



Issue Brief

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Increased Need for Food Assistance Underscores Role of Safety Net

Michigan has seen dramatic growth in its food assistance caseload over the last several years. Since FY2000 the food stamp caseload has more than doubled from 254,000 to 523,000 by June 2006. Today over 1.1 million individuals, equivalent to approximately one in nine Michigan residents, receive food assistance to improve access to adequate nutrition. Given the dismal economic situation in Michigan it is not surprising that many residents are forced to turn to the government for assistance.

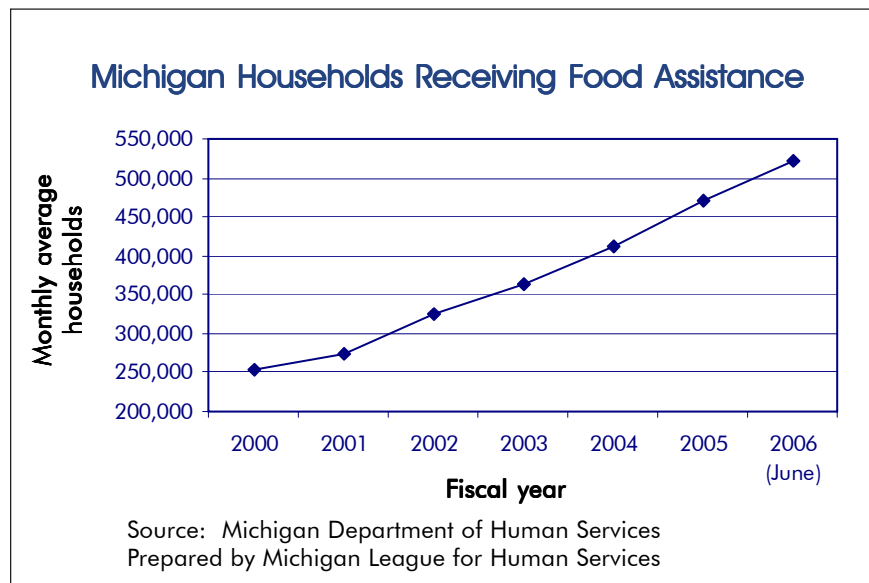
The increasing caseload is alarming for several reasons; it represents a significant strain on governmental resources and indicates that a staggering number of Michigan families are struggling to meet even their most basic needs. Economic factors are most likely responsible for the majority of the

increase; changes in eligibility, as well as in food assistance administration and outreach/recruitment efforts, however, also contribute to the growing caseload. In exploring the reasons for the growing caseload it is important to understand the background of food stamps in terms of administration and policy.

History of Food Stamps

Federal law established the Food Stamp Program in 1964 in order to reduce hunger among low-income individuals. Program benefits are fully funded by the federal government while states shoulder some administrative costs. The sweeping welfare legislation in 1996 brought significant impacts on food stamp eligibility. The law restricted benefits for able-bodied adults without dependents and virtually eliminated benefits for legal immigrants. Congress, however, eventually restored eligibility to some of the affected groups, including immigrant children.

The physical food stamps themselves have also seen changes over the years. Debuting in paper, the stamps were later replaced by coupons and then, in 2001, were converted to an Electronic Benefit Transfer (EBT) card (much like a debit card) and, in Michigan, have since been referred to as “food assistance” as opposed to “food stamps.” The use of these EBT cards serves to promote program efficiency and reduce the stigma



for food stamp recipients. Eased reporting requirements and vehicle asset limits from the federal government in 2000, as well as steps taken by states making it easier for families leaving welfare to keep their benefits, further enhanced efficiency in and eligibility for state food stamp programs.¹

The Food Stamp Program not only prevents hunger among the economically disadvantaged but also stimulates the economy as food assistance dollars are spent in local communities and flow through local economies. In 2004 the food stamp program produced over \$1.6 billion in economic activity in Michigan, benefiting Michigan farmers, grocers and small businesses.² Families with access to food stamps also then have dollars to purchase other needed goods and services within the local economy as well.

Eligibility

In Michigan food assistance is available primarily to families with gross monthly incomes of 130 percent of the federal poverty level or less. Families earning between 130 and 200 percent of the Federal Poverty Level (\$21,580 and \$33,200 respectively for a family of three in 2006), can also be considered for “categorical eligibility,” a federal option that allows for housing expenses to be considered in determining eligibility.

In terms of immigrant qualifications, children, the disabled and the elderly are typically eligible as are a number of individuals that meet the “qualified alien” specifications. These qualifications can be found on the Center for Civil Justice (Saginaw, Michigan) website (www.foodstamphelp.org) or by calling the Food Stamp Helpline at 1-800-481-4989.

How Much Assistance Is Provided?

The average food stamp recipient in Michigan receives 88 cents per meal, which equates to \$237.40 a month for a family of three. The amount of assistance each family receives is based on its net income. It is expected that families budget 30 percent of their earnings after deductions for food; the difference between this amount and the maximum benefit constitutes the family’s food stamp benefit. The maximum benefit is approximately 30 percent of the federal poverty level.³

Who Receives Food Stamps in Michigan?

- 51 percent are families with children
- 17 percent are households with a senior citizen
- 32 percent are households with a person with a disability
- Only 5 percent of households have a non-disabled, non-elderly adult
- Nearly 80 percent of households have incomes below the poverty level
- 79 percent of households do not receive traditional welfare; they live on wages, social security and/or SSI.⁴
- Nationally, racial minorities are disproportionately represented among food stamp recipients; 41 percent are white, 36 percent are African-American, 18 percent are Hispanic, 3 percent are Asian, 2 percent are Native American, and 1 percent is of unknown race.⁵ (This same disproportionality is similarly reflected in the racial/ethnic distribution of poverty.)

Long-term Unemployment

While the economy cannot explain all of the increase in Michigan’s Food Assistance Program caseload, it does explain a large portion. The economic reversal that began in 2000 resulted in a 123 percent increase by 2002 in the number of workers exhausting regular unemployment benefits in Michigan. The Center for Budget and Policy Priorities calls the number of workers with exhausted benefits one of the best measures of long-term unemployment (defined as unemployment lasting for at least six months).⁶ Michigan’s economy has continued to falter; in 2005 the number was still almost double that of 2000.

Manufacturing jobs do not hold as large a share of Michigan’s economy as they historically had. All of the five major manufacturing industries have experienced significant decreases in the number of jobs since 1990, with an especially pronounced drop beginning in early 2001. A report from the Economic Policy Institute showed that, nationally, workers in the manufacturing industry comprise 19 percent of the long-term unemployed; between 2000 and 2003, the

number of long-term unemployed manufacturing workers grew by over 250 percent.⁷

While the manufacturing sector has seen a decline in the number of jobs, other sectors, including those with high proportions of lower-paying jobs have seen increases. For example, the “leisure and hospitality sector,” dominated by low-paying jobs, has expanded by nearly 22 percent since 1990. Between 1980 and 2002, over 20 percent of all Michigan workers worked in jobs paying an hourly wage that amounted to less than the poverty level for a family of four.⁸

Increased Eligibility

A number of laws and regulations since the late 1990s also served to increase food stamp eligibility. Notably, the 2002 Farm Bill restored food stamp eligibility to a number of immigrants and also gave states the option to increase transitional food stamp benefits for families leaving welfare from three months to five. A study from the Urban Institute shows that the new policies and rules significantly increased participation among families with welfare experience but not among the large number of poor families without welfare experience.⁹

It wasn't until 1998 that eligibility was reinstated to several groups of immigrants, including children, the disabled and the elderly. The 2002 Farm Bill restored eligibility to almost 400,000 legal immigrants nationally in the spring and fall of 2003.¹⁰ It may be that as more immigrants become aware of their eligibility for food assistance they begin to utilize the program, however, this likely accounts for a very small portion of only the most recent increases in caseloads, particularly in Michigan with its relatively low level of recent immigration.¹¹

The year 2004 brought another significant change to Michigan's Food Assistance Program with the submission and subsequent federal approval of a waiver of the restrictions placed on Time Limited Food Assistance recipients. The waiver automatically extended benefits for about 8,000 of the nearly 27,500 existing Food Assistance recipients in Michigan. An additional 38,000 state medical program recipients were also made eligible to apply for Expanded Food Assistance benefits. The increased eligibility created by the waiver had the potential to increase the total

number of childless adults receiving Food Assistance by 35,000-90,000.¹² By early 2006 the waiver had permitted the caseload for Time Limited Food Assistance recipients to grow by 45,000 to roughly 72,000.

Administration

Notable among the provisions of the 2002 Farm Bill were options for states to simplify administration of their food stamp programs, including the applications.¹³ Other options included using the same definition of income and resources for eligibility as TANF or Medicaid, implementing simplified reporting systems and, as previously mentioned, extending transitional benefits to those exiting TANF.¹⁴ From these options Michigan chose to institute a simplified reporting with a 12-month certification period and a six-month confirmation notice to be returned by mail. The changes resulting from the Farm Bill contributed to an improved payment accuracy rate.

The debit-card system has reduced the stigma associated with the paper stamps and coupons previously used. The new system may have made more eligible families comfortable enough to seek the assistance that they need.

Outreach/Recruitment Efforts

The federal government has supported state food stamp outreach efforts through the provision of advertising materials, the creation of a national hotline and an online eligibility calculator. Outreach and recruitment efforts in Michigan have been initiated by the Center for Civil Justice (CCJ) and the Michigan's Coordinated Access to Food for the Elderly (MiCAFE) operated by Elder Law of Michigan, both of which have promoted access to food assistance for eligible individuals. Two of the major outreach products of CCJ have been a website and statewide food assistance helpline. The Food Bank Council of Michigan also does important outreach work by ensuring the dissemination of Food Assistance Program information at emergency food sites. Program participation by eligible individuals is estimated at 65 percent by the USDA, placing Michigan among the top 10 states in terms of participation rate.¹⁵

Summary

The expanding food stamp caseload is reflective, primarily, of the economic hardships facing Michigan's families. Long-term unemployment and inadequate wages continue to plague the state.

Increasingly more residents are finding themselves in perilous financial situations, forced to rely on food assistance and other programs in order to provide for themselves and their children.

References

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- ³ *ibid*
- ⁴ *ibid*
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- ¹⁵ *Food Stamps: Supporting Healthy Families and Communities in Michigan* (Michigan: Center for Civil Justice, 2005).