, which took the form of the Agricultural Adjustment Act of 1933. The legislation was aimed at reducing the amount of agricultural commodities produced by paying farmers to withhold some of their land from cultivation so as to increase the prices that would be received for the crops. Farmers were also given the option of receiving loans for their crops from the federal government based on the established loan rates, with the crop itself serving as collateral. At the end of the loan period, a farmer could either repay the loan or forfeit the crop to the government if prevailing crop prices had fallen below the cost of repayment.

**Figure 1 | U.S. Unemployment Rate, 1900-2011**



**SOURCE:** Bureau of Labor Statistics, U.S. Dept. of Commerce

Needing an outlet for surplus production, that original farm safety net element was augmented two years later by Section 32 of the Act of Aug. 24, 1935, which permanently appropriated 30 percent of annual gross customs receipts (from the collection of import duties) for the use of the Secretary of Agriculture to promote food consumption and provide for the food needs of low-income populations. This provision has become known as Section 32 authority. Over the years, the bulk of Section 32 funds have been used to purchase surplus commodities for the use of school lunch programs and other institutional outlets such as food banks and soup

kitchens. For the first decade or so, this authority constituted the sole federal mechanism available to provide nutrition assistance to poor people in the United States, along with funds used from other Depression-era programs, such as the Works Progress Administration, to provide equipment and facilities to serve the food and to pay employees to manage the facilities and prepare the food.<sup>3</sup>

## Domestic Nutrition Assistance Programs

Over the decades, the U.S. government has developed an array of programs designed primarily to help individuals or households who earn too little money to afford sufficient food. Food security in the United States, defined as “having assured access to enough food for an active, healthy life,”<sup>4</sup> has been formally tracked through

nationwide surveys only since 1995. In 1995, 11.9 million households reported having experienced food insecurity during some period of the year. In 2009, the most recent year available under the survey, 17.4 million households were classified as food insecure.<sup>5</sup>

The largest programs are the Supplemental Nutrition Assistance Program (SNAP), formerly known as the Food Stamp Program; the National School Lunch Program (NSLP); the School Breakfast Program; and the Supplemental Nutrition Program for Women, Infants, and Children (WIC). Combined, these four programs cost more than \$70 billion annually on average between fiscal 2007 (FY07) and fiscal 2011 (FY11) (adjusted for inflation). This is a record total that reflects the need for assistance generated by the weak U.S. economy since the beginning of the most recent recession.<sup>6,7</sup> Overall,

### A Brief History of Federal Programs Combating Poverty in the United States

The social safety net established over the years in the United States addresses a range of needs of the poor in this country, one component of which are nutrition assistance programs designed to improve participants’ access to food and nutritional status.

In addition to the nutrition programs discussed at length in this paper, the U.S. government operates a number of programs that address other dimensions of human poverty, often in conjunction with state governments. The first components went into place during the administration of Franklin D. Roosevelt, with legislation establishing cash transfers (welfare payments) to poor families in the Aid to Families with Dependent Children (AFDC) program in 1935 and housing assistance in 1937. The initial housing assistance program took the form of public housing, the construction of which was subsidized to make it affordable to poor working families. While not explicitly targeted at the poor, the Social Security Insurance Program, also established in 1935, has been particularly helpful in keeping most of the elderly in the United States out of poverty.

A renewed effort during the administration of President Lyndon B. Johnson to combat poverty led to the establishment of the Medicaid program in 1965, designed to provide adequate medical care to the poorest Americans. Other programs under LBJ’s Great Society initiative supplied or subsidized child care, social services, education (including Head Start), and job training. During the 1970s, housing assistance programs were modified so as to also provide vouchers or certificates to eligible households to purchase housing on the private market, to supplement housing complexes owned and operated by public housing authorities.

The Personal Responsibility and Work Reform Opportunity Reconciliation Act of 1996 was designed to move welfare recipients into work by providing both incentives in the form of help for child care, job training, and transportation, and also established time limits for eligibility for cash welfare payments. The AFDC program was renamed the Temporary Assistance for Needy Families (TANF) program, and block-granted to states.

domestic nutrition assistance programs accounted for nearly 60 percent of all federal expenditures associated with agriculture over that period. SNAP and the school meal programs receive mandatory, entitlement funding to meet the needs of all eligible participants who apply, while WIC is subject to annual limits through the annual appropriations process, often called discretionary spending.

### **Supplemental Nutrition Assistance Program (formerly the Food Stamp Program)**

The precursor to the current Supplemental Nutrition Assistance Program (known previously as the Food Stamp Program), or SNAP, took the form of an experimental food stamp program established in 1939, under which recipients had to purchase a certain amount of stamps amounting to normal food consumption expenditures in order to receive additional stamps they could use to purchase select surplus foods. Under wartime conditions, the U.S. economy improved, which boosted demand for food, leaving relatively few food products that could legitimately be designated as surplus. There were also widespread reports of fraud and abuse associated with the program. Rather than try to fix the program's problems, the decision was made to terminate it in 1943.

After an 18-year hiatus filled with federally commissioned reports and studies on the linkages between poverty and poor nutrition, President John F. Kennedy issued an executive order initiating a pilot food stamp program right after his inauguration in January 1961, utilizing existing Section 32 authority. The pilot used the same approach as the short-lived experimental program from 1939, except that bonus purchases were not limited to surplus commodities. This represented a shift from the earlier food stamp program for which farm support was a primary objective to a program more targeted to address hunger and malnutrition. The food stamp program was given explicit statutory authorization as part of President Lyndon Johnson's War on Poverty, under the Food Stamp Act of 1964. Under this legislation, the federal government covered the cost of the bonus food purchased under the program, while

the states bore the full cost of administering the program. Within a decade, most major changes to the food stamp program were undertaken as part of the regular farm bill process, beginning with the Agriculture and Consumer Protection Act of 1973.

In 1971, the first requirements for employment search or job training for able-bodied adults were put in place for household eligibility for the food stamp program. In 1974, the law was changed to allow USDA to cover 50 percent of administrative expenses for the program. The purchase requirement was eliminated in 1977. Instead, eligible households would be paid only the bonus portion of their monthly food purchase allotment, as determined by taking 30 percent of the household's net income after deductions and subtracting that amount from the Thrifty Food Plan allotment for each household's size and age composition.<sup>8</sup>

The emergence of electronic banking technology in the late 1980s enabled several key improvements to the Food Stamp program. The conversion from using paper stamps to electronic benefit transfer (EBT) cards allowed state and federal agencies to better track food stamp participation and food purchasing patterns under the program, reducing administrative costs and opportunities for fraud and abuse. The change also reduced the social stigma associated with participating in the program, as persons using EBT cards in grocery stores cannot be easily differentiated from persons using regular debit or credit cards for their purchases. Provisions of the 1996 welfare reform legislation, known formally as the Personal Responsibility and Work Opportunity Act, required full adoption of the EBT card by state agencies by 2002.<sup>9</sup> The name change in the 2008 farm bill, to SNAP, was also aimed at easing the stigma of participation.

While there have been many significant improvements to the SNAP program from utilizing EBT methods, the transition from paper coupons to an electronic system has presented new challenges. The first farmers markets began to appear around the United States early in the 20<sup>th</sup> century (Pike Place Market in Seattle opened in 1907) and the phenomenon became widespread in the

1970s. Food stamp use at farmers markets was commonplace by the 1980s, but the emergence of EBT technology replacing paper coupons in the 1990s reversed much of the progress due to the relatively high cost of equipping farmers market stalls with point of sales (POS) terminals. Between 1996 and 2004, the percentage of farmers markets nationwide redeeming food stamps fell from 27 percent to 8 percent, and has only recently started increasing again, as a result of concerted grassroots efforts.<sup>10</sup>

### **Program Eligibility Requirements and Benefits**

In general, U.S. households are eligible for SNAP if their monthly net income is no more than 100 percent of the official poverty guidelines for their family size and they hold no more than \$2,000 in countable resources, although many recipients gain eligibility through their participation in other means-tested programs. Issues related to “categorical eligibility” will be discussed in greater detail later in the paper. That net income figure is calculated by deducting for dependent care costs, unreimbursed medical expenses for elderly or disabled members of household, shelter costs above a certain level, legally owed child support payments, a standard deduction based on family size, and a 20 percent deduction from earned income. The following assets are excluded from official countable assets: the family’s home and the lot it sits on; payments to individuals from Social Security, Temporary Aid to Needy Families (TANF), and most pension plans; and the value of personal vehicles up to a certain limit (level varies by state). Participants in TANF and Social Security (old age and disability) are deemed to be categorically eligible for the program, and do not need to meet most other eligibility requirements.

As part of the national debate about immigration over the last few decades, there has been a tug of war over eligibility for the program for immigrants to the United States. Under welfare reform legislation in 1996, legal immigrants lost eligibility for the programs, except for certain categories of refugees and those granted political asylum. Those restrictions were relaxed somewhat in the 2002 farm bill, with eligibility restored for legal immigrants who have lived in the country for at least 5

years, or are receiving disability payments or are children regardless of date of entry. The 1996 welfare reform law also put tight restrictions on program eligibility for able-bodied adults without dependents (ABAWDs), limiting their eligibility to 3 months out of every 3 years unless they participate in work-related activities. States can seek waivers for this requirement in counties with high unemployment rates or a shortage of low-skill jobs.<sup>11</sup> The ABAWD restriction was temporarily suspended as part of the American Recovery and Reinvestment Act of 2009 (ARRA).

Under SNAP, the maximum monthly benefit varies by household size, with single-person households receiving no more than \$200 per month and eight-person households receiving no more than \$1,202 per month. Maximum allotment amounts are linked to the rate of inflation, and as of the 2008 farm bill, so are minimum benefits (now fixed at 8 percent of the maximum benefit for 1-person households).

### **Program Participation and Costs**

President Kennedy’s 1961 food stamp pilot program was available in only eight designated counties in West Virginia, Pennsylvania, Kentucky, Minnesota, Illinois, and Michigan, serving an estimated 392,000 people at the time. The program was subject to annual appropriation limits from the time it was established statutorily in 1964. Its reach expanded gradually until fiscal year 1974, when it became a nationwide program as required by provisions of the Agriculture and Consumer Protection Act of 1973, including all U.S. states and territories. Participation as of July 1974 was estimated to be 14 million<sup>12</sup> (Figure 2).

Program participation has continued to increase since it became a nationwide program in 1974, at a rate slightly faster than U.S. population growth until the most recent recession beginning in late 2007. The average rate of increase in program participation during the rate of growth tends to accelerate at the beginning of economic recessions affecting the United States. In fact, the growth in participation rate in the first two years of recessions, at about 10 percent per year, is nearly four times higher than the average rate of increase during other years over

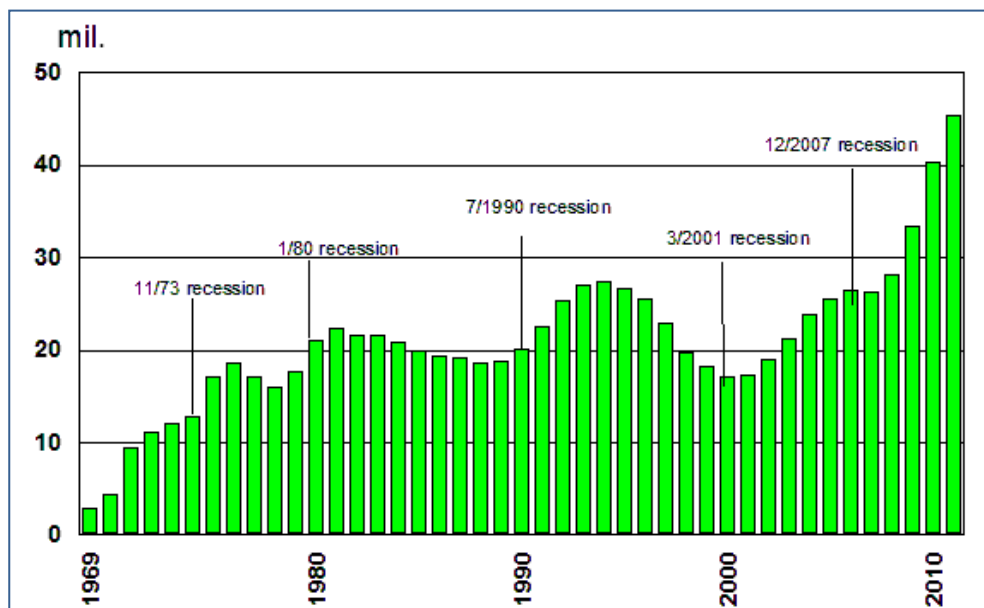
the period. In 2010, 79 percent of SNAP households included a minor child or an elderly or disabled person. Overall, about half of SNAP beneficiaries are children, and more than three-quarters live in metropolitan areas.

The cost of the program has risen over the years to keep up with growing participation and increasing food costs. Since fiscal year 1975, the first year of a nationwide program, the cost of the program has risen from \$4.6 billion to \$68.3 billion in FY10, the most recent year with full data available. About 40 percent of that increase is attributable to growth in the average monthly benefit per person, from \$21/month to \$133/month, with the remainder due to higher program participation. SNAP functions as a countercyclical program, with program participation rising in recent years due to the increase in U.S. poverty resulting from prolonged unemployment and other economic repercussions of the recent recession. Due to provisions of the 2009 stimulus bill (that were subsequently amended), the average benefit has been temporarily increased through October 31, 2013, paid out for now based on 113.6 percent of the cost of the Thrifty Food Plan, rather than the normal 100 percent.<sup>13</sup> Funding for SNAP is provided through the direct authorization of the current farm bill, and is considered to be an entitlement program.<sup>14</sup>

### National School Lunch and Related Programs

The concept of schools providing in-house lunches to children originated in Europe decades before it was adopted in the United States, although such activity was primarily funded by philanthropic organizations and local governments.<sup>15</sup> Large cities in the United States,

**Figure 2 | Annual SNAP Participation, 1969-2011**



SOURCE: Food and Nutrition Service, USDA

such as New York, Philadelphia, Cleveland, and Milwaukee, undertook similar efforts early in the 20<sup>th</sup> century, mostly in reaction to a book by Robert Hunter entitled *Poverty* published in 1904, which spoke eloquently about the impact of hunger on children’s ability to learn.

The first federal efforts to provide meals for school children occurred under the auspices of the broad authority granted to the Secretary of Agriculture under Section 32 of the Act of Aug. 24, 1935. School feeding programs became a common outlet for surplus commodities purchased under Section 32 authority. By the 1941-1942 school year, more than 5 million children participated in these programs around the country. Over the next several years, difficulties with identifying truly surplus foods and lack of specific legislative authority and regular appropriations led to a stagnation of growth in participation.

Congress responded to the problems described above with the passage of the National School Lunch Act of 1946. The purpose of the program was determined to be the following:

*It is hereby declared to be the policy of Congress, as a measure of national security,<sup>16</sup> to safeguard the health and well-being of the Nation's children and to encourage the domestic consumption of nutritious agricultural commodities and other food, by assisting the States, through grants-in aid and other means, in providing an adequate supply of food and other facilities for the establishment, maintenance, operation and expansion of nonprofit school lunch programs.*

The legislation provided funding for reimbursable meals under the program, to be apportioned among the states, with some funds to be devoted to equipment purchase, and up to 8.5 percent of total funding could be used to cover administrative expenses, which had to be matched with state funds. In many states, most of those funds were derived from fees paid for school meals rather than from state or local governments. Meals served had to meet minimal nutritional requirements established by the Secretary of Agriculture, and schools would serve meals free or at reduced cost to those children determined to be unable to afford to pay. In 1954, Congress established the Special Milk Program, providing a serving of whole milk to low-income children in schools or other institutions without proper facilities to serve school lunches. The amount of milk served under this program peaked in 1969 at 3 billion half pints served annually, then gradually declined as availability of milk through participation in other child nutrition programs expanded.<sup>17</sup>

In 1962, Congress amended the allocation formula to states to better reflect the actual assistance need and participation rates in the various states, which was previously based solely on numbers of school children and per capita income in each state. The Child Nutrition Act of 1966, passed as part of President Johnson's War on Poverty, folded the Special Milk Program into general child nutrition authority, and established a pilot program for providing school breakfasts. School breakfast program authority was made permanent in 1975. Further expansion of feeding for school-aged children occurred in 1968, when private or nonprofit entities desiring to provide food to children during the summer in settings similar to those used under the National School Lunch program were made eligible for

federal assistance. This program was originally known as the Special Food Service Program for Children, and is now the Summer Food Service Program. In 1998, Congress expanded the National School Lunch Program to include reimbursement for snacks served to children in afterschool educational and enrichment programs to include children through 18 years of age.

### **Program Eligibility Requirements and Benefits**

During the first few decades of the program's operations, state and local authorities were given considerable latitude to determine which children would be eligible for free or reduced-cost school meals. As of 1970, Congress established national eligibility criteria for these two categories. As currently operated, children from households earning no more than 130 percent of the poverty guidelines for their family size are eligible for free meals under the school lunch and breakfast programs, and children from households earning between 130 percent and 185 percent of the poverty guidelines are eligible for reduced-price meals. Children paying "full price" for school meals are also subsidized to a modest degree, with USDA providing a reimbursement rate of \$0.26/meal for such students in the 2011-2012 school year, which is about 10 percent of the amount USDA provides for free meals served (\$2.77/meal). Certification issues for these programs will be addressed at greater length in the next section of this paper.

Managers of school meal programs are given a combination of cash reimbursements and food, called commodity entitlements, by USDA to conduct the program. USDA offers a consistent selection of more than 180 foods that schools may elect to use their commodity entitlement to purchase. Schools may also receive additional foods during the course of a year, called bonus commodities, which are determined by the Secretary to be in surplus. The availability of bonus commodities varies depending on market conditions for various foods and whether or not the Secretary of Agriculture exercises his or her authority to make additional purchases for the program to bolster demand for the product. Schools must offer meals meeting minimum nutritional requirements in order to be reimbursed, which currently includes minimum

requirements for calories, fats, and specific nutrients, as well as minimum food requirements. Students can decline to take up to two of the items that are offered.

### Program Participation and Costs

The level of overall participation is quite different between the school lunch and school breakfast programs—while nearly 32 million students participated in the school lunch program in 2010, only 11.7 million students participated in the school breakfast program. This gap was in part driven by the fewer numbers of school systems that offer school breakfasts across the country. In the 2009-2010 school year, about one in seven schools that provided school lunch to students did not offer school breakfasts as well.<sup>18</sup> Other reasons for lower participation are lack of family awareness about the program, and the difficulties faced by some children in reaching school early enough in the school day to eat.

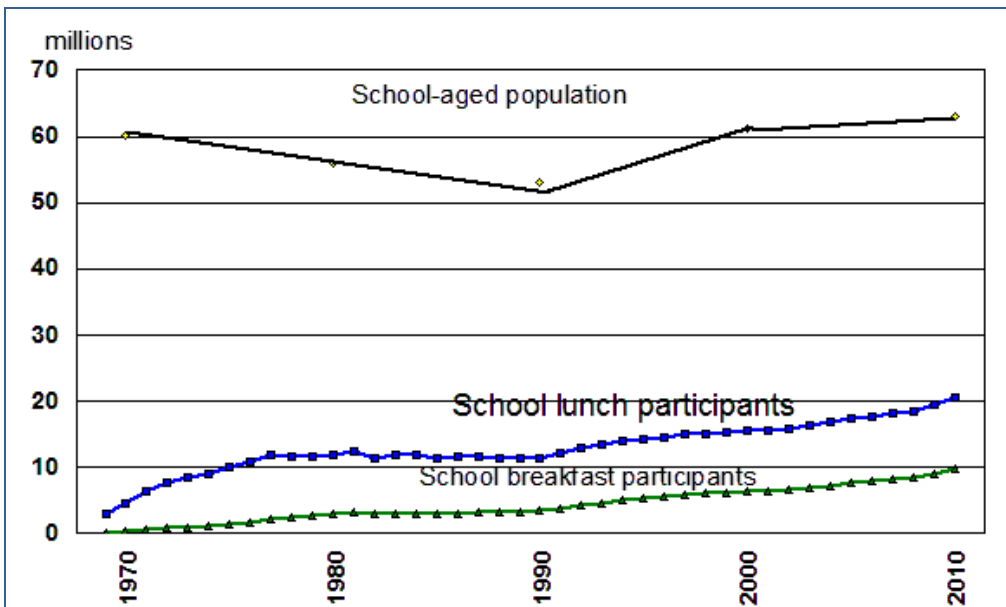
In recent years, about 60 percent of students receiving meals under the school lunch program and 80 percent of students receiving meals under the school breakfast program have done so free of charge or at reduced rates.

Currently, about one-third of school-aged children are benefitting from one or both of these programs (Figure 3). In addition, a 1994 study estimated that about one-fifth of potentially eligible families do not apply for benefits under the child nutrition programs.<sup>19</sup> Using a focus-group approach, the study found that the major factors leading to non-participation were the perceived poor quality of food served under the programs and the negative stigma associated with participation.

Data from two surveys conducted about 10 years ago indicate that recipients of free meals under the program fall about equally into the categories of white, African American, and Hispanic.<sup>20</sup> Children from households headed by single mothers were far likelier to receive free lunches than from households with two parents present.

Between 1969 and 2010, the inflation-adjusted federal cost of all of the school-based child nutrition programs increased by nearly 400 percent, from \$2.5 billion to \$12.4 billion.<sup>21</sup> Cash reimbursement for the school lunch program has accounted for 69 percent of the federal contribution on average, with reimbursement for school

**Figure 3 | Participation in Federal Child Nutrition Programs (Free and Reduced-Cost), Compared to School-Aged Population**



SOURCE: Food and Nutrition Service, USDA and Census Bureau, USDOC

breakfasts at 13 percent, the special milk program at 3 percent, and commodity purchases for all three programs at 15 percent. The relative share of commodity contributions in total resources provided for the programs has fallen continually over the data period, but the amount actually provided rose in nominal value between 2002 and 2010, from \$800 million to \$1.2 billion. Funding for these programs is also provided on a mandatory basis and the statutory authority for the programs is reviewed



and reauthorized approximately every five years. It was recently re-authorized under the Healthy and Hunger-Free Kids Act of 2010 (P.L. 111-296).

### **Supplemental Nutrition Program for Women, Infants, and Children (WIC)**

The Supplemental Nutrition Program for Women, Infants, and Children (popularly known as WIC) was established in 1972 initially as a pilot under P.L. 92-433, which amended the Child Nutrition Act of 1966. While members of low-income families were already eligible for assistance under other programs such as the food stamp and school lunch programs, it was recognized that the existing programs were not well designed to meet the specific nutritional needs of pregnant women and pre-school children. At first, USDA declined to exercise its authority to implement the pilot program, and it took the intervention of the Federal courts after a lawsuit was filed by the group Food Research and Action Center (FRAC) for the department to move forward.<sup>22</sup> By the end of 1974, WIC was operating in parts of 45 states. WIC received permanent authorization in 1975, with the intention that the program would supplement benefits received under the food stamp program. Annual funding was set at specific levels, and did not operate as an open-ended entitlement program, as is the case with SNAP and the school meal programs. It was determined in 1977 that there would be a need to establish a priority system since there would not necessarily be enough resources to serve all eligible women and children in all parts of the country.

In 1980, the variety of benefit packages was expanded from three to six, adding specific packages for women depending on whether or not they intended to breastfeed their infants. More high-protein foods were added to the packages, and limits were set for sugar content in cereals. In 1989, Congress established a demonstration project to allow WIC participants to purchase fresh, unprocessed produce at farmers markets, with up to \$30 per year in special coupons. This authority was permanently established in 1992, but is still available only in some areas of the country. Concerned that the increasing cost of infant formula (accounting for 40 percent of food costs under the

program in the mid-1980s) was hampering the expansion of the program, Congress instructed state WIC agencies in 1989 to follow the example of the state of Tennessee and undertake cost containment efforts with manufacturers of infant formula. In exchange for exclusive rights to sell into WIC in a given state, the companies agreed to provide a significant rebate on lots of infant formula compared to retail prices to the state agencies. Similar arrangements have been negotiated for other common WIC products such as fruit juice and infant cereal. During this same period, Congress provided modest resources for the first time to support promotion of breastfeeding among WIC mothers. More emphasis has been placed on breastfeeding over time, with the current policy for WIC agencies to encourage mothers to breastfeed unless the woman's medical condition dictates otherwise. Further changes to WIC supplemental food packages were made in 2009, as described in greater detail below.

### **Program Eligibility and Benefits**

Under WIC, state agencies use the same household income thresholds as those used for access to free and reduced meals under the school lunch program (185 percent of the poverty threshold based on household size), with the added requirement that recipients would be at nutritional risk if they were not entered into the program. States establish priority systems for participation if funding resources are constrained in a given fiscal year based on a list of risk factors provided by USDA's Food and Nutrition Service.<sup>23</sup> Participants in other low-income assistance programs such as SNAP, Medicaid, and TANF are categorically eligible for WIC without additional certification needed.<sup>24</sup>

The WIC benefits package consists of three main components —supplemental foods, nutrition education, and referrals for health care and other services. All are provided free of charge to participants. The supplemental foods are purchased from a specific list of products from state-authorized WIC vendors for each category of food package through use of food vouchers or other instruments.

As of October 2009, states are required to offer seven different food packages under WIC, tailored to meet the

needs of the following groups: 1) infants 0-5 months, 2) infants 6-11 months, 3) all individuals with special medical needs, 4) children 1-4 years, 5) pregnant and partially breastfeeding mothers, 6) non-breastfeeding postpartum mothers, and 7) fully breastfeeding mothers. The same benefits are provided to all participants within each age group. Adult recipients (or caretakers of children or infants in the program) must be offered access to nutritional education, but are not required to attend as a condition of program participation. As a result of a provision in the recent Healthy and Hunger-Free Kids Act of 2010, states can now certify benefits for children for up to 12 months, as long as regular health and nutrition assessments occur. This change aligns children's certification periods with infants in order to streamline certification periods for the purpose of reducing administrative and participant burden. For pregnant and post-partum women, the certification period is 6 months at which time she must apply for recertification in order to continue receiving benefits.

### **Program Participation and Costs**

WIC participation grew rapidly in its first decade, as it became better known around the country. From its pilot stage in 1974, when it served 88,000 people, through 1984, it grew to serve more than 3 million people, representing a phenomenal growth rate of more than 330 percent per year. Program participation grew much more slowly over the next two decades at an average annual increase of 7.2 percent. The annual participation rate has accelerated slightly during the current economic slowdown, with growth increasing to 10 percent annually between 2007 and 2010. Overall program costs followed a similar pattern, with a total cost of \$6.7 billion in FY10. Average monthly food cost per program participant increased from \$15.68 in 1974 to \$41.43 in 2010. The non-food costs of WIC, covering nutrition training, breastfeeding support and promotion, and program administration, account for just over one-quarter of total costs.

Although technically not an entitlement program, WIC has had sufficient funding for at least the past 15 years to provide benefits to all eligible participants who applied. With funding for FY12 set at \$6.62 billion for the

program, analysts at the Center for Budget and Policy Priorities estimate that should be sufficient to meet all program demands as long as contingency and carryover funds remain available.<sup>25</sup>

As of April 2008, about half of WIC participants were children, one-quarter were infants, and the remainder were women. Of the women enrolled in the program, about 40 percent were pregnant, 30 percent were breastfeeding, and 30 percent were postpartum.<sup>26</sup> Typically, participation drops off rapidly once an infant reaches one year of age. Toddlers and young children who are recertified and continue to participate are assigned a different set of supplemental foods for the benefit package to reflect the nutritional needs of their age group. For example, that April 2008 snapshot described above shows that the total number of children aged 1-2 years receiving WIC benefits was 29 percent lower than the number of infants enrolled in WIC. A significant share of eligible households with infants receiving WIC benefits are choosing not to re-enroll that child in the program once they reach one year of age. Evidence suggests that decision is driven in part by the fact that the mother is no longer eligible for assistance after the child reaches his or her first birthday, making the combined benefits much lower and deemed by many not worthwhile to seek re-certification for.<sup>27</sup>

The average annual income of WIC households reporting some income was \$16,535 in 2008, with an average family size of 3.8 persons. Just over 60 percent of beneficiaries were reported as being white (including Hispanic Americans), followed by about 20 percent African American, and 11 percent American Indian. Unlike SNAP, WIC has no restrictions on participation of immigrants in the program if they are otherwise eligible based on income characteristics. Regionally, states in the South and Southwest, plus West Virginia, had the highest WIC participation among pregnant mothers in 2008 in an annual survey conducted by the Centers for Disease Control, covering 29 states with this specific question (Figure 4).

### Other Nutrition Assistance Programs

Although much smaller in scope, the U.S. government operates several additional programs that provide nutritional assistance to targeted portions of the population. Most of them are of relatively recent vintage, as new nutrition research and demographic and economic developments have revealed deficiencies or gaps in the benefits provided or populations served under the long-established programs.

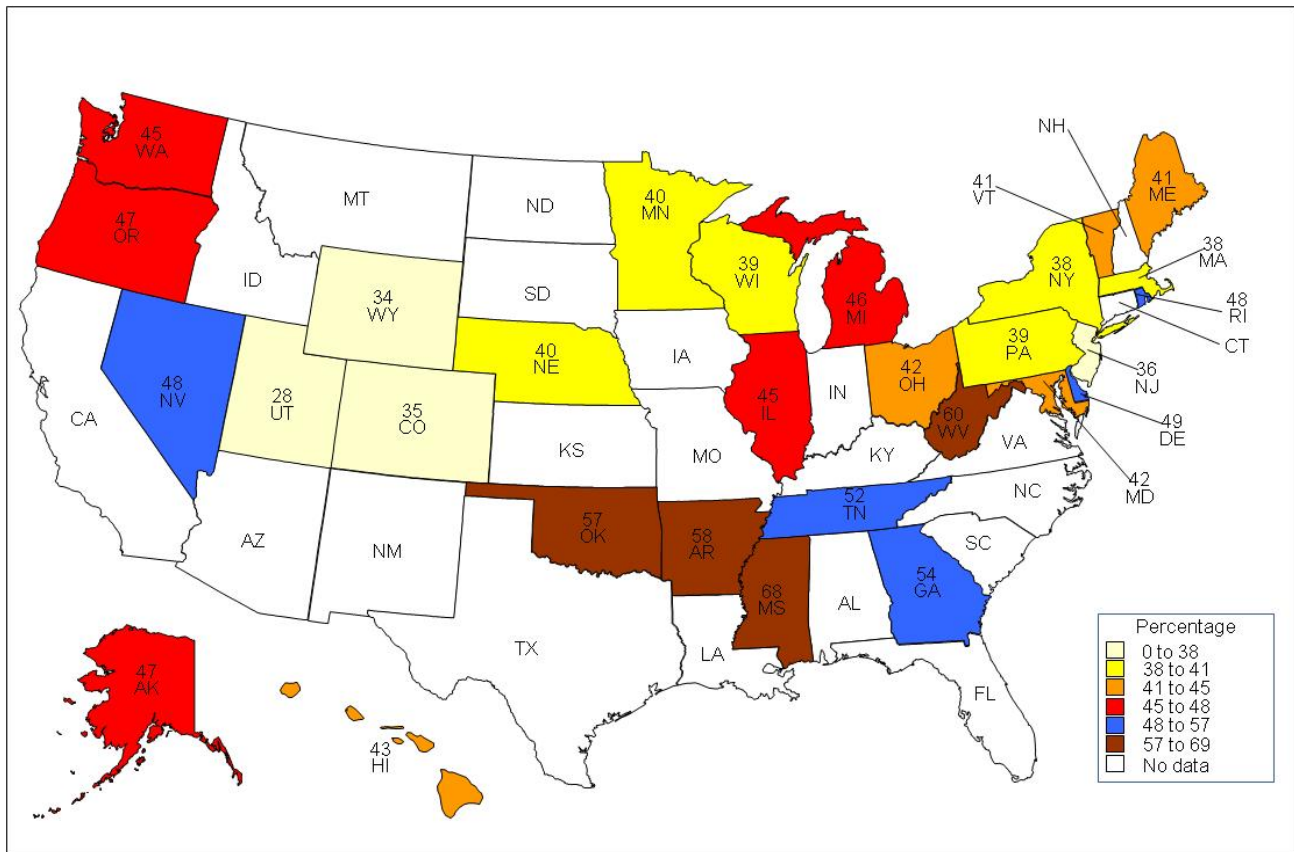
### The Emergency Food Assistance Program (TEFAP)

The Emergency Food Assistance Program (TEFAP) was formally established in the Emergency Food Assistance Act of 1983. Under the program, USDA purchases commodity foods for distribution by states to needy households. Prior to 1983, USDA used broad authority such as Section 32 to achieve similar purposes. The states provide the food to local agencies, typically food

banks, which then distribute it to soup kitchens and food pantries that interact directly with the public. Each state sets income eligibility criteria for households to receive food for home consumption under the program, which may or may not line up with eligibility for other federal and state assistance programs. The types of food provided vary depending on the state's preference and market conditions, although selected products are typically processed in some way and do not require refrigeration. The current list of foods made available by USDA, last updated on October 13, 2011, contains 84 different products.<sup>28</sup>

In fiscal year 2011 (FY11), total TEFAP funding was \$180 million, of which \$41 million was provided to states to cover administrative expenses. The funds are allocated based on a formula that takes into account unemployment and poverty figures at the state level.<sup>29</sup> Regionally, states in the Southeast received the most

**Figure 4 | WIC Participation by Pregnant Mothers in 2008**



SOURCE: Pregnancy Risk Assessment Monitoring System (PRAMS), CDC/HHS

funding in FY11, accounting for 35 percent of the total. These figures do not include bonus commodities awarded during the fiscal year.

### **Child and Adult Care Food Program (CACFP)**

Another such program is the Child and Adult Care Food Program, which provides nutritional assistance through institutions that help people in need but fall outside the boundaries of the programs described above. These include daycare centers (for both children and seniors), afterschool care, and homeless and emergency shelters, which are provided funds (distributed in the form of grants to states) to purchase meals and nutritious snacks for individuals who make use of these facilities. Eligibility for such funds is based on the percentages of those individuals who receive benefits under other public assistance programs.

CACFP started as a pilot program in 1965 intended to serve non-residential centers in areas with a significant percentage of low-income working mothers. It was established as a permanent program in 1978. The program currently serves 3.2 million children and 112,000 adults on a daily basis, and was funded at \$2.68 billion for FY11.

### **The “DOD Fresh” Program and the Fresh Fruit and Vegetable Program**

Both of these relatively new programs are targeted at providing more fresh fruits and vegetables to children in schools. The so-called DOD Fresh program was piloted in 1996, and involved using the sophisticated procurement network that the U.S. Department of Defense (DOD) has developed for delivering goods to its military institutions around the country to also procure fresh fruits and vegetables locally for schools. The program, included as a formal provision of the 2002 and 2008 farm bills, was allocated \$66 million in FY10 for this purpose.<sup>30</sup>

The Fresh Fruit and Vegetable Program made its first appearance in the 2002 farm bill, with its funding and scope expanded significantly in the 2008 farm bill. Funding is allocated to states, which select schools based on an application process. Only schools in which not less

than 50 percent of students are eligible for free or reduced-cost school lunches are eligible to apply. Schools awarded grants under the program provide free fresh fruits and vegetables to their students as snacks, both to improve their underlying nutritional status and to acquaint them with a wider variety of fruits and vegetables than are typically consumed in low-income households. The program was allocated \$141 million for FY11 under the 2008 farm bill.

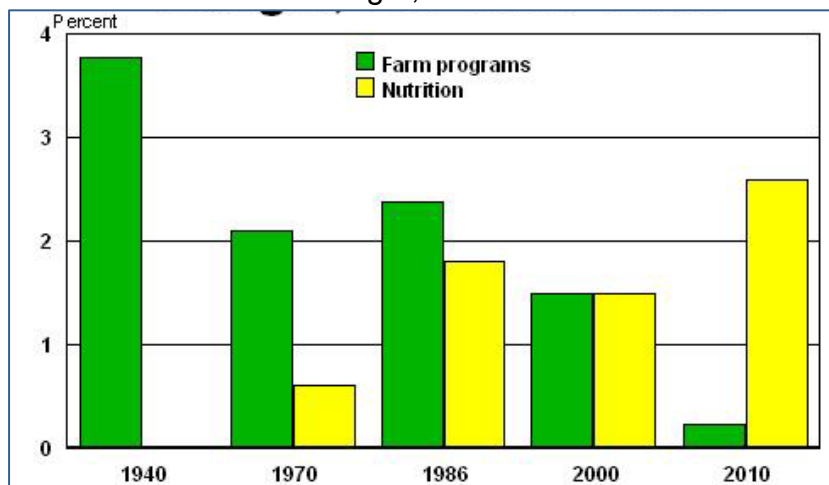
### **Impact of Nutrition Programs**

Although recent spending on nutrition programs has been significant, that has not been the case historically. During the 1970s, federal spending for the three largest nutrition programs averaged about \$5.2 billion annually (about 0.03 percent of U.S. Gross Domestic Product [GDP]). Over the past five years, that annual average has spiked to \$70 billion, but it still only accounts for 0.3 percent of U.S. GDP. Nutrition programs also accounted for about 2.6 percent of total federal spending in FY10, well below farm program spending at its peak share in the 1940s (Figure 5). Nonetheless, one would expect that these expenditures would have had a positive impact on the U.S. economy and the population’s nutritional status, at an individual, household, sectoral, and macro level over time. This section of the paper will summarize some of the empirical analyses relevant to this question.

### **Impacts on Households and Individuals**

Although knowledge about the broad economic effects of the programs is useful from a policymaking point of view, the more important question is whether or not participation in these programs actually improves an individual’s food security and nutritional status. While during much of the 20<sup>th</sup> century the programs were focused on improving broad measures such as calories consumed by participants, recent advances in human physiology and nutritional science have enabled development of better indicators of nutritional health. It should be noted that nearly all analytical work in this area runs up against problems of selection bias in the data samples that are used, because participants in programs may be highly motivated to achieve certain outcomes compared to eligible non-participants, and thus may differ from non-participants by taking

**Figure 5 | Farm Program and Nutrition Spending as a Share of the Federal Budget, Selected Years**



SOURCE: CBO, OMB, USDA budget projects, and historical budget documents

additional steps beyond those being evaluated in the study. For example, expectant mothers participating in WIC may be more likely than non-participants to seek prenatal care, in addition to the supplemental food they are provided under the program.<sup>31</sup>

There is considerable variation between programs as to how much participants' food choices are constrained by program rules, although participants' access to cash from other sources to purchase food outside of program benefits can have the effect of relaxing any constraints. SNAP currently has only minimal restrictions on what food can be purchased with an EBT card. SNAP benefits can be used to purchase all foods intended to be eaten at home. Participants cannot use SNAP benefits to buy hot foods, tobacco, or alcoholic beverages, nor to buy vitamin supplements, but all other food products are eligible. The school lunch program and related programs have minimum nutritional requirements for meals that have to be met in order to be eligible for federal reimbursement. New rules have just been promulgated to reflect the most recent dietary guidelines and changes in the authorizing legislation made through the Healthy and Hunger-Free Kids Act of 2010. The new rules are scheduled to take effect on July 1, 2012, in time for the 2012-2013 school year. Some of the original proposals to change the required amount of foods and the type of foods to be offered in the program, based on a

commissioned evaluation by the National Academy of Sciences' Institute of Medicine, ran into opposition among farm and commodity groups and their Congressional supporters. For example, one controversial aspect of the USDA's proposed rule to revise the school lunch nutrition standards would have restricted the amount of starchy vegetables that schools may offer over the course of a week. The implicit purpose of this provision was to limit schools' use of potatoes for meeting the vegetable requirement. Under a provision in the FY12 Agricultural Appropriations bill approved by Congress on November 17, 2011, members with strong potato-grower constituencies were successful in barring the Secretary from promulgating regulations restricting the use of potatoes as vegetables.

The most prescriptive rules are those that underlie the WIC program—only those products specifically listed for a particular age group can be acquired using WIC vouchers. Significant revisions have been made to the various WIC packages that took effect in late 2009, including augmenting the special coupons that pregnant, postpartum, and partially breastfeeding women can use to purchase fresh fruits and vegetables, and adding whole grain products and the option of soymilk and tofu to the various packages.<sup>32</sup>

**Food Security** — Food security represents a basic measure that determines whether or not a household has access to enough food (i.e., sufficient calories) to provide its members with a healthy lifestyle. In 2010, 59 percent of food-insecure households in the United States participated in one or more of the major nutrition programs, with SNAP being the most common, and one in five of all Americans.<sup>33</sup> For the SNAP program, results have varied considerably over the years as to whether or not participation in the program improves food security, although more recent research has come down largely on the side of SNAP engendering positive impacts on food security. For example, a 2010 study commissioned

by USDA’s Economic Research Service, using panel data from a survey conducted in 1996, 2001, and 2004, found that SNAP participation decreases the likelihood of being food insecure by more than 30 percent.<sup>34</sup> One interesting approach to evaluating the impact of school meals on food security was to look at seasonal differences in food security. This study found that households with children participating in NSLP had more food insecurity during the summers, when such meals are not provided. It also found greater seasonal changes in food security in states with few students served by the Summer Food Service Program.<sup>35</sup> It is important to keep in mind that self-selection bias may play a role in these results as well, with those facing food insecurity more likely to participate in the programs.

**Nutritional Status** — While access to food is one measure of program effectiveness, the nutritional quality of that food is also important. Although many of the relevant studies are quite dated, research shows quite clearly that SNAP participation increases a household’s food energy (in terms of calories) availability, as well as protein availability. The same research indicates that households also had better access to a broad array of important vitamins and minerals. Most studies on individual food intake changes from SNAP focused on

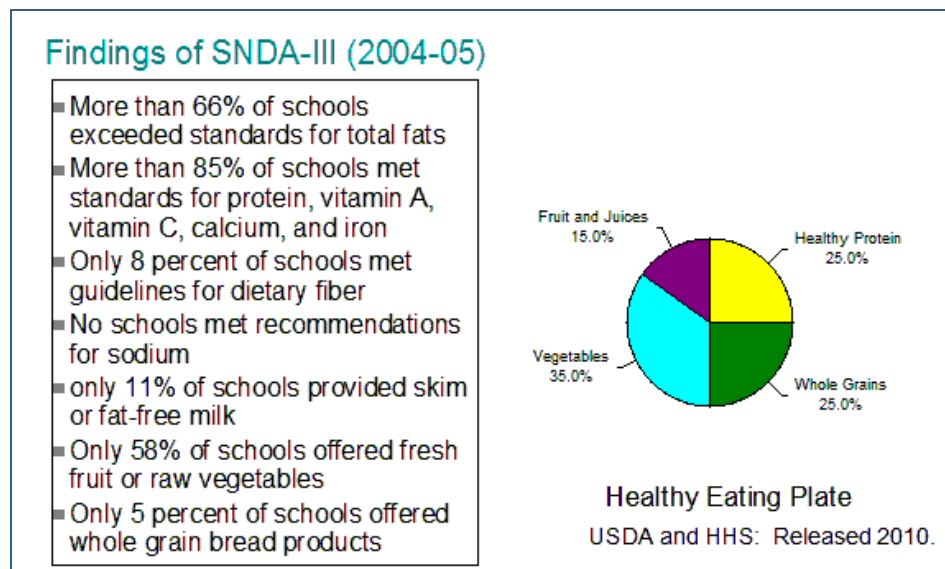
subgroups of the targeted population, such as the elderly or children. Interestingly, most of that work found little or no impact from SNAP on individuals’ intake of specific nutrients. Among the studies that did find significant effects, the direction of the effect (i.e., positive or negative) was not consistent.<sup>36</sup>

In response to the findings of a nationwide study on school nutrition effectiveness for the 1991-1992 school year, USDA made a commitment to implement the federal government’s dietary guidelines in the school lunch program. The bulk of research on nutritional intake occurred before the changes due to the School Meals Initiative (SMI) were implemented by 1995, but those that incorporated post-SMI data found no significant difference in energy intake between participants and non-participants, although they did find a positive impact on consumption of protein. The results are also mixed with respect to intake of key vitamins and minerals—they indicate that participants consumed more vitamin A, calcium, and phosphorus than non-participants, but less vitamin C and no significant differences in intakes of other vitamins and minerals.<sup>37,38</sup> A 2004-2005 study (SNDA-III) also detailed areas in which school lunches fall short, such as intake of whole grains and sodium (Figure 6). Similar

school nutrition data were collected during the 2010 school year that will update earlier work, but data analyses are still underway.

Evidence suggests that children’s participation in WIC does not affect their energy consumption, and results on protein consumption are mixed. There is strong evidence that participation does increase consumption of key vitamins and minerals such as iron, folate, and vitamin B<sub>6</sub>, but no strong effect on consumption of calcium, vitamin A, or vitamin C. Additional research suggests

**Figure 6 | How Well are School Lunches Doing in Meeting Nutritional Needs?**



**SOURCE:** School Lunch Dietary Assessment commissioned by FNS/USDA

that WIC participation reduces children’s consumption of added sugar.

**Educational Performance** — A 2004 study of a three-year pilot program providing universal free school breakfast in six U.S. school districts found no significant impact on school performance of participating students in the first year of the program, and no consistent improvement in standardized test scores in the last two years.<sup>39</sup> On the other hand, a 2010 study on supplementing food intake for food-insecure children in schools in Quebec, Canada, found that such a program reduced the likelihood of adverse school events, such as being forced to repeat a grade or having below-average grades, by statistically significant levels.<sup>40</sup>

**Birth Outcomes** — This measure is commonly evaluated with respect to the WIC program and not other nutrition assistance programs. A 1992 meta-study by the General Accounting Office (renamed the Government Accountability Office in 2004) summarized the results of 17 comparable studies and found that participation in WIC lowered the incidence of low birthweight by 25 percent and lowered the costs of serving WIC mothers by \$1 billion in 1990 to federal, state, local, and private payers in the medical care system, including the Medicaid program.<sup>41</sup> More recent studies generally confirm these results.

**Non-Food WIC Activities** — Although the non-food aspects of WIC—providing nutrition education and health and social services referrals—are given the same weight as providing supplemental food in the authorizing legislation, little effort has been devoted to evaluating how effective these activities are. A 1998 study commissioned by the Food and Nutrition Service (using longitudinal data from a survey panel) found nutrition knowledge significantly improved among participants compared to their baseline knowledge, but the work did not examine a control group’s comparable level of knowledge.<sup>42</sup> Studies of the health referral process are even more limited, the main work examining activity at a single clinic in Massachusetts in 1990.<sup>43</sup>

**Obesity** — An original rationale of the nutrition

programs was to make sure that every American got enough food to eat. Now, significant policy focus has shifted to also address the increasing number of Americans who get too much to eat. According to data collected through the National Health and Nutrition Examination Survey (NHANES) since 1976, obesity among American children has increased markedly among every age group. For children aged 2-5, the incidence of obesity more than doubled, from 5 percent to 10.4 percent; for children between 6-11 years and between 12-19 years, the frequency nearly tripled, from 6.5 percent to 19.6 percent and from 5 percent to 18 percent, respectively (Figure 7).<sup>44</sup> However, a panel of experts assembled by USDA’s Food and Nutrition Service in 2005 found no evidence to support a causal link between the nutrition programs in general and obesity.<sup>45</sup> The general view is that the trend toward obesity is so prevalent across all age groups and economic classes in the United States, the linkages with food assistance among program recipients are relatively weak.

Evidence is mixed across age and gender as to what role, if any, participation in specific nutrition assistance programs has had in contributing to this increase in obesity. Recent studies point to no impact from SNAP participation on obesity among children, non-elderly men, and all elderly, but a modest positive association for non-elderly women.<sup>46</sup> In a separate study, for children between the ages of 5-11 who have participated in SNAP for at least five years, the likelihood of obesity increases sharply for girls (up 43 percent) but down for boys in the same age group. Studies detect no effect for teenagers in SNAP, either male or female.<sup>47</sup>

Results also vary in similar studies on the impact of the school meal programs on obesity. Schanzenbach’s recent work found that children who eat a school lunch consume on average 46 more calories a day than their counterparts who “brown-bag” their lunches, resulting in a 2 percent increase in probability of being obese, all else held equal.<sup>48</sup> A separate study using the same dataset found that for third graders eating a meal under the school lunch program, the probability of obesity would increase by between 13 and 18 percent, but that eating a meal under the school breakfast program would

decrease that probability by between 5 and 38 percent.<sup>49</sup>

### Impacts on the U.S. General Economy

While \$70 billion in nutrition spending annually in recent years is an impressive figure, it still amounts to a relative drop in the bucket in the \$14 trillion U.S. economy. However, most macroeconomists view such spending as an important stabilizing force in economic downturns, with outlays in nutrition programs and other low-income assistance rising in a counter-cyclical manner when unemployment increases and more people fall into poverty. In a report released before Congressional consideration of legislation in 2009 to provide an economic stimulus to the U.S. economy, Mark Zandi, chief economist at Moody's Economy,<sup>50</sup> noted that "the most effective proposals included in the House stimulus plan are extending unemployment insurance benefits, expanding the food stamp program, and increasing aid to state and local governments." Among the 13 categories of potential spending or tax cut provisions under consideration at the time, Zandi's report found a temporary expansion of food stamp benefits would create the largest "bang for the buck," at \$1.73 in economic activity generated for every \$1 spent in a stimulus package.<sup>51</sup> This result stems from the fact that low-income households have a much higher propensity to spend from additional income than other income groups. This estimate is supported by economic modeling work—a 2008 study using a Computable

General Equilibrium (CGE) model found a 10 percent temporary (1-year) increase in the maximum allotment would increase food stamp spending by \$3.9 billion, which in turn would increase overall economic activity by \$7.25 billion, equivalent to a multiplier effect of 1.84:1.<sup>52</sup>

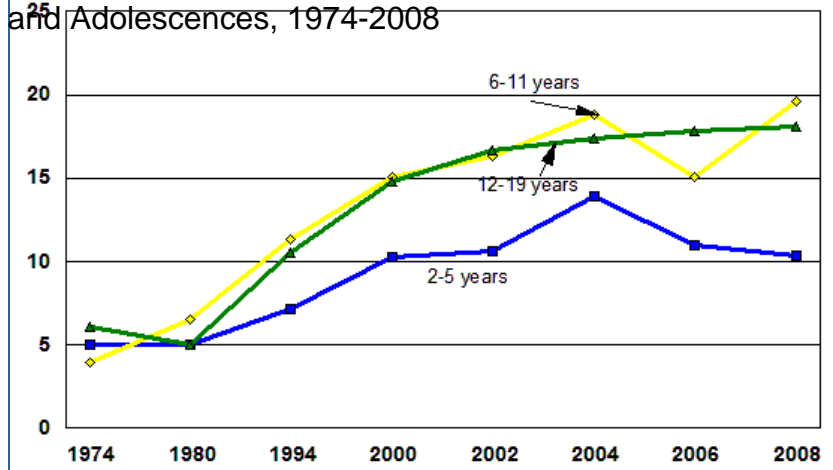
### Impacts on the U.S. Agricultural Sector

At the birth of U.S. nutrition programs in the 1930s, farm groups believed that providing food to targeted populations would generate substantial added demand for the products they were producing, hence their strong support for the programs. However, most empirical studies find a relatively modest impact on total U.S. food consumption from spending under federal nutrition assistance programs. The key consideration to keep in mind is that even members of poor households would consume some food in the absence of programs such as SNAP and the national school lunch program, because food is essential to human survival. The real question is how much access to such programs increases food consumption over what would otherwise occur, a concept known in the agricultural economics profession as "additionality."

A study conducted on data from the 1980s found the additionality of food served in the school lunch program was about \$0.39 for every dollar spent.<sup>53</sup> However, this estimate was flawed because it failed to account for the commodity donation portion of the

program in the calculations, which in that period was about one-quarter of the total cost of the program. More recent work by Ken Hanson at the Economic Research Service found the child nutrition programs (including NSLP, WIC, and CACFP) contributed about \$1.5 billion in additional farm receipts in 2001, or about 10 percent of the total spent on the programs in that year.<sup>54</sup> This number is a relatively small share of total federal spending on these programs in part because the food products served in schools tend to be highly processed and thus the raw food component is a fairly

**Figure 7 | Prevalence of Obesity among U.S. Children and Adolescents, 1974-2008**



SOURCE: NHANES, CDC



small share of the retail dollar spent.

A number of studies have looked at the impact of SNAP on household food expenditures, typically defined in terms of a recipient's marginal propensity to spend on food (MPS<sub>F</sub>). The results varied considerably depending on methodology and data type used. Studies that compared the purchasing patterns of program participants versus non-participants found added spending of 18-20 percent due to SNAP participation. Using an alternative dose-response approach,<sup>55</sup> four recent studies estimated a range of 26 to 69 percent.<sup>56</sup> These results reflect retail food spending, so the total impact on demand for basic commodities would be only a fraction of these figures. In aggregate, SNAP spending is estimated to have accounted for as much as 10 percent of at-home food spending over the last few years, as program participation has continued to grow.<sup>57</sup> Rather than having a big impact on overall agricultural receipts, the biggest impact from food assistance programs is to increase grocery store sales relative to food away-from-home purchases, because program benefits in general cannot be used at restaurants.

### **The Governance of U.S. Nutrition Assistance Programs**

The underlying rationale for the federal role in nutrition assistance programs is that it is in the public interest that every American receives adequate nutrition in order to be able to fill a useful role in society. The overall responsibility for addressing this need has been assumed by the federal government because it can better ensure uniformity of benefits provided to all eligible recipients, rather than run the risk that individual states might provide different level of benefits to their residents based on economic/fiscal conditions in that state or that state governments might choose to provide differential benefits within the state to residents based on race, ethnicity, sexual preferences, marital status, or other legally dubious distinctions. Unfortunately, with significant control ceded to states over these programs, particularly early in the history of the school lunch programs, equal access to benefits across groups has not always been realized.<sup>58</sup>

### **State versus Federal Role**

These programs are run by agencies under the aegis of state or local governments,<sup>59</sup> with some or all of the administrative expenses covered by the federal government, depending on the program. The federal government covers half of the operating cost of SNAP, leaving the remainder to the state government. The reimbursement rate for school lunches and school breakfasts plus student payments (for reduced-price and full-price meals) sometimes does not cover the full cost of providing those meals, leaving a school district or state to make up the difference. Among the largest nutrition programs, the federal government only covers the full cost of operating the WIC program.

To the extent that central administration or coordination of these programs is needed, that role is filled by the Food and Nutrition Service (FNS) of the U.S. Department of Agriculture. The agency was established in 1969 to run the food stamp program, assuming responsibility for work that had previously been scattered around USDA. With USDA as the locus of federal management of these programs, Congressional oversight was assigned to the jurisdiction of the House Committee on Agriculture in the House, and to the Senate Committee on Agriculture, Nutrition, and Forestry in the Senate.<sup>60</sup>

### **Congressional Jurisdiction over Nutrition Programs**

It has often been an uneasy alliance between the farm and commodity groups, who have regarded themselves as the main constituents of the two Agriculture Committees since the beginning of the farm bill era in the 1930s, and the supporters of nutrition programs, who were added to the mix in the 1970s. However, both factions have come to recognize that with recent demographic changes, each lacks sufficient political heft to move major legislation through Congress alone, so they now work together, although sometimes grudgingly. The commodity support programs, typically found in Title I of the various farm bills, bring in support from members from farm states and districts, and nutrition programs, typically found in Title IV, attract support from urban lawmakers. Legislation involving modifications to the school lunch and breakfast

programs and WIC is typically run on a separate track outside of the farm bill process, commonly referred to as the child nutrition reauthorization process, since the House Agriculture Committee gave up jurisdiction over these issues except for Section 32 commodity distribution to schools to the committee that is now known as the House Education and Workforce Committee. Jurisdiction was transferred by then House Agriculture Committee Chairman William R. Poage (D, TX), shortly after he took over as chairman in 1967.

### **Certification and Compliance Issues**

Over the years, there has been a continual tension between the need to not make U.S. nutrition assistance programs too difficult for eligible persons to participate in, balanced against the need to exercise due diligence with respect to the expenditure of federal funds to ensure only eligible persons participate and that they use the benefits in the prescribed manner. Political debates on the scope of nutrition programs often focus on these two conflicting objectives. States have considerable leeway in establishing certification standards for these programs, and the resulting lack of uniformity is a major factor in the differences in program participation between states.<sup>61</sup>

Changes in program rules to allow people eligible for and participating in one low-income assistance program to become automatically eligible for similar programs, a process called categorical or adjunct eligibility, has made it easier for many households to receive the assistance to which they are entitled. This approach to certification was introduced in 1982, when households consisting entirely of AFDC recipients were made automatically eligible for food stamps. Under the current rules, eligibility for SNAP conveys eligibility for every other nutrition assistance program described in this paper.

**SNAP** — Beginning in the 1970s, USDA has devoted a lot of resources to developing a quality control system for the SNAP program, which is intended to measure and minimize erroneous determination of eligibility for benefits. The use of computer technology in the effort, which included the introduction of EBT cards in the 1980s and data mining in the 2000s, has enabled

continual improvement in this area in recent years. Between FY99 and FY10, the total error rate declined from 9.86 percent to 3.81 percent. These figures encompass both overpayments, meaning individuals who received more benefits than they were legally entitled to, and underpayments, accounting for individuals who received fewer benefits than they were entitled to. States deviating from the national average error rate can be penalized or given financial incentives to encourage improvement—both approaches are available under the rules promulgated by USDA.<sup>62</sup>

In addition to trying to reduce the incidence of providing benefits to ineligible persons, USDA and their partner agencies in the states also endeavor to reduce the frequency of fraud in the program. Under SNAP, fraudulent activity, known as food stamp trafficking, usually consists of a recipient exchanging benefits for cash rather than using them to purchase food, either with third parties or with retail vendors, usually at a discount. FNS has the primary responsibility to monitor approved retailers, and uses data mining techniques to detect suspicious patterns of behavior and trigger investigations.<sup>63</sup> FNS data indicate that the value of benefits involved in trafficking declined from \$812 million in 1993 to \$241 million on average annually between 2002-2005, even as the size of the program expanded significantly.

**School Lunch and Related Programs** — The responsibility for quality control for these programs rests primarily with the schools that are participating in the program. School food authorities are required to conduct annual reviews of the procedures used to track how many meals are served in the various categories during a school year (free, reduced-price, and full-price) and maintain documentation that verifies each child's eligibility in the first two categories.<sup>64</sup> The schools are also supposed to maintain records to prove that the meals offered met USDA's nutritional requirements.

In the 2008 farm bill, Congress modified these requirements to allow schools to rely on matching student names on school enrollment lists with records of participation in other low-income assistance programs

such as TANF and SNAP, rather than require parents to submit information separately. This process is called direct certification, and has considerably streamlined certification of eligibility for school lunch and breakfast programs. In the 2009-2010 school year, 82 percent of school systems with 10,000 or fewer students used this new system to certify at least some of their SNAP-participating students.<sup>65</sup>

In a study completed before direct certification became widely available, it was found that one in five students were certified inaccurately or erroneously denied benefits during the 2005-2006 school year.<sup>66</sup> Some portion of that certification error was doubtless due to deliberate under-reporting of income by parents to claim benefits for their children they were not entitled to, although the share is not known. The law requires that 3 percent of all applications be audited on an annual basis, and additional cases are investigated if reported via a hotline set up by USDA's Office of Inspector General (OIG). Persons found to have committed fraud with respect to the school lunch or school breakfast programs are subject to fines and/or imprisonment—if the amount was \$100 or less, he or she could be fined up to \$1,000 and/or imprisoned up to one year, and if the amount is more than \$100, fined up to \$25,000 and/or imprisoned for up to five years (7 C.F.R. 245.12).

**WIC** — State WIC agencies are required to report to FNS a set of basic information about their clients in the program, and to conduct on-site reviews of at least 10 percent of their vendors annually, with results also reported to FNS. Although there is no quality control system for WIC recipients analogous to that used for SNAP described above, error rates for this program appear to be comparably modest. Based on data from a 1998 USDA survey, a 2002 study by Bitler, Currie, and Scholz found that about 5.9 percent of infants receiving benefits under WIC were not actually eligible, with a similar figure of 5.4 percent for children aged 1-4 years. States are now required to provide WIC benefits through use of EBT cards (as is now the case with SNAP) on a phased-in basis, to be fully in compliance by the beginning of fiscal year 2021.

**Cross-Program Issues** — In areas where widespread natural disasters have occurred, USDA has the authority to relax eligibility verification requirements in granting temporary access to its nutrition assistance programs, such as SNAP and the school meal programs, to residents who have been displaced by the disaster. In some cases, these are replacement benefits for recipients who lost their EBT card due to adverse circumstances, but many go to families who are only temporarily without access to financial resources. For example, in the aftermath of Hurricane Irene and Tropical Storm Lee that hit the East Coast of the United States in August and September of 2011, nearly 250,000 households received disaster SNAP benefits.<sup>67</sup> Under these circumstances, many people benefit from programs ordinarily targeted solely at low-income households who do not necessarily meet requirements except due to extraordinary circumstances. In most cases this assistance amounts to one month of benefits.

The OIG provides a semi-annual report to Congress detailing its work, including investigations, audits, and criminal and civil prosecutions relating to programs under USDA's jurisdiction.<sup>68</sup> In its report for the second half of 1998, the OIG reported that its work had led to 334 indictments and 254 convictions relating to programs under the direction of the Food and Nutrition Service. More than 10 years later, in a report covering the period of October 1, 2010, through March 31, 2011, comparable figures had fallen to 139 indictments and 87 convictions. One clear difference between the two periods is that by mid-1998, only half of the benefits under the food stamp program were being delivered via EBT cards, as opposed to the full switchover completed in the last few years. For FY10, more than 80 percent of the 255 convictions obtained for violations related to FNS programs were imposed due to trafficking by SNAP participants and vendors, including \$36 million in fines and restitutions.<sup>69</sup>

## Nutrition Policy Issues and Proposals

### Nutrition Assistance Policy Issues

#### Federal Budget Constraints

In the last few years, the size of the federal budget deficit has become a significant driver of discussion across a range of federal policy issues. As a result of a strong economy, tax increases, and spending cuts, the U.S. budget engendered a surplus between 1998-2001, the first multiyear budget surplus since 1949. However, since 2001, the country has gone from the Congressional Budget Office (CBO) projecting a 10-year federal budget surplus of \$5 trillion to a 10-year deficit of \$7 trillion, due to additional spending on two wars, a prescription drug benefit for Medicare, and reduced revenue due to large tax cuts that took effect in 2001 and 2003, as well as reduced economic growth and higher safety net spending over the last four years. Under its operating rules, CBO is required to assume that laws expire as scheduled, so its current budget projections reflect a situation in which the Bush-era tax rate reductions expire as they are now scheduled to in 2012, even though Congress and the President have already extended them for two years past their original expiration date at the end of 2010. Even with that assumption incorporated, the budget is projected to continue in deficit over the next 10 years, even though it declines by about two-thirds from its FY11 level of \$1.3 trillion (Figure 8).

Political pressure to address this matter has grown considerably in the last year or so, culminating in the passage of the Budget Control Act of 2011 (BCA) in August 2011. The BCA did not include explicit cuts to mandatory programs in its first tranche of budgetary savings estimated at \$917 billion over the next 10 years, which included only cuts to discretionary programs. All discretionary programs (and salaries and expenditures) at USDA and other federal agencies will be facing progressively larger cuts over the next 10 years (as compared to projected spending under CBO baselines), although the cuts are relatively modest for FY12. For federal nutrition programs, this portion of the legislation

could cut resources provided for the WIC program, which is the only one of the major nutrition programs funded by the annual appropriations process.

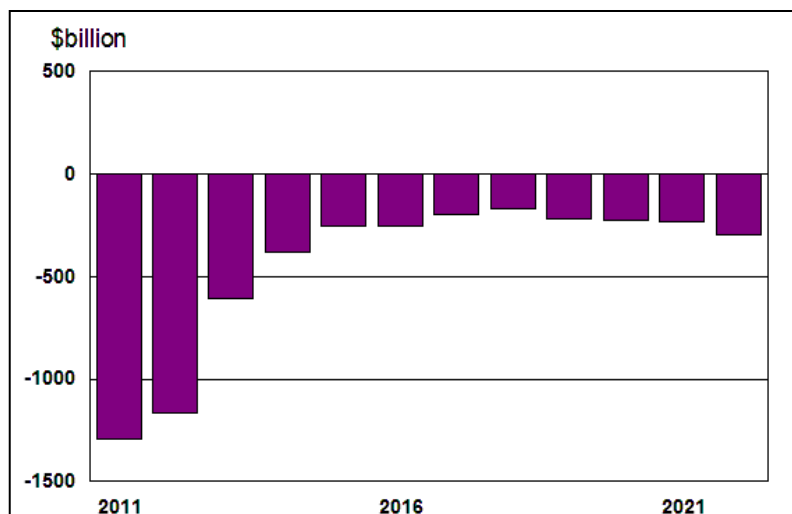
The other major portion of BCA was to create a streamlined process to make further reductions in the federal deficit. The membership of the new Supercommittee (SC) mandated by the BCA included 12 members of the House and Senate, with only one, Senator Baucus (D, MT), clearly identified as a “champion of agriculture,” although he has never shown much interest in nutrition policy issues. On November 21, 2011, the co-chairs of the Supercommittee released a statement indicating that their process had failed to yield an agreement to further reduce the federal budget deficit.

Under the provisions of the BCA, that failure is due to trigger automatic cuts, called sequestration, totaling \$1.2 trillion over the next 10 years, beginning in January 2013. The term “sequestration” is the phrase used in the original Gramm-Rudman-Hollings budget reduction legislation (from 1985) to describe the across-the-board budget cuts mandated under the law. That bill was cross-referenced in the BCA legislation, including the list of programs exempted from those reductions. Thus, that phrase has been adopted for use under this legislation as well.

Unique among Congressional committees, the House and Senate Agriculture Committees attempted to exploit the SC process to get a big portion of the upcoming farm bill passed early, under the no-amendment process that was prescribed under BCA. The two committees jointly recommended to the SC members that they cut their spending by \$23 billion (net) over the next 10 years, but did not reach the stage of submitting to the Supercommittee legislative language that would have actually achieved those cuts. Committee sources report that they chose to withhold submitting the package as the likely failure of the SC process became evident as the November 23, 2011, deadline approached.

Since the SC process has failed, sequestration will kick in unless Congress passes new legislation halting or

**Figure 8 | 2012 Congressional Budget Office Budget Deficit Projections**



**NOTE:** Under budget rules, assumes expiration of all 2001 and 2003 tax cuts at end of 2012

modifying the requirement. Under sequestration rules, SNAP, WIC, and the school lunch and breakfast programs are exempt from cuts, although the special milk program and some of the smaller nutrition programs are not.<sup>70</sup> However, this exemption would not apply if the House and Senate Agriculture Committees choose independently to cut funding from those programs as part of the next farm bill, which is due to be re-authorized by September 30, 2012.

**Nutrition Programs and the 2012 Farm Bill**

Despite the failure of the SC process, the components of the proposed \$23 billion reduction have served as a starting point for deliberations of the 2012 farm bill legislation that the Senate Agriculture Committee has put forward. The Senate Agriculture Committee reported its bill on April 26, 2012, and the full Senate debated the legislation throughout much of June, passing the legislation on a 64 to 35 vote on June 21, 2012. The main savings provision in the nutrition title was carried over from the SC package – it involves a tightening of the rules enabling participants in the Low Income Home Energy Assistance Program (LIHEAP) to qualify for additional SNAP benefits—that change forms the core savings of \$3.9 billion over 10 years that CBO has estimated for the nutrition provisions of the Senate-passed farm bill.<sup>71</sup>

A collision between the House and Senate on the level of spending on SNAP benefits appears to be looming in the 2012 farm bill. The Senate has expressed its view on this matter, in approving the modest benefit reductions in the Senate-passed bill, rejecting floor amendments to both raise the spending (by eliminating the provision described above) and other efforts to reduce it still further. The House Agriculture Committee and the full House voted to reduce SNAP benefits by \$33 billion over ten years in April 2012 on a largely party-line basis, not as part of the farm bill process but as part of the budget process seeking to

find offsets to avert FY13 cuts in defense spending mandated under the BCA. That legislation is not expected to be considered by the Senate, but the effort does represent a clear statement on the part of the House majority that they believe significant cuts can and should be made to SNAP.

**Converting Entitlement Funding to State Block Grants for Nutrition Programs**

The House-passed (but not adopted) FY12 budget resolution included assumptions that SNAP would be converted to a flat-amount block grant to states, terminating the program’s entitlement status. The recently released proposal by the House Budget Committee chairman for fiscal year 2013 contains similar assumptions. If this approach were to be adopted by the Senate as well (although it was rejected in 2011), separate legislation to implement this fundamental change to the largest nutrition assistance program would still be required, but the resolution reflects a similar inclination to pare back the social safety net on the part of House Republicans as the vote on WIC funding described above. This proposal was justified by assertions about long-term unfettered growth of the program. In fact, the rapid growth rate is a recent phenomenon, which is actually a product of the severe increase in unemployment and numbers of

Americans finding themselves in poverty that has occurred in the aftermath of the 2007 recession, in addition to relatively high food prices. This type of change to SNAP would reduce its usefulness as a countercyclical program, since states would be hard-pressed to augment the federal funds during periods of economic weakness, when demand for the benefits would normally increase.<sup>72</sup>

### **Shaping Nutritional Choices Under SNAP**

It is a source of considerable frustration to many nutrition advocates that the U.S. government spends tens of billions of dollars annually (an average of \$48 billion annually over last five years) on the SNAP program, but does little with those resources to try to shape the nutritional decisions of participants in the program. Opposition to these notions often stems from a view that it smacks of paternalism by implicitly asserting that the government knows beneficiaries' needs better than they do themselves, although such opposition is often augmented by producers of food products who see demand for their goods being lessened if such proposed restrictions prevail. Two basic types of approaches to remedy the situation have been proposed in recent years: 1) impose specific restrictions on what types of foods may be purchased with a SNAP EBT card beyond the current bans on tobacco and alcoholic beverages, or 2) provide additional benefits to encourage the purchase of healthier foods, such as fresh fruits and vegetables.

In October 2010, the city of New York, supported by New York Governor David Patterson, announced that it was seeking a waiver from USDA to allow it to bar use of SNAP benefits for purchase of soft drinks and other sugar-sweetened beverages within its jurisdiction. After much public debate, strong opposition by the American Beverage Association, and internal USDA deliberation, Agriculture Secretary Tom Vilsack announced in August 2011 that USDA would not grant the requested waiver, noting practical concerns about the ban, finding it to be "too large and too complex." USDA had rejected similar requests in the past.<sup>73</sup>

Along the lines of the positive incentive approach, one effort incorporated as a pilot program in the 2008 farm

bill provided \$20 million to add a point-of-sale bonus to SNAP recipients using their EBT cards to purchase fruit and vegetables. In August 2010, Secretary Vilsack announced that Hampden County, Massachusetts, had been selected as the location where the pilot program, called the Healthy Incentives Pilot (HIP), would be conducted, with 7,500 randomly selected SNAP beneficiaries out of roughly 50,000 SNAP households within the region. The incentive, consisting of a \$0.30 addition to SNAP benefits for every \$1 of fruits and vegetables purchased, will be provided to those beneficiaries for a 13-month period, beginning in November 2011. The effectiveness of the incentive in increasing consumption of these foods will be evaluated by a third party contractor beginning in December 2012.<sup>74</sup>

### **Strengthening Nutrition Criteria for the School Lunch and Breakfast Programs**

Section 201 of the Healthy and Hunger-Free Kids Act of 2010 directed the Secretary of Agriculture to "promulgate regulations to update the meal patterns and nutrition standards for the school lunch and school breakfast programs based on recommendations made by the Food and Nutrition Board of the NAS National Research Council." USDA was then to increase the reimbursement for lunches in compliance with the revised regulations. In response to that directive, USDA issued proposed rules on new nutrition standards for the school lunch and school breakfast programs on January 13, 2011, within one month of the enactment of the law.<sup>75</sup>

The proposed standards rely on recommendations from a 2007 Institute of Medicine study, and are framed in terms of recommended servings of specific food types during a week for both school breakfasts and school lunches, and also recommendations for maximum consumption levels for saturated and trans fats as a share of total calories, and of sodium consumption. To help tackle the saturated fat issue, the study recommends offering only fat-free and reduced-fat milk under the programs. The standards differ slightly between high-school students as compared to elementary and middle-school students, with the former

reflecting slightly higher levels of servings for each food group per week.<sup>76</sup>

Despite broad support for the passage of the law less than a year ago—it passed with a 264-157 majority in the House and by unanimous consent in the Senate—the proposed regulatory changes ran into flack from the current Congress. In addition to the Senate legislative rider barring restrictions on consumption of potatoes in school meals mentioned earlier, the Agricultural Appropriations conference committee added similar riders with respect to USDA’s proposed recommendations on consumption of sodium, whole grains, and its crediting of tomato paste as a vegetable. This FY12 “mini-bus” legislation was approved by both the House and the Senate on November 17, 2011, and signed by the President the next day.<sup>77</sup> The comment period for USDA’s proposed rules on school nutrition standards closed on April 13, 2011, and USDA completed its revisions and issued final rules in February 2012. The new rules will take effect in the fall of 2012.

### **Competitive Foods**

It is not possible to contemplate improvements in the nutritional status of students participating in the school lunch and breakfast programs without examining the role of so-called “competitive foods” available as alternatives to the meals served under the programs. This category consists primarily of a la carte items offered at school cafeterias during meal times and food and beverages available in vending machines on school property. For high school students in some jurisdictions, it also includes going off-campus for meals, often to fast-food outlets.

Access to such foods became an issue back in the 1970s, when legislation passed that reduced USDA’s ability to regulate the matter nationwide, transferring the decision-making authority to the local level. Schools were allowed to channel revenue from such sales to the school itself or approved school organizations, rather than solely back into the food service account. In 1977, Congress passed a law that backtracked somewhat, restoring to the Secretary the authority to approve competitive foods. After a lengthy regulatory process,

USDA issued rules in 1980 barring schools from providing access to candy, soda, frozen desserts, and chewing gum, which were determined to be “foods of minimal nutritional value” during the period when school meals are served. After a court challenge from an Arkansas school district, the rules were amended and re-issued in 1985 to prohibit such sales only within the foodservice area during meal periods.<sup>78</sup>

According to the findings of SNDA-III, students at 73 percent of elementary schools, 97 percent of middle schools, and 100 percent of high schools had access to at least one source of competitive foods in the 2004-2005 school year. Research shows that sales of competitive foods lead to declines in students’ participations in school meal programs.<sup>79</sup> As of 2009, 27 states had established nutritional standards for competitive foods in the schools, but efforts to set mandatory national standards have thus far failed. Opposition often stems from a desire on the part of school systems to preserve such sales as a source of revenue to underwrite school activities, even though analyses suggest that improving nutritional standards for such foods does not result in lost revenue under most circumstances studied.<sup>80</sup>

In 2006, executives of several major food manufacturers announced a set of voluntary guidelines aimed at establishing nutritional standards for competitive foods.<sup>81</sup> This alliance claims success in their endeavors, citing a report that shows that the volume of beverage calories shipped by their members to schools fell by 88 percent between 2004 and 2009. A recently released study in the journal *Archives of Pediatric and Adolescent Medicine* suggests this type of approach may not have the desired outcome—it found that in schools in which state rules banned or limited access to soft drinks, the guidelines did reduce in-school consumption of the product but not overall consumption.<sup>82</sup>

### **Establishing Incentives under WIC for Breastfeeding**

As discussed above, USDA began to promote breastfeeding for new mothers participating in WIC during the 1980s, but even with more recent changes in the food supplement packages to make them more equivalent in value between breastfeeding and non-

breastfeeding mothers, WIC participants still lag well behind the general population in choosing to breastfeed their infants rather than relying on commercial infant formula. Between 1978-2003, the share of WIC mothers who were breastfeeding was consistently lower than among non-WIC mothers by an average of 23 percent.<sup>83</sup> A number of studies have tried to examine the reasons for these stark differences, but questions of selection bias continue to plague this area of study. Some nutrition advocates have suggested the free provision of infant formula under WIC is a powerful incentive for mothers to go that route rather than the more personally taxing route of breastfeeding, even though research indicates that the latter generally yields better health outcomes for the infants.<sup>84</sup> In 2009, the WIC program increased the amount of food that would be provided to mothers who breastfeed their children full-time, in an effort to offset the advantage provided by free infant formula under WIC. A post-rule change study commissioned by FNS completed in December 2011 found no statistically significant change in the rate of adoption and intensity of breastfeeding among WIC mothers, and only a small positive change in the duration of breastfeeding.<sup>85</sup>

The debate as to whether to limit availability of infant formula for WIC mothers to those circumstances under which breastfeeding is medically contraindicated often boils down to the same issues as with limiting food choices under SNAP—would such rules be paternalistic in nature, imposing the government’s judgment in place of the mother’s among poorer households? Factors in addition to the availability of infant formula obviously come into play for women making these decisions—for example, are workplaces for WIC mothers amenable to undertaking long-term breastfeeding, offering options such as in-house daycare for infants or locations for mothers to express breast milk in privacy during the work day?

The debate continues, but in the meantime the Secretary of Agriculture was directed in the Healthy and Hunger-Free Kids Act to more explicitly support and promote breastfeeding under the WIC program, including 1) better tracking of breastfeeding performance at the state

and local level and 2) recognizing and rewarding those practices that result in significant improvement in those measures.

## Cross-Cutting Policy Issues

As discussed above, the politics of nutrition assistance programs cannot be understood in isolation, but only in combination with the politics of farm safety net programs and other agricultural programs under the grand umbrella of the Congressional farm bill process. Similarly, significant policy issues in this field overlap considerably with programs and policies affecting other parts of the farm bill.

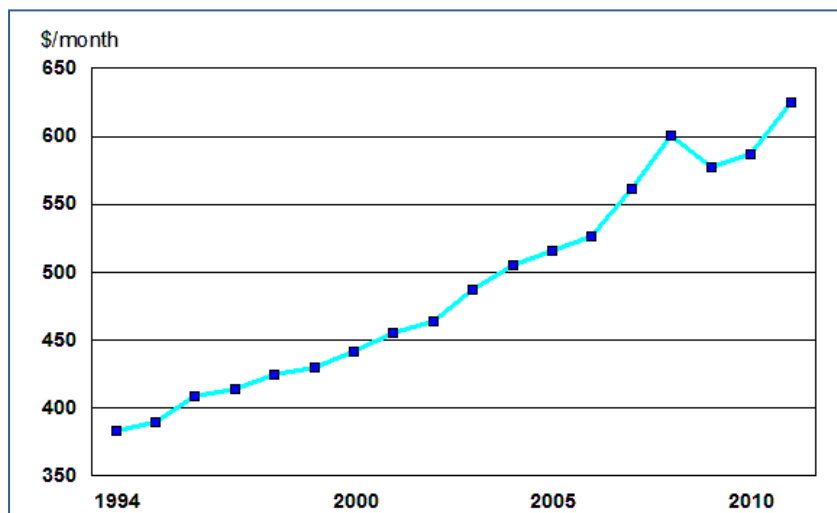
## Impact of Food Prices on Nutrition Programs

Over the last several years, the volatile and sometimes very high prices of basic food commodities have received a lot of attention. According to an index maintained by the United Nations Food and Agriculture Organization, world prices of key staple commodities doubled between January 2007 and May 2008. The index fell back after the global financial crisis weakened food demand internationally in the fall of 2008, but headed back up again in 2010, hitting record levels in February 2011. These spikes hit the poor in developing countries very hard indeed—not only do the diets of such consumers consist primarily of staple foods that rarely go beyond milling and cooking in terms of value-added steps, but also they also spend a significant share of their very meager incomes on food. For example, the average citizen of Kenya or Cameroon spends 45 percent of disposable income on food. The combination of these two factors forced 100 million additional people into food insecurity globally at the end of 2008.

While serious, the impact has not been quite so dire on beneficiaries of U.S. nutrition assistance programs. The diet of the average American, both wealthy and poor, consists of far more highly processed food than is the case in sub-Saharan Africa, so the farm share of the average retail food dollar in the United States was only about \$0.16 in 2008.<sup>86</sup> The average American also spends a smaller share of disposable income on food spending than their counterparts in other countries, although poorer households spend more (about 28



**Figure 9 |** Year-End Thrifty Food Plan Cost (Family of 4), 1994-2011



SOURCE: FNS/USDA. 2011 data from September

percent for those with annual incomes below \$30,000) than wealthier households (about 9 percent for households earning more than \$70,000 annually).<sup>87</sup> In general, SNAP is designed to cushion its recipients against the adverse effects of higher prices. The maximum benefits paid are tied directly to the cost of the Thrifty Food Plan (TFP) as calculated monthly and updated annually at the beginning of each fiscal year, although there are legitimate questions about whether the TFP method of arriving at benefits yields a nutritious diet for recipients. Recent work suggests that the TFP approach can yield a nutritious diet as defined by USDA’s My Pyramid guidelines from 2005, but requires greater use of plant protein sources than are customary in American diets.<sup>88</sup> Since 1994, the cost of the Thrifty Food Plan has increased about 3.3 percent annually for a household of four, slightly higher than the overall rate of inflation of 2.9 percent over the same period as measured by the Consumer Price Index (Figure 9). In the last few years, the higher commodity prices have had an impact on food prices, with the annual increases in the TFP double the normal level in 2007-2008 and 2011. In turn, this has had an impact on the overall cost of the average monthly SNAP benefit per person, which increased by nearly 40 percent over the same period. About 35 percent of that increase is the result of the temporary increase in the percentage of the Thrifty Food

Plan provided as benefits (from the normal 100 percent to 113.6 percent) as part of the ARRA stimulus legislation in 2009. About 30 percent of that increase is due to higher food prices as reflected by the cost of the Thrifty Food Plan, and the remainder is likely attributable to the increase in the minimum benefit provided as part of the 2008 farm bill and relaxing the rules on participation of single adults (ABAWDs) under ARRA, since food costs are higher for adults than for children.

### Impact of Potential Farm Program Changes on Fruit and Vegetable Production

Although no final decisions have yet been made about changes to farm safety net programs as part of the 2012 farm bill, some very clear hints have emerged about likely directions. The biggest change is expected to be the elimination of the direct payment program, which provides a total of \$4.9 billion annually to producers of wheat, feed grains, oilseeds, cotton, and rice regardless of market prices and conditions, although this change would not take effect until the 2013 crop year. Some portion of the savings associated with that change will be diverted for purposes of deficit reduction, and most of the remainder will be plowed back into modified versions of other components of the current farm safety net and/or new programs now being contemplated. The leaked farm bill summary mentioned above indicates that farmers may be given as many as three different sets of programs to choose from as options, along with their continuing access to the federal crop insurance program.<sup>89</sup> This menu approach is a result of a continuing split between regions as to their preferred set of programs to complement the risk management capability provided by crop insurance coverage.

Even though the shortcut to a farm bill was thwarted due to the failure of the SC process, the broad agreement to end the direct payment program will probably be reflected in the farm bill process that ensues in 2012. Barring some unforeseen development over the next

several months, the new farm safety net is likely to represent only modest change from the current configuration, especially if the current proposal of offering farmers multiple options gains broad support and is adopted.

One likely result of these developments is that current producers of program crops will have more flexibility in what crops they can plant on their farms, including specialty crops. The current planting flexibility restriction, which bars program crop producers from planting fruits and vegetables on land for which they receive direct payments, will be largely moot if the direct payment program goes away. Groups representing specialty crop producers have always insisted strongly that such a provision be maintained in farm bills, asserting that its removal would give program producers an unfair advantage if they were allowed to plant specialty crops while still receiving the “cross-subsidy” that the direct payment represented. If the advantage is removed, there should be no objection to the restriction being eliminated as well.

Past analyses of the impact of such a policy change do not provide consistent results, and typically assume that the planting restriction is removed with the direct payment program still in place. Even tiny changes in what crops are planted on current program crop acres could have a massive impact on the level of specialty crop production--a 1 percent shift in area from row crops would result in a 55 percent increase in specialty crop area.

However, the decision is far more complicated than a farmer simply seeing a higher value crop alternative and buying different seeds to plant. While switching from one row crop to another row crop for a farmer would for the most part require little or no change in how that new crop is cultivated or marketed, the situation would be far different for a farmer growing fruits or vegetables for the first time. The latter would require an entirely different set of equipment for planting and harvesting most fruits and vegetables (especially orchard crops), access to an ample supply of manual labor in many cases, and a contract with or ready access to a market

outlet for fruits and vegetables, either for processing or marketing as fresh product. With a few exceptions, such as portions of California and Michigan, the infrastructure for marketing fruits and vegetables does not overlap where significant program crop production currently occurs. At least in the short term, the end of the direct payment program is not likely to have a significant impact on U.S. production of fruits and vegetables.

### **Impact of the Local Food Movement on Nutrition Assistance Programs**

In recent years, a broad-based effort has emerged nationally to encourage Americans to source more of their daily diet from foods produced and marketed locally. According to a just-released USDA report, Americans purchased a total of \$4.8 billion in foods produced locally in 2008, about one-fifth through direct market channels such as farmers markets and roadside stands.<sup>90</sup> The goal of this local food or “slow food” movement is to enhance local small businesses and reduce the miles that food must be moved between where it is produced and where it is consumed, thus lowering energy expenditures. Proponents also believe that such products are likely to be fresher, more nutritious, and tastier than goods moved long distances. As of October 2011, there were nearly 7,300 farmers markets in the United States, with the largest numbers in California and New York (Figure 10). Since USDA began tracking these outlets in 1994, the number of U.S. farmers markets has grown at an 18 percent rate annually.<sup>91</sup>

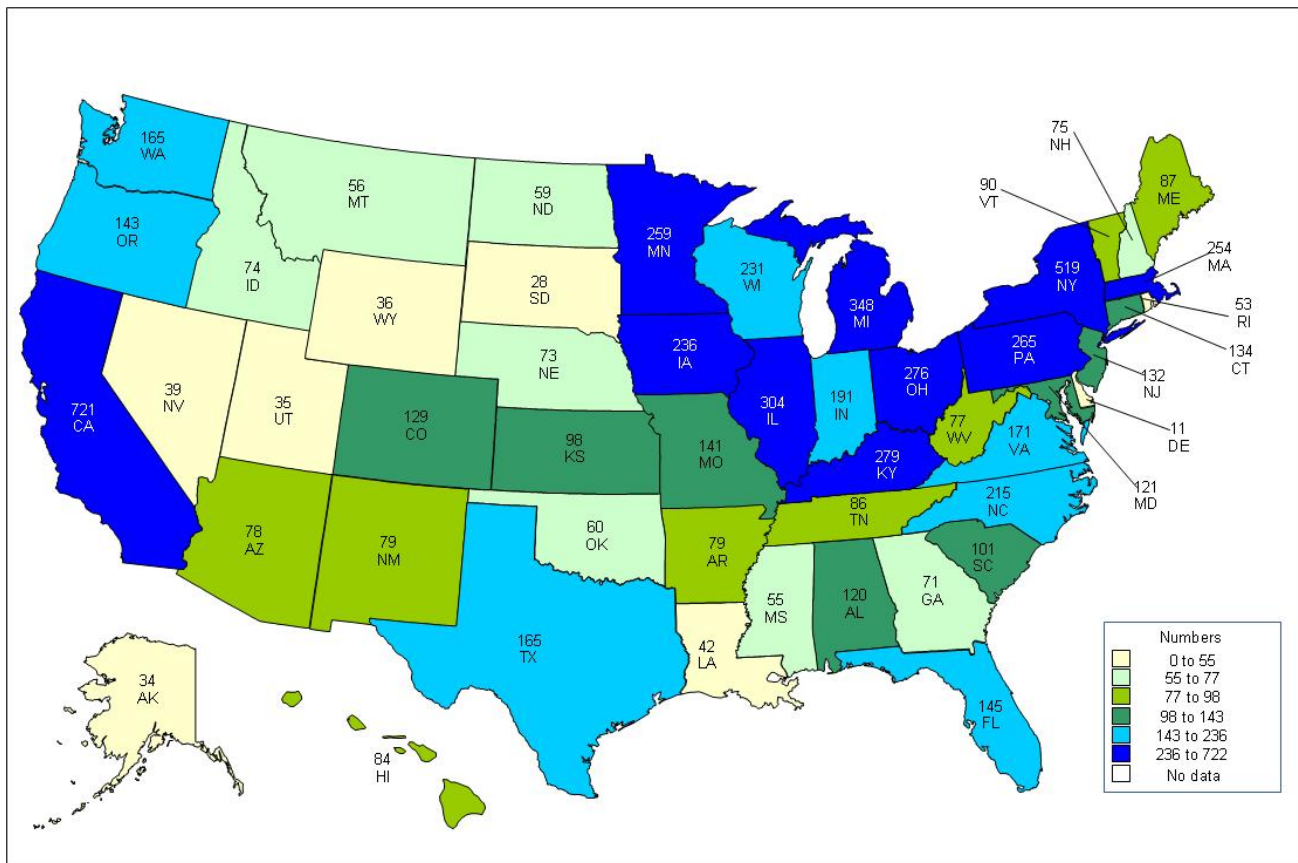
One component of this movement is to create incentives within the federal nutrition assistance programs for beneficiaries to be able to buy more of their food from local sources. These incentives are taking two basic approaches—the “supply-side” type includes efforts to make it easier for direct market outlets such as farmers markets to sell to beneficiaries of these programs, particularly SNAP. Under this approach, grants are provided to farmers markets through a variety of organizations—federal, state, and local agencies, and national and regional nonprofit groups—to defray the costs associated with operating electronic POS terminals in such locations. Once the POS capacity is available and

the farmers markets become approved SNAP vendors, then SNAP beneficiaries can use their EBT cards to purchase products at these outlets. USDA’s Agricultural Marketing Service now maintains a web-based database that tracks locations of farmers markets nationally, including what form of payments each location accepts (including SNAP EBT cards and WIC vouchers or coupons).<sup>92</sup>

While the average American spent about 0.2 percent of his or her food outlays at farmers markets in 2009, SNAP recipients spent only 0.008 percent of their benefits at such locations. Since fresh produce prices are generally higher at direct marketing outlets than at regular grocery stores, SNAP recipients’ decision to not shop for such items at farmers markets are understandable.

The “demand-side” approach currently being pursued offers incentives to program beneficiaries to purchase fresh produce with their EBT cards or WIC vouchers. In addition to the SNAP pilot program in Hampden County, Massachusetts, described above, numerous state and private agencies operate programs that provide coupons or vouchers allowing SNAP recipients to leverage their benefits in farmers market purchases of fruits and vegetables. For example, the Fair Food Network provides “Double Up Food Bucks” to SNAP recipients visiting select farmers markets in Michigan and Ohio, which allow them to double the value of their purchases on their visit, up to \$20, funded through a grant by the W.K. Kellogg Foundation.<sup>93</sup> There are similar efforts underway to encourage local school systems to use more locally produced foods in meals offered under the national school lunch or breakfast programs. The

**Figure 10 | Farmers Markets by State, 2011**



SOURCE: Agricultural Marketing Service, USDA

concept of Farm to School was developed through pilot projects in California and Florida in 1996, and the first national survey in 2004 identified 400 programs in that year. In 2010, an estimated 2,352 school systems involved across the country were involved in such programs, encompassing 9,807 schools, representing an increase of nearly 400 percent per year.<sup>94</sup>

Groups involved in these efforts are also focusing on the upcoming 2012 farm bill as an opportunity to advance their agenda on a nationwide basis. The Community Food Security Coalition is finalizing recommendations on these matters for the House and Senate Agriculture Committees, with the following top three priorities:

- Strengthening local food infrastructure;
- Linking SNAP to local and healthy foods; and
- Improving food access/eliminating food deserts.

The concept of a “food desert” has emerged in the last several years, focusing on the assertion that nutritional problems in low-income communities can be attributed in part to residents’ lack of easy access to large grocery stores offering a wide variety of foods, including fresh produce. Empirical research on the validity of this concept is quite sparse, but USDA is taking it seriously as a potential policy problem, developing a food desert locator that is available on the website of the Economic Research Service.<sup>95</sup>

Since the upcoming farm bill process will not be short-circuited by being subsumed into the Supercommittee bill, groups will have an opportunity to weigh in on these issues over the next few months.

## Concluding Remarks

Funding availability for all federal programs has recently become a hot topic in Washington, DC, as Congress and the Administration wrestle with how to address the burgeoning federal budget deficit without putting the U.S. economy and its social safety net at risk.

U.S. nutrition programs are an essential component of that social safety net. The current debate over the federal deficit has given impetus to some political groups to raise doubts about the appropriateness of providing

an effective social safety net that adjusts to economic conditions, thus the renewal of efforts to block-grant federal nutrition programs to the individual states. As these fundamental changes are proposed and debated, nutrition advocates will press for better utilization of existing resources, trying to achieve specific nutritional outcomes for participants in the nutrition assistance programs.

All such proposals will be part of the mix as the current farm bill process will now be carried over for more extended consideration. If the past is any guide, the upcoming farm bill will likely only set the stage for a longer-term debate on these issues.

## Endnotes

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<sup>3</sup> Ralston, K. et al. “The National School Lunch Program: Background, Trends, and Issues.” ERR-61 (Washington, DC: Economic Research Service, U.S. Department of Agriculture), July 2008.

<sup>4</sup> Nord, M. “Measuring U.S. Household Food Security.” *Amber Waves*, April 2005. Accessed Mar. 24, 2012: <http://www.ers.usda.gov/amberwaves/april05/datafeature/>

<sup>5</sup> Nord, M. et al. “Household Food Security in the United States, 2009.” ERR-108 (Washington, DC: Economic Research Service, U.S. Department of Agriculture), November 2010. Accessed Dec. 17, 2011: <http://www.ers.usda.gov/Publications/ERR108/ERR108.pdf>

<sup>6</sup> Mercier, S. “Federal Agricultural Spending—Goals, Programs, and Benefits.” PowerPoint presentation commissioned by the AGree initiative, Sept. 2011.

<sup>7</sup> The National Bureau of Economic Research (NBER), which has been assigned the role of designating the beginning and end of economic recessions in the United States, has decreed that the most recent recession lasted from December 2007 to June 2009, the longest since the Great Depression.

<sup>8</sup> The Thrifty Food Plan is the lowest cost of four USDA-designed food plans specifying foods and amounts of food to provide adequate nutrition. It represents a set of “market baskets” of food that people of specific age and gender could consume at home to maintain a healthful diet that meets current dietary standards, taking into account the food consumption patterns of U.S. households. The cost of the meal plan for each age/gender category is calculated based on average national food prices adjusted for inflation.

<sup>9</sup> Richardson, J. “Domestic Food Assistance: The Farm Bill and Other Legislation in the 110<sup>th</sup> Congress.” RL-33829 (Washington, DC: Congressional Research Service), August 2008. Accessed Dec. 17, 2011: <http://www.nationalaglawcenter.org/assets/crs/RL33829.pdf>

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<sup>11</sup> Jacobson, J. et al. “The Consequences of Welfare Reform and

Economic Change for the Food Stamp Program—Illustrations from Microsimulation. Final Report.” E-FAN-01-003 (Washington, DC: Economic Research Service, U.S. Department of Agriculture). January 2001. Accessed Oct. 20, 2011: <http://www.ers.usda.gov/publications/efan01003/efan01003.pdf>

<sup>12</sup> All program data (participation, cost, and error rates) cited in this report are from USDA sources, unless otherwise indicated.

<sup>13</sup> The original language in ARRA enhanced SNAP benefits by 13.6 percent until late 2014. However, two bills enacted in 2010 utilized reductions in the extended benefits period as ‘offsets’ for budgetary Paygo purposes—the August bill extending federal aid to states and enhanced Medicaid cost shares, and December legislation re-authorizing child nutrition programs. Under current law, the enhanced benefits expire November 1, 2013.

<sup>14</sup> Mandatory programs are funded directly under the authority of the Committees of jurisdiction, and funding is provided for the lifetime of the legislation that includes them, in this case in farm bills. Mandatory farm bill programs primarily address farm support, nutrition, conservation, trade, and renewable energy. Other programs are authorized by the Agriculture Committees in farm bills, such as research and rural development, but funded on an annual basis through the appropriations process. These are known as discretionary programs.

<sup>15</sup> Gunderson, G. “The National School Lunch Program--Background and Development.” (Washington, DC: Food and Nutrition Service, U.S. Department of Agriculture). Accessed Oct. 17, 2011: <http://www.fns.usda.gov/cnd/lunch/AboutLunch/ProgramHistory.htm>

<sup>16</sup> President Truman’s publicly stated justification for supporting legislation establishing the National School Lunch program in 1946 was a study he had read that described how many young American men had been rejected by their draft boards during World War II due to poor childhood nutrition.

<sup>17</sup> Food and Nutrition Service, U.S. Department of Agriculture. “Special Milk Program Fact Sheet.” Accessed Oct. 21, 2011: <http://www.fns.usda.gov/cnd/milk/AboutMilk/SMPFactSheet.pdf>

<sup>18</sup> Food Research and Action Center. “School Breakfast Scorecard.” January 2011. Accessed Oct. 21, 2011: <http://frac.org/wp-content/uploads/2011/01/sbscorecard2010.pdf>

<sup>19</sup> Glantz, F. et al. “School Lunch Eligible Non-Participants.” Study commissioned by the Food and Nutrition Service, U.S. Department of Agriculture, December 1994. Accessed Oct. 21, 2011: <http://www.fns.usda.gov/ora/menu/published/CNP/FILES/EligibleonPart-Pt1.pdf>

<sup>20</sup> Newman, C. and K. Ralston. “Profiles of Participants in the National School Lunch Program: Data from Two National Surveys.” EIB-17 (Washington, DC: Economic Research Service, U.S.

Department of Agriculture), August 2006. Accessed Oct. 31, 2011: <http://www.ers.usda.gov/publications/eib17/eib17.pdf>

<sup>21</sup> Adjusted for inflation using the GNP implicit price deflator, (2005=100).

<sup>22</sup> Oliveira, V. and E. Frazao. "The WIC Program—Background, Trends, and Economic Issues—2009 Edition." ERR-73 (Washington, DC: Economic Research Service, U.S. Department of Agriculture), April 2009. Accessed Oct. 24, 2011: <http://www.ers.usda.gov/publications/err73/>

<sup>23</sup> The list of nearly 100 criteria is based on a review conducted by the Institute of Medicine in 1996. States need not use all criteria but must choose among those provided.

<sup>24</sup> Because some states have eligibility thresholds for Medicaid above the standard 185 percent of poverty threshold, there are some WIC recipients with slightly higher incomes due to categorical eligibility.

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<sup>26</sup> Connor, P. et al. "WIC Participant and Program Characteristics, 2008." Report commissioned by the Food and Nutrition Service, U.S. Department of Agriculture, January 2010. Accessed Oct. 26, 2011: <http://www.fns.usda.gov/ora/MENU/Published/WIC/FILES/pc2008.pdf>

<sup>27</sup> Fox, M.K. et al. "WIC Nutrition Education Assessment Study." Prepared by Abt Associates, commissioned by the Food and Nutrition Service, U.S. Department of Agriculture, September 1998. Accessed Nov. 10, 2011: <http://www.fns.usda.gov/ora/menu/Published/WIC/FILES/neafrp-Pt.1.pdf>

<sup>28</sup> Seven of the 84 products on the current TEFAP list are frozen meat or poultry items and would require refrigeration.

<sup>29</sup> Food and Nutrition Service, U.S. Department of Agriculture. "Food Distribution National Policy Memorandum: Implementation of Modifications to the TEFAP Allocation Formula." FD-070, December 2007. Accessed Dec. 18, 2011: [http://www.fns.usda.gov/fdd/policymemo/pmfd070\\_TEFAPModificationsToTEFAPFormula.pdf#xml=http://65.216.150.153/texis/search/pdfhi.txt?query=TEFAP+allocation+formula&pr=FNS&prox=page&rorder=500&rprox=500&rdfreq=500&rwfreq=500&rlead=500&rdepth=0&sufs=0&order=r&cq=&id=4ea88f70250](http://www.fns.usda.gov/fdd/policymemo/pmfd070_TEFAPModificationsToTEFAPFormula.pdf#xml=http://65.216.150.153/texis/search/pdfhi.txt?query=TEFAP+allocation+formula&pr=FNS&prox=page&rorder=500&rprox=500&rdfreq=500&rwfreq=500&rlead=500&rdepth=0&sufs=0&order=r&cq=&id=4ea88f70250)

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<sup>31</sup> Fox, M.K. et al. "Research Methods--Effects of Food Assistance and Nutrition Programs on Nutrition and Health: Volume 3, Literature Review." *Food Assistance and Nutrition Research Report No. (FANRR19-3)* (Washington, DC: Economic Research Service, U.S. Department of Agriculture), December 2004.

<sup>32</sup> Food Research and Action Center. "New WIC Food Package." Fact sheet. Accessed Nov. 2, 2011: <http://frac.org/federal-foodnutrition-programs/wic/>

<sup>33</sup> Coleman-Jensen, A. et al. "Household Food Security in the United States in 2010." ERR-125 (Washington, DC: Economic Research Service, U.S. Department of Agriculture), September 2011. Accessed Nov. 13, 2011: <http://www.ers.usda.gov/Publications/ERR125/ERR125.pdf>

<sup>34</sup> Ratcliffe, C. and S.M. McKernan. "How Much Does SNAP Reduce Food Insecurity?" Contract and Cooperator Report No. 60, commissioned by the Economic Research Service, U.S. Department of Agriculture, April 2010. Accessed Nov. 12, 2011: [http://ddr.nal.usda.gov/bitstream/10113/42004/1/CAT3106349\\_5.pdf](http://ddr.nal.usda.gov/bitstream/10113/42004/1/CAT3106349_5.pdf)

<sup>35</sup> Nord, M. and K. Romig. "Hunger in the Summer." *Journal of Children and Poverty*, Vol. 12, No. 2, 2006, pp. 141-158.

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<sup>38</sup> Robert Wood Johnson Foundation. "Improving Child Nutrition Policy: Insights from National USDA Study of School Food Environment." Policy Brief, February 2009. Accessed Nov. 7, 2011: <http://www.rwjf.org/files/research/20090102sndapolicybrief.pdf>

<sup>39</sup> Bernstein, L. et al. "Evaluation of the School Breakfast Program Pilot Project: Final Report." Report submitted by Abt Associates to the Office of Analysis, Nutrition, and Evaluation, Food and Nutrition Service, U.S. Department of Agriculture. Report No. CN-04-SBP, December 2004. Accessed Dec. 18, 2011: [http://www.fns.usda.gov/ora/menu/published/CNP/FILES/SBPP\\_Final.pdf](http://www.fns.usda.gov/ora/menu/published/CNP/FILES/SBPP_Final.pdf)

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<sup>45</sup> Linz, P., et al. "Obesity, Poverty, and Participation in Nutrition Assistance Programs." Report No. FSP-04-PO, U.S. Department of Agriculture, Food and Nutrition Service, Office of Analysis, Nutrition, and Evaluation, prepared by ALTA Systems, Inc., Accessed Dec. 18, 2011: <http://www.fns.usda.gov/ORA/menu/Published/NutritionEducation/Files/ObesityPoverty.pdf#xml=http://65.216.150.153/tehis/search/pdfhi.txt?query=Linz&pr=FNS&prox=page&rorder=500&prox=500&rdfreq=500&rwfreq=500&rlead=500&rdepth=0&sufs=0&order=r&cq=&id=4ea87fe01a>

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<sup>51</sup> Zandi, M. "The Economic Impact of the American Recovery and Reinvestment Act." January 21, 2009. Accessed Nov. 1, 2011: <http://www.economy.com/mark-zandi/documents/EconomicStimulusHousePlan012109.pdf>

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<sup>60</sup> Nutrition was formally added to the title of the Senate Agriculture Committee with the passage of the Food and Agriculture Act of 1977.

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<sup>68</sup> The Office of the Inspector General, established in 1978, is charged with the following responsibilities: Perform audits and investigations of the Department’s programs and operations; work with the Department’s management team in activities that promote economy, efficiency, and effectiveness or that prevent and detect fraud and abuse in programs and operations, both within USDA and in non-Federal entities that receive USDA assistance, and report activities to Congress.

<sup>69</sup> Fong, P. “Farm Bill Accountability—The Importance of Measuring Performance.” Statement before the Senate Committee on Agriculture, Nutrition, and Forestry, June 23, 2011. Accessed Nov. 1, 2011: <http://ag.senate.gov/site/calendar.html>

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<sup>74</sup> Food and Nutrition Service, U.S. Department of Agriculture. “Healthy Incentives Pilot.” Fact sheet, modified October 12, 2011. Accessed Nov. 7, 2011: <http://www.fns.usda.gov/snap/hip/>

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<sup>77</sup> It has been referred to as a “mini-bus” because it includes provisions that are normally included in three separate Appropriations bills in a fiscal year—for the Agriculture Department, for Commerce, Justice, and State Departments, and for the Transportation and Housing and Urban Development Departments. This description contrasts this legislation with an ‘omnibus’ bill, which typically wraps all appropriations bills into a single legislative vehicle.

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<sup>82</sup> Tabor, D. et al. "Banning All Sugar-Sweetened Beverages in Middle Schools: Reduction of In-School Access and Purchasing but Not Overall Consumption." *Archives of Pediatric and Adolescent Medicine*, published online Nov. 7, 2011.

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<sup>86</sup> Canning, P. "Food Dollar Series—Documentation." Briefing Room, website Economic Research Service, U.S. Department of Agriculture. Updated February 2011. Accessed Nov. 10, 2011: <http://www.ers.usda.gov/Data/FoodDollar/documentation.htm>

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<sup>88</sup> Wilde, P. and J. Llobrera. "Using the Thrifty Food Plan to Assess the Cost of a Nutritious Diet." *Journal of Consumer Affairs*, Vol. 43, No. 9, (Summer 2009), pp. 274–304. Accessed Feb. 17, 2012: <http://onlinelibrary.wiley.com/doi/10.1111/j.1745-6606.2009.01140.x/pdf>.

<sup>89</sup> A subsidized, multi-peril federal insurance program, which provides protection against losses due to natural causes and is administered by the USDA's Risk Management Agency. Federal crop insurance, which is available to most farmers, is sold and serviced through private insurance companies. The federal government subsidizes a portion of the premium, as well as some administrative and operating expenses of the private companies. The Federal Crop Insurance Corporation reinsures the crop insurance companies by absorbing the losses of the program when indemnities exceed total premiums. Various types of yield and revenue insurance products are available for major crops.

<sup>90</sup> Low, S. and S. Vogel. "Direct and Intermediated Marketing of Local Foods in the United States." ERR-128 (Washington, DC: Economic Research Service, U.S. Department of Agriculture), November 2011. Accessed Nov. 15, 2011: <http://www.ers.usda.gov/Publications/ERR128/ERR128.pdf>

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## About AGree

AGree is designed to tackle long-term food and agriculture issues. The initiative seeks to drive positive change in the food and agriculture system by connecting and challenging leaders from diverse communities to catalyze action and elevate food and agriculture policy as a national priority. AGree also recognizes the interconnected nature of agriculture policy globally and seeks to break down barriers and work across issue areas.

AGree is a collaborative initiative of nine of the world's leading foundations, including the Ford Foundation, Bill & Melinda Gates Foundation, The William & Flora Hewlett Foundation, The David and Lucile Packard Foundation, W.K. Kellogg Foundation, The McKnight Foundation, Robert Wood Johnson Foundation, Rockefeller Foundation, and The Walton Family Foundation, and will be a major force for comprehensive and lasting change.

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