

HOW CHILDREN FARE IN 2012

FARM BILL PROPOSALS



Every five years lawmakers are given an opportunity to work towards ending childhood hunger, obesity, and poverty through programs that are reauthorized in legislation commonly referred to as the “Farm Bill.” The Supplemental Nutrition Assistance Program (SNAP) and the Fresh Fruit and Vegetable Program (FFVP) are two critical child nutrition programs that are reauthorized through Farm Bill legislation.

More than 20 million children are served by the Supplemental Nutrition Assistance Program and 71 percent of all SNAP benefits go to families with hungry children.¹ Any cut to the SNAP program compromises the ability of low-income families to keep food on the table. In addition, changes to the funding or structure of the Fresh Fruit and Vegetable Program would affect the health and well-being of over 3 million students.

The U. S. Senate passed the Agriculture Reform, Food, and Jobs Act of 2012 (S.3240) on June 21, 2012. The U. S. House Agriculture Committee has passed the Federal Agricultural Reform and Risk Management Act of 2012 (H.R. 6083) out of committee on July 11, 2012; the bill is currently awaiting floor time in the House of Representatives. Leadership from both chambers are working to craft a reauthorization bill to pass and send to the President before current legislation expires on September 30th, 2012.

The First Focus Campaign for Children (FFCC) urges Members of Congress to strengthen and protect child nutrition programs during the Farm Bill reauthorization, so that every child in America has access to nutritious food.



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A SIDE-BY-SIDE COMPARISON OF SENATE AND HOUSE LEGISLATION

Priority	Senate Farm Bill	House Farm Bill
<p>Broad-based categorical eligibility (BBCE)</p> <p>Currently states have the option of using “categorical eligibility” or eligibility based on participation in another means tested program to simplify the administration of human services programs.</p>	<p>Preserves broad-based categorical eligibility.</p>	<p>Denies categorical eligibility to households eligible for, but not currently receiving, cash assistance from TANF, SSI, or similar state programs.</p> <p>Resulting cut in direct spending for SNAP 2013-2022: \$11.5 billion²</p> <p>Number of people affected: 1.8 million each year³</p> <p>Impact on Children: First Focus analysis suggests 44 percent of BBCE participants are children⁴. In addition, this would result in 280,000 children losing automatic eligibility for the school lunch program.⁵</p>

The First Focus Campaign for Children is a 501(c)(4) nonprofit affiliated with First Focus, a bipartisan children’s advocacy organization.

<p>Utility allowances</p> <p>Under a policy known as “heat and eat,” states have the option of coordinating the Low Income Heating Assistance Program (LIHEAP) and SNAP. Specifically, LIHEAP participants who qualify for SNAP may use the Standard Utility Allowance (SUA) when itemizing deductions to determine their net monthly income.</p>	<p>Eliminates the automatic qualification for households who receive less than \$10 each year in energy assistance, beginning in fiscal year 2014. For those seeking a deduction, it increases paperwork requirements – requiring SNAP applicants to provide monthly documentation of utility expenses.</p> <p>Resulting cut in direct spending for SNAP 2013-2022: \$4.9 billion⁶</p> <p>Number of households affected: 500,000⁷</p> <p>Monthly benefit reduction per household: \$90⁸</p>	<p>Same as the Senate bill</p>
<p>High Performance Bonus Program</p> <p>USDA awards \$48 million in performance bonuses annually to states to improve program integrity. Bonuses are awarded to states that reduce payment error rates or increase participation rates among eligible people.</p>	<p>Preserves the current performance program, rewarding states for efficient and accurate administration of SNAP benefits.</p>	<p>Eliminates a well-designed incentive system that rewards (1) increased payment accuracy; (2) reduced negative error rate; (3) timeliness; and (4) improved program access.</p> <p>Resulting cut in direct spending for SNAP 2013-2022: \$480 million⁹</p>
<p>Fresh Fruit and Vegetable Program (FFVP)</p> <p>The Fresh Fruit and Vegetable Program is a child nutrition program that is administered through the U. S. Department of Agriculture. This program results in children being exposed to a wide variety of fresh fruits and vegetables and significantly increases their overall consumption, without increasing their average intake of calories.</p>	<p>Preserves the Fresh Fruit and Vegetable Program for school-age children.</p>	<p>Changes the structure of FFVP to include frozen, canned, and dried fruits and vegetables as “fresh” fruit or vegetable snacks in schools.</p> <p>Number of Children affected: 3 million low-income students in more than 7,000 elementary schools nationwide.</p>

EXPLANATION OF PROPOSED NUTRITION ASSISTANCE CUTS AND CHANGES

As the effects of the recession continue to squeeze middle class and low income families, the need for child nutrition supports have increased substantially. With millions of families struggling to make ends meet, nearly one in six households with children experiencing hunger, and nearly one in three children are overweight or obese, it is important to invest in child nutrition programs so that today’s kids can grow up to become healthy and productive adults.¹⁰ Current proposals to cuts these programs would negatively impact families and schools abilities to feed children.

Background: Supplemental Nutrition Assistance Program (SNAP)

The Supplemental Nutrition Assistance Program has worked, as it was intended, to respond to increased need when families have experienced hard times, through situations such as a job loss or natural disaster. In addition to SNAP the Supplemental Nutrition Assistance Program Education (SNAP-Ed) helps low-income Americans make healthy choices on a limited budget so that participants' SNAP dollars can go further.

Proposed SNAP Cut #1: Eliminating Broad-Based Categorical Eligibility

Full Summary: Individuals in households in which all members receive cash assistance from the Temporary Assistance to Needy Families Program (TANF), Supplemental Security Income, or similar state cash assistance programs are considered automatically eligible for SNAP and are not subject to the program's income and asset requirements. States currently have the option to extend such categorical eligibility to households that receive or are eligible to receive non-cash services through TANF. The house proposed legislation would restrict categorical eligibility to only households receiving cash assistance.

Ironically, this is the slice of the caseload that welfare reform purported to help, the working poor. Welfare reform deliberately allowed states to raise TANF income eligibility for supportive services in order to direct services and supports to low-income working families. Broad-based categorical eligibility allows states to use these higher TANF income eligibility thresholds (up to 200 percent of the federal poverty level (FPL)) in place of the SNAP gross eligibility threshold (130 percent of the FPL).

Since welfare reform, the proportion of poor families with children who rely on direct cash assistance through TANF has fallen dramatically from 68 percent in 1996 to 27 percent in 2010.¹¹ At the same time, more families have come to rely on programs that help to supplement their earnings, like the Earned Income Tax Credit and SNAP. By law, none of the families who receive SNAP through broad-based categorical eligibility have incomes above 200 percent of the federal poverty line (\$38,180 for a family of three in 2012). Their monthly benefits are calculated just as they are for all SNAP recipients, and because their earnings raise their family incomes just above the poverty line, their monthly benefits tend to be modest relative to those with no earnings.

Ending broad-based categorical eligibility not only hurts low-wage parents for working it also makes it more difficult for school children to obtain free and reduced price lunches. Just as broad-based categorical eligibility aimed to make it easier for low-wage working families to qualify for SNAP, the National School Lunch and School Breakfast programs extend categorical eligibility to children participating in SNAP. State and county offices that administer SNAP are required to certify school-age children for free and reduced price school meals programs through an automated data exchange with the appropriate school districts. This spares the parents from the time and stigma of completing a separate application with the school district.

Despite our divisions, most Americans are committed to providing disadvantaged school children with every practical opportunity to succeed, including free and reduced price school meals. By the time families are approved to receive SNAP benefits, they have already undergone one of the most rigorous eligibility verification reviews in government, providing more extensive documentation of their assets, expenses, and income than local school boards could possibly review. In addition, school meals are one of the most cost-effective services schools can provide, with federally reimbursed costs of only \$2.36 on average for subsidized lunch and \$1.46 for subsidized breakfast.¹² For each of these reasons—broad public support, rigorous SNAP eligibility verification, and cost-effectiveness we urge legislators to hold disadvantaged school children harmless in the Farm Bill by guaranteeing continued broad-based categorical eligibility.

This cut is only proposed in the House bill; the Senate bill preserves broad-based categorical eligibility.

States affected: Forty states provide broad-based categorical eligibility; they include: AL, AZ, CA, CO, CT, DE, DC, FL, GA, HI, ID, IL, IA, KY, LA, ME, MD, MA, MI, MN, MS, MT, NE, NV, NH, NM, NJ, NY, NC, ND, OH, OK, PA, RI, SC, TX, VT, WA, WV, WI.

Cut in direct spending for SNAP 2013-2022: \$11.5 billion

Number of people affected: 1.8 million annually

Impact on Children: First Focus analysis suggests 44 percent of BBCE participants are children. Additionally 280,000 children will lose automatic eligibility for the school lunch program.

Households most affected: Low-income working households with assets greater than the \$2,000 SNAP limit, or income in some months higher than the SNAP gross income limit (1.3 times the federal poverty line).

Indirect costs: Although approximately 96 percent of SNAP participants will remain eligible, participants and state administrators will need to spend more time documenting and verifying assets and monthly income, which the Congressional Budget Office estimates will increase indirect administrative costs and payment error rates.

Proposed SNAP Cut #2: Restrictions to Utility Allowances

Full Summary: Under current law, households qualify for a Heating and Cooling Standard Utility Allowance (HCSUA) if they provide proof that they pay heating or cooling expenses or receive any assistance through the Low-Income Home Energy Assistance Program (LIHEAP). The bill would eliminate the automatic qualification for those allowances for households who receive less than \$10 each year in energy assistance, beginning in fiscal year 2014. (States would have the option to delay implementation for six months for current recipients.)¹³

While the proposed change only affects families receiving nominal LIHEAP benefits (i.e. less than \$10), for the most part families with seniors and disabled household members, it is important to note that states have coordinated regular LIHEAP benefits and SNAP utility deductions for many years. In fact, First Focus analysis of SNAP administrative records shows that 5.6 million persons participated in both SNAP and LIHEAP in the fourteen affected states in 2010. Forty-four percent of these dual participants, more than 2 million in total, are children.¹⁴ Even if imposing a minimum LIHEAP benefit of \$10 per month does not affect all of these children, it will interfere with a long-standing state practice through which states coordinate different federal income streams to streamline bureaucratic costs and get more SNAP benefits to families in need.

This cut is proposed in both the Senate and House bills.

States affected: Fourteen states provide “Heat and Eat” outreach; they include: CT, DE, DC, ME, MA, MI, NJ, NY, OR, PA, RI, VT, WA, WI. California plans to implement “Heat and Eat” in 2013.¹⁵

Cut in direct spending for SNAP 2013-2022: \$4.9 billion¹⁶

Number of households affected: 500,000¹⁷

Monthly benefit reduction per household: \$90¹⁸

Households most affected: Households participating in “Heat & Eat” that have countable income and at least some members who are seniors or disabled. (The maximum shelter deduction \$456 does not apply to seniors or the disabled.) Households without elderly or disabled members whose housing cost burdens (the portion of the combined cost of rent and utilities that is greater than 50 percent of net monthly income) are more than \$456 will not benefit from the Heat & Eat program.

Indirect costs: SNAP participants and state administrators will need to spend more time documenting and verifying monthly utility expenses.

Proposed SNAP Cut #3: Elimination of State Performance Bonus Payments

Full Summary: Recognizing that the SNAP program needs to balance various administrative objectives, in the 2002 Farm Bill, Congress implemented a well-designed incentive system to reward states for: increased payment accuracy, reduced negative error rate, timeliness, and program access.

This cut is proposed in the House bill; the Senate bill preserves the state performance incentive system.

States affected: All states

Cut in direct spending for SNAP 2013-2022: \$480 million

Background: Fresh Fruit and Vegetable Program (FFVP)

The Fresh Fruit and Vegetable Program provides low-income elementary students access to a fresh fruit or vegetable snack at school. FFVP is a critical tool in the fight against child hunger and obesity and is an effective and valuable nutrition program that offers children a wide variety of fresh fruits and vegetables, significantly increasing their overall consumption, without increasing their average intake of calories.¹⁹ The Fresh Fruit and Vegetable Program is an important strategy to provide children with healthy school environments that work to improve children's eating habits, promote good health, and reduce their risk of overweight and obesity and other diet related health problems.

FFVP Proposal: Changing the Definition of “Fresh” Fruits and Vegetables

Summary: The current proposal in the House Agriculture’s Federal Agricultural Reform and Risk Management Act bill would allow frozen, canned, and dried fruits and vegetables to be counted as “fresh” fruit or vegetable snacks in schools.

This proposed change is included in the House bill; the Senate bill preserves the current definition of “fresh.”

States affected: All states

Number of children affected: More than 3 million low-income elementary school students in over 7,000 elementary schools nationwide, who currently benefit from receiving a fresh fruit or vegetable snack every day at school.²⁰

¹ United States Department of Agriculture Food and Nutrition Service, “Building a Healthy America: A Profile of the Supplemental Nutrition Assistance Program,” April 2012.

² Congressional Budget Office, “Cost Estimate Agricultural Reconciliation Act of 2012,” April 23, 2012.

³ Congressional Budget Office, “Cost Estimate Agricultural Reconciliation Act of 2012,” April 23, 2012.

⁴ First Focus analysis of the SNAP Quality Control database, a nationally representative sample of real administrative records for 52,000 SNAP households that is used for the official federal and state quality control audits and the official annual reports about the characteristics of the SNAP caseload in 2010.

⁵ Congressional Budget Office, “Cost Estimate Agricultural Reconciliation Act of 2012,” April 23, 2012.

⁶ Congressional Budget Office, “Cost Estimate Agriculture Reform, Food, and Jobs Act of 2012,” July 6, 2012.

⁷ Congressional Budget Office, “Cost Estimate Agriculture Reform, Food, and Jobs Act of 2012,” July 6, 2012.

⁸ Congressional Budget Office, “Cost Estimate Agriculture Reform, Food, and Jobs Act of 2012,” July 6, 2012.

⁹ Congressional Budget Office, “Cost Estimate Agricultural Reconciliation Act of 2012,” April 23, 2012.

¹⁰ Andrews, Marguerite, Carlson, Steven, Coleman-Jensen, Alisha, Nord, Mark, “Household Food Security in the United States in 2011,” United States Department of Agriculture Economic Research Service, 2012.

Ogden CL, Carroll MD, Curtin LR, Lamb MM, Flegal KM, “Prevalence of high body mass index in US children and adolescents, 2007-2008,” *Journal of the American Medical Association*, 2010;303(3):242-9.

¹¹ Trisi, Danilo and LaDonna Pavetti, “TANF weakening as a Safety Net for Poor Families,” Center on Budget and Policy Priorities, March 13, 2012.

¹² U.S. Department of Agriculture, Food and Nutrition Service, Office of Research, Nutrition and Analysis, School Lunch and Breakfast Cost Study-II, Final Report, by Susan Bartlett, et al. Project Officer: Patricia McKinney and John R. Endahl. Alexandria, VA: 2008.

¹³ Congressional Budget Office, “Cost Estimate Agriculture Reform, Food, and Jobs Act of 2012,” July 6, 2012.

¹⁴ First Focus analysis of the SNAP Quality Control database.

¹⁵ United States Department of Agriculture Food and Nutrition Service, “Broad Based Categorical Eligibility,” accessed July 2012 from <http://www.fns.usda.gov/snap/rules/Memo/BBCE.pdf>.

¹⁶ Congressional Budget Office, “Cost Estimate Agricultural Reconciliation Act of 2012,” April 23, 2012.

¹⁷ Congressional Budget Office, “Cost Estimate Agricultural Reconciliation Act of 2012,” April 23, 2012.

¹⁸ Congressional Budget Office, “Cost Estimate Agricultural Reconciliation Act of 2012,” April 23, 2012.

¹⁹ Abt Associates, “Food and Nutrition Service Evaluation of the Fresh Fruit and Vegetable Program (FFVP),” September 2, 2011.

²⁰ United States Department of Agriculture, Federal Register “Fresh Fruit and Vegetable Program Proposed Rule”, Volume 77, Number 37, February 24, 2012.