



January, 2003

To: Newly Sworn-In Governors
 From: Jim Weill, President
 Food Research and Action Center
 Re: A Guide for New Governors to Changes in the Food Stamp Program

Congratulations on your election and inauguration. We are writing to each of the 36 governors being sworn in this month about how a set of decisions on food stamps can help your state and its people at a time when the national economy is weak, many families are suffering, and state deficits are substantial.

This enclosed paper explains in summary form how a set of new federal rules in the Food Stamp Program allows states to address these problems with 100 percent federal funds. In particular:

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- As part of the Farm Bill that Congress passed and President Bush signed last year, there is a series of improvements in the Food Stamp Program that can help low-income working families and legal immigrants receive food stamps as a work support, reduce red tape, and improve program access.
- The federal government pays 100 percent of food stamp benefits and 50 percent of most administrative costs. Many of the changes that Congress enacted this year, if implemented by your state, will reduce rather than increase administrative costs, so there is no net administrative cost. In effect, then, the federal government is typically paying 95-100 percent of the total cost of the food stamp improvements.
- The U.S. Department of Agriculture estimates that, when federal food stamp benefits going into a state increase (whether because more families get benefits or because average benefits increase), that strengthens the state economy – producing \$10 in economic activity for each \$5 of federal food stamp funds. They also increase state tax revenues as food stamp dollars trickle through the economy.
- Governors can make these changes administratively. No new federal authority is needed, and in most states no new legislation is needed. A number of factors have coalesced to broaden support in the last two years for the program and for reaching more eligible people with food stamps.
- In almost all states, there actually no longer are “food stamps” or food stamp coupons. Benefits come through an Electronic Benefits Transfer (EBT) card, which reduces fraud and takes away much of the stigma from the Food Stamp Program transaction in a grocery store.
- Focus groups and polls show growing support for reducing hunger and getting nutrition benefits to more eligible families, and especially eligible working families as the cash welfare caseload declines.
- The American Public Human Services Association (APHSA) praised the new food stamp rules because of the “many provisions that simplify administration and extend benefits.”
- Support for the program and the changes made in 2002 was broadly bipartisan, coming from President Bush, Sen. Richard Lugar (R-IN), Sen. Pat Roberts (R- KS), Sen. Tom Daschle (D-SD), Sen. Tom Harkin (D- IA), and others.
- Undersecretary Eric Bost at the U.S. Department of Agriculture wrote to the states last summer about the new food stamp provisions and said “I am bringing these options to your

875 Connecticut Ave. NW
 Suite 540
 Washington, DC 20009
 Tel: (202) 986-2200
 Fax: (202) 986-2525
 foodresearch@frac.org
 http://www.frac.org

attention now, not only because they allow State agencies to administer with more flexibility and promote access for participants, but also because they can help State agencies address the budget difficulties many are experiencing. I believe that you will find these options, individually or in combination, can improve efficiency and reduce pressure on State agency staff.”

- Support for reaching more eligible families with food stamps is coming from religious groups, grocery stores, grocery manufacturers, unions, employers with low-wage workers, food banks and anti-hunger groups.

Food stamps now reach only about three out of five eligible people nationwide. Every state through a few modest steps could reach many thousands more people, bringing many millions of new federal dollars into the state, and in the process give a boost both to families and to the state economy.

For all these reasons, we hope your state will work quickly to take advantage of new opportunities in the Food Stamp Program. Your leadership on this can matter a great deal. Traditionally, food stamp policy and practice is a secondary concern in state welfare agencies. More focus has gone to TANF, for understandable reasons. But in terms of total dollars, federal share, and other factors, food stamp policy has become more and more important to states. We hope you will invest some of your new Administration’s energy in the months ahead in this effort that can help low-income residents in your state, especially children, and at the same time boost the state economy.