



SECTION II  
FEDERAL NUTRITION  
PROGRAMS

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## **FOOD STAMP PROGRAM (FSP)**

The Food Stamp Program is the federal government's first line of defense against hunger and a central component in the effort to alleviate poverty. It is a federally guaranteed entitlement with a federal eligibility and benefit structure that is administered by the United States Department of Agriculture and state administrative agencies. The Food Stamp Program is the nation's largest non-categorical entitlement, available to nearly all low-income Americans that meet the program's income eligibility and asset requirements. Food stamps enable low-income families to buy food with Electronic Benefits Transfer (EBT) cards that operate similarly to debit cards, but whose benefits may only be used for the purchase of food. Food stamp recipients spend their benefits to buy eligible food in USDA authorized retail food stores.

The Food Stamp Program is efficiently targeted to reach people who have the most difficulty affording an adequate diet. The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA or "Welfare Reform") (Public Law 104-193) ended eligibility for many legal immigrants, though Congress later restored benefits to many immigrant children and elderly immigrants, as well as some small specific immigrant groups. The welfare reform act also placed time limits on benefits for unemployed, able-bodied, childless adults but permitted states to waive the time limit under certain circumstances. Households must meet eligibility requirements and provide information and verification about their household circumstances. The gross monthly income of most households must be 130% or less of the federal poverty guidelines. Eligible households are issued a monthly allotment of food stamps based on the Thrifty Food Plan, a low-cost model diet plan.

In FY 2005, approximately 25.7 million individuals participated in the Food Stamp Program. Over half of all food stamp recipients are children and another quarter are elderly or disabled persons. Of the remainder, close to half are working or participating in the Food Stamp Employment and Training program or are subject to other program work requirements (e.g., TANF). Of the 5% of all food stamp recipients neither working nor subject to a work requirement, half are caring for a young child.

The strength of the Food Stamp Program is its entitlement nature, allowing the program to respond rapidly and effectively when disaster or economic recessions hit. With few exceptions (notably 1981-1983 following substantial program cutbacks) food stamp caseloads have closely tracked the unemployment rate, rising as unemployment rises, and falling when it declines. USDA's Economic Research Service estimates that for each \$1 billion of food stamp retail food purchases, an estimated \$340 million in farm production, \$110 million in farm-value added, and 3,300 farm jobs are generated.

The modern Food Stamp Program began as a set of pilot projects initiated by an executive order in 1961. The original eight pilot projects, serving about 140,000 persons a month at a federal cost of \$13.1 million a year (FY 1962), grew to 43 projects (cities or counties) spread across the country by 1964. The pilot project stage ended in 1964 with the enactment of the Food Stamp Act of 1964. The Food Stamp Act of 1964 enabled states to establish a program, if they chose to, in all or part of the state. After determination of eligibility under state-defined standards, eligible recipient households were allowed to "purchase" a monthly allotment of stamps. The allotments varied by household size and region of the country. The Program was subsequently amended in 1970 and again as part of the 1977 "farm bill" (Public Law 95-113). In 1977, the Carter Administration proposed and Congress enacted a completely rewritten Food Stamp Act and repealed the 1964 act. Two years of legislative activity culminated in the Food Stamp Act of 1977; this act combined several measures restricting eligibility and benefits with a major liberalization, elimination of the purchase requirement. It was implemented throughout the states beginning in January 1979.

The Program has been amended numerous times over the years; the most recent series of amendments to the Program was included in the 2002 Farm Security and Rural Investment Act of 2002 (Public Law 107-171) which expanded eligibility for legally resident noncitizens who lost eligibility under welfare reform in 1996, increased food stamp benefits, provided states more options in administering the Program, and reformed the Quality Control system.

Despite the Program's quantifiable success in reducing hunger and poverty, and the economic activity the Program generates, only about 60% of eligible people participate in the Program. The non-participation of eligible households in the Food Stamp Program is a vexing problem that costs food retailers billions of dollars each year, denies agriculture and low-income communities badly needed economic activity, and ultimately reduces our nation's progress toward reducing hunger.

Access to this program remains daunting for a variety of populations, including the elderly, working families and immigrants due to a number of factors, including its complex eligibility guidelines and paperwork requirements for applicants. Adequacy of benefits is also an issue, as food stamp recipients report that benefits typically last only about two and a half weeks during any given month.

## **THE EMERGENCY FOOD ASSISTANCE PROGRAM (TEFAP)**

TEFAP provides federal funds and food commodities to states to assist local emergency feeding organizations providing food relief to millions of low-income persons in need of short-term hunger-relief. In FY 2006, a total of

\$195.5 million was appropriated for TEFAP (\$140 million in mandatory funds for the Food Stamp Program account to buy commodities for the program, and \$55.5 million in grant funds to assist with storage, transportation, processing and distribution costs). In addition to the annual appropriation for TEFAP, the Department of Agriculture also provides “bonus” or “surplus” commodities to TEFAP through the Department’s agricultural market support activities. These bonus donations often represent more than half the total value of commodities donated under the program. In FY 2005, the USDA donated an estimated \$154 million in bonus commodities to TEFAP out of an estimated total of \$286 million worth of commodities.

America’s Second Harvest – The Nation’s Food Bank Network is the principal non-governmental institutional distributor of TEFAP commodities, distributing an estimated 80% of Program benefits through its Network of Member food banks and food-rescue organizations, or an estimated 460 million pounds of TEFAP food.

The U.S. Department of Agriculture’s Food and Nutrition Service (FNS) makes food products (commodities) and storage and distribution funds available to state agencies and Indian Tribal Governments. The state agencies that manage TEFAP then distribute the product to qualifying emergency food organizations (EFOs) and similar eligible recipient agencies (ERAs). These TEFAP eligible organizations are typically regional food banks, local food pantries, soup kitchens, emergency shelters, and Community Action Agencies – which in turn distribute the food directly to people in need or use it to prepare meals. In 2005, 68.7% of all food pantries and 49.4% of all soup kitchens in the America’s Second Harvest Network distributed TEFAP commodities.

In most instances, regional food banks leverage the TEFAP commodity food with privately donated food for food package (or emergency food box) distribution at food pantries, food shelves, and other local charities. This “leveraging” of TEFAP commodities with privately donated food extends TEFAP program benefits beyond the budgeted amount for the Program.

TEFAP is a means-tested program with income eligibility requirements set by the states, typically between 100% and 155% of the federal poverty threshold. Recipients include vulnerable populations of the elderly, children, working families, and people who are homeless. In addition to providing wholesome food to hungry people, TEFAP serves the agricultural community by using surplus commodities purchased by USDA from farmers and other producers. A 1994 USDA Economic Research Service report found that for every \$1 USDA spends for TEFAP surplus commodities, farmers and producers receive between 27 and 85 cents, one of the highest rates of farm gate income return of any federal nutrition program.

## COMMODITY SUPPLEMENTAL FOOD PROGRAM (CSFP)

The Commodity Supplemental Food Program (CSFP) provides commodity food packages for low-income pregnant and breastfeeding women, other new mothers up to one year postpartum, infants, children up to their sixth birthday, and elderly persons at least 60 years of age who meet income eligibility requirements. CSFP food packages do not provide a complete diet, but rather are good sources of the nutrients typically lacking in the diets of the target population. Eligibility for the Program is limited to elderly persons with income at or below 130% of poverty. State agencies are responsible for establishing income guidelines for women, infants and children. State agencies store the food and distribute it to public and nonprofit private local agencies for further distribution to low-income clients.

When CSFP was initially authorized under the Agriculture and Consumer Protection Act of 1973 (7 U.S.C. 612c note: Public Law 93-86), its purpose was to primarily serve low-income pregnant and postpartum women and their young children. Over the years, however, as this population has become increasingly served by the Special Supplemental Nutrition Program for Women, Infants and Children (WIC) and the senior population has grown, senior participation has grown significantly. At this time, low-income seniors make up about 90% of the overall enrollment in CSFP.

CSFP food packages do not provide a complete diet. They are an essential supplement to the Food Stamp Program for low-income elderly, needy mothers and young children whose food stamp benefits are too small to allow them to buy the foods they need to meet their special dietary conditions. They also help provide nutrients to needy populations that do not participate in the Food Stamp Program. Further, the CSFP serves as an outlet for food commodities acquired by the government for farm support reasons, and encourages the consumption of nutritious fruits and vegetables, dairy and peanut products, cereals, rice, meat and poultry.

Currently, 32 states (AK, AZ, CA, CO, IL, IA, IN, KS, KY, LA, MI, MN, MS, MO, MT, NE, NV, NH, NM, NY, NC, ND, OH, OR, PA, SC, SD, TN, TX, VT, WA & WI) and the District of Columbia participate in CSFP. It is important to note, however, that CSFP commodities may not be available statewide in all of the 32 participating states, as the caseloads allotted for each individual state are often smaller than the number of eligible seniors and families. Four additional states (AR, DE, NJ, OK) have approved applications to join the Program should the Congress appropriate sufficient funding.

An average of more than 512,000 people each month participated in the Program in FY 2005, including almost 460,000 elderly and more than 52,000 women, infants, and children.

Because it is a discretionary program, CSFP faces annual threats in the appropriations process. In President Bush’s FY 2007 budget request, the President proposed zeroing out funding for this critical nutrition program. While Congress soundly rejected this plan, rising food costs, decreases in bonus commodity purchases,

and shrinking funding for discretionary programs means that it is increasingly difficult to ensure that the program has the resources it needs each year to serve those who are currently participating in the program.

## **NATIONAL SCHOOL LUNCH PROGRAM (NSLP)**

The National School Lunch Program (NSLP) is the largest of the federal child nutrition programs, reaching over 100,000 public and private elementary and secondary schools in 2006, and serving federally subsidized lunches to some 30 million children.

The Program is permanently authorized by the Richard B. Russell National School Lunch Act [42 U.S.C. 1751-1761], and is annually funded by agriculture appropriations laws. The U.S. Department of Agriculture's Food and Nutrition Service (FNS) is the agency responsible for administering the Program at the federal level. Educational agencies generally administer the program at the state level, and local school food authorities, or school districts administer the program locally.

Each lunch served must meet federal meal requirements with respect to content in order to be reimbursed. Schools participating in the Program also must offer meals free or at a significantly reduced price to children from lower income families who apply for and meet federal income eligibility criteria.

All lunches served through the National School Lunch Program qualify for a basic cash and commodity reimbursement, irrespective of the family income of the child receiving the lunch. Higher reimbursements are provided for lunches served free or at a reduced price to children from lower income families.

Lunch reimbursements are set by law and annually adjusted for inflation each July 1. For the 2006-2007 school year, the cash reimbursement rate for most school lunches is 23 cents per lunch. A higher rate applies in schools where 60% or more of the lunches are served free, and in Alaska and Hawaii. Additional commodity support, effectively valued at 18.52 cents per lunch in the 2006-2007 school year, also is provided for each school lunch regardless of the family income of the recipient.

Children from families with incomes at or below 130% of the federal poverty guideline qualify for free lunches. Significantly reduced-price lunches are available to children whose family income is between 130% and 185% of the federal poverty income guideline. For the 2006-2007 school year, the federal cash reimbursement for each free lunch is \$2.40, and the reduced-price reimbursement is \$2.00 (with higher amounts for schools with high proportions of low-income children, and in Alaska and Hawaii). No charge is permitted for a free lunch and schools may not charge more than 40 cents for a reduced-price lunch.

There is no limit on the amount that schools may charge for so-called "paid" lunches served to children whose families do not apply or qualify for free or reduced-price lunches, except that schools may not make an overall profit on their federally subsidized program. Many school food service operations use funding from meal charges to help defray the costs of free and reduced-price lunches that are not covered by federal reimbursements. State and local matching funds also contribute to the cost of the National School Lunch Program.

### **Program Facts:**

- Over 101,000 public and private elementary and secondary schools participated in the national school lunch program in FY 2006.
- Some 30 million school children (representing 60% of those in participating schools) received 5 billion federally subsidized lunches through the program in that year.
- To receive federal reimbursement, lunches must meet federal nutrition requirements that set a standard for providing one-third of the recommended daily allowances for key nutrients, including calcium, protein and vitamins A and C.
- Just under half of all lunches served in the 2005-2006 school year were served free to children with family incomes below 130% of the federal poverty guideline (\$25,155 annual income for a family of four).
- Just under 10% of the lunches were served at a significantly reduced price (40 cents) to children with family incomes between 130% and 185% the federal poverty income guideline (\$35,798 for a family of four in the 2005-2006 school year).
- Some 40% of subsidized lunches were served to children whose families did not apply for or whose incomes did not qualify them for free or reduced-price lunches.
- Federal cash support for the program was just over \$7 billion in FY 2005, most of which supported the costs of lunches served free or at reduced-price to low-income children.
- Additional federal commodities valued at \$859 million were distributed to the school lunch program in FY 2005 to help support the overall cost of the program.
- Children's meal payments and state and local funds also contribute to the full cost of the school lunch program.

## **SCHOOL BREAKFAST PROGRAM (SBP)**

Originating as one of the Great Society's War on Poverty programs for schools in low-income areas, the School Breakfast Program (SBP) is now a nutrition program that offers federal reimbursements for breakfasts served in all of the nation's public and private elementary and secondary schools. School districts and independent schools that choose to take part in the breakfast program receive cash subsidies from the USDA for each meal they serve. In return, they must serve breakfasts that meet federal nutrition requirements, and must make them available at no or substantially low cost to lower income children.

Like the National School Lunch Program, basic cash reimbursements are provided for all breakfasts served, irrespective of the family income of the participant. Considerably higher reimbursements are provided for free and reduced-price breakfasts served to low-income children. The breakfast reimbursement rates are set by law, and annually adjusted for inflation. For the 2006-2007 school year, the basic reimbursement for breakfasts served to children whose families do not apply or qualify for free or reduced-price breakfasts is 24 cents per breakfast. The free breakfast reimbursement is \$1.31 per breakfast (or \$1.56 in schools with high proportions of low-income children, so-called "severe need" schools). The reduced-price breakfast reimbursement is \$1.01 per breakfast (\$1.26 in severe need schools).

The School Breakfast Program is permanently authorized by the Child Nutrition Act of 1966, and is funded annually through agriculture appropriations laws. It is administered at the federal level by the U.S. Department of Agriculture's Food and Nutrition Service. State education agencies generally administer the program at the state level, and it is administered locally by school districts and school food authorities. Funding is mandatory and based on performance; that is, reimbursements are provided for each qualifying meal served.

All of the children in a participating school are eligible to receive a federally subsidized school breakfast, irrespective of their family income. Children receiving free or reduced-price breakfasts must meet federal income eligibility criteria. Meals served to children who qualify for free or reduced-price breakfasts are reimbursed at a substantially higher rate.

For the 2005-2006 school year, children from families with incomes at or below 130% of the federal income poverty guideline (\$25,155 annual income for a family of 4) qualify for free breakfasts. Children from families with incomes between 130% and 185% of the poverty guideline (\$35,798 for a family of four) are eligible for reduced-price meals. No charge is permitted for free breakfasts. The reduced-price breakfast charge may not exceed 40 cents, and there is no limit on the amount that schools may charge for breakfasts served to children whose families do not apply for, or qualify for free or reduced-price breakfasts.

In FY 2005, 82,385 schools with a total enrollment of just under 41 million children participated in the School Breakfast Program. Peak participation in the program was 9.57 million children. The federal cost of the program in FY 2005 was \$1.94 billion, which subsidized the cost of serving just under 1.6 billion breakfasts.

## **SUMMER FOOD SERVICE PROGRAM (SFSP)**

The U.S. Department of Agriculture's Summer Food Service Program (SFSP) works to ensure that low-income children continue to receive nutritious meals and snacks when school is not in session. SFSP is the single largest federal resource available for local sponsors who want to combine a feeding program with a summer activity program.

The Food and Nutrition Service (FNS), an agency of the USDA, administers SFSP at the federal level. State education agencies administer the program in most states. In some areas, a state health or social department, or an FNS regional office may be designated. Locally, SFSP is run by approved sponsors.

Through the SFSP, summer programs can provide up to two healthy meals or snacks per day, five days per week to children and teenagers, 18 years and younger, at approved central sites in low-income areas. Meals and snacks are also available to persons with disabilities, over age 18, who participate in school programs for people who are mentally or physically disabled. Camps and sites that primarily serve migrant children may be approved to serve up to three meals to each child, each day. Sponsors receive reimbursement payments for the cost of food and documented administrative costs to support the operation of the program. Schools, public agencies, camps, and private nonprofit organizations may apply to sponsor the program. All sponsors receive training from their state agency before starting the program to learn how to plan, operate, and monitor a successful food service program.

States approve SFSP meal sites as open, enrolled or camp sites. Open sites operate in low-income areas where at least half of the children come from families with incomes at or below 185% of the federal poverty level, making them eligible for free and reduced-price school meals. Meals are served free to any child at the open site. Enrolled sites provide free meals to children enrolled in an activity program at the site where at least half of them are eligible for free and reduced-price meals. Camps may also participate in SFSP. They receive payments only for the meals served to children who are eligible for free and reduced-price meals.

The foundation for the SFSP was the creation of the Special Food Service Program for Children in 1968. The three-year pilot provided grants for states to help provide meals for children when school was not in session. In 1969, about 99,000 children participated in the summer program at 1,200 sites.

In 1975, the Separate Child Care Food Program and Summer Food Service Program (SFSP) was authorized. Residential summer camps and sites serving areas of poor economic conditions, where at least one-third of the children who qualify for free and reduced-price meals, were eligible to participate in SFSP. All meals served to participating children would be reimbursed at a single reimbursement rate. Start-up and advance payments were made available for sponsors to help defray costs of planning and organization and to help with cash flow.

Program participation reached an all-time peak of nearly 2.8 million children at 23,700 sites in 1977. In addition to growth, however, several provisions contributing to abuse and inefficiency were identified. A law enacted in November, 1977, followed by another in 1979, attempted to address those issues.

The Omnibus Budget Reconciliation Act of 1981 made major changes in the program, the most significant of which was the elimination of private nonprofit organization sponsors, except schools and camps. The law also redefined "area of poor economic conditions" to mean areas where 50% of children would be eligible for free and reduced-price meals, rather than one-third. Participation dropped from 1.9 million children at more than 20,500 sites in 1981, to less than 1.4 million children at approximately 14,400 sites in 1982.

Through the 1980s and early 1990s, several pieces of legislation were passed to address the reduced participation. Due in part to these initiatives, participation rose gradually from the 1982 level, until finally topping 2 million in 1993. Since 1993, participation has remained relatively stable at slightly more than 2 million children.

In 1989, the Child Nutrition and WIC Reauthorization Act of 1989 (Public Law 108-265) readmitted private nonprofit organization sponsors, with certain conditions. Subsequent legislation in 1994 and 1998 removed the remaining restrictions on participation by private nonprofit organization sponsors.

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104-193), however, included more than a dozen amendments designed generally to streamline program operations and reduce costs. The law removed expansion as a stated goal, lowered reimbursement rates for operating costs, limited the number of reimbursable meal services for certain sponsors, eliminated participation of "academic year" National Youth Sports Program sites, and eliminated start-up and expansion grants.

The Simplified Summer Food Program (SSFSP) was approved by Congress in the Child Nutrition and WIC Reauthorization Act of 2004 for eligible states that qualify based on a statutory formula. (Eligible states have lower than average participation rates in the SFSP.) The Simplified Summer Food Program grew out of an earlier pilot project, commonly known as the "Lugar Pilot" after Senator Richard Lugar (R-IN) which operated from FY 2001 – 2004 in 14 States. The SSFSP was expanded to the 26 states (and Puerto Rico) listed below in January 2006. In addition, the law allowed nonprofits to participate in the SSFSP.

The Simplified Summer Food Program (SSFSP) establishes simplified cost accounting procedures in 26 states and Puerto Rico, as listed below:

AK, AZ, AR, CO, ID, IN, IA, KS, KY, LA, ME, MI, MS, NE, NC, NH, ND, OH, OK, OR, Puerto Rico, TN, TX, WA, WV, WI and WY.

This new simplified version of SFSP reduces paperwork and increases reimbursements, thereby making it much easier for organizations in these states to participate in this very valuable program.

Traditionally, SFSP sponsors are required to account for administrative and operating (food service) costs separately. Sponsors receive reimbursements for food service operations only up to the operating reimbursement rate and for administration only up to the administrative reimbursement rate. The SSFSP removes the "wall" between these two reimbursements and allows sponsors in eligible states to receive the maximum operating and administrative reimbursements based on the number of meals served, multiplied by the operating and administrative reimbursement rates. This may mean a higher reimbursement level for sponsors whose food costs are lower than the maximum rate but whose administrative costs exceed the reimbursable level.

Although over 20 million children get free or reduced-price school meals during the regular school year, only about two million children receive meals during the summer months, largely due to the lack of local programs. Despite the growth of the Simplified Summer Food Program to 26 states and Puerto Rico, challenges remain in acquiring nonprofit sponsors for the program at the local level. Paperwork requirements and insufficient reimbursements deter potential program sponsors in non-simplified states and even in states with the SSFSP, nonprofits often find it difficult to enroll in the program due to insufficient resources. Rural areas may find it especially daunting to participate in the SFSP due to the costs associated with moving food to SFSP sites.

## **SPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR WOMEN, INFANTS AND CHILDREN (WIC)**

The WIC program provides monthly vouchers (or in some cases food packages) for nutritious foods to supplement the diets of low-income pregnant and postpartum women, infants and children through age five who are at nutritional risk. It is authorized through September 30, 2009 by the Child Nutrition Act of 1966.

The program also supports the costs of nutrition counseling, and screening or referrals to health and other social services for participants. WIC food packages are specifically designed by the USDA to meet the nutritional needs of participants, and vary in types and amounts of foods accordingly. In FY 2005, average participation in the WIC program was just over 8 million, and the federal cost was \$3.5 billion.

Unlike the Food Stamp Program and child nutrition meal service programs, WIC is a grant program, with

its participation determined by the amount of funds annually appropriated for the program. In other words, the amount of funding determines the number of persons who can participate, and not all of those who qualify for the program are entitled to participate. Also, unlike the Food Stamp Program, WIC program vouchers can only be used to redeem those foods that are approved for the recipient's food package and the food package content is based on the specific dietary needs of the category of participant (i.e. whether it is a pregnant woman, postpartum nursing or non-nursing mother, infant, or child). The USDA's Food and Nutrition Service, which administers the program at the federal level, provides funds to state WIC agencies, usually state health departments, to pay for WIC benefits and services, including administrative costs associated with nutrition education, and other mandated services. WIC programs operate through local agencies that either directly provide health care services, or have health-related connections. WIC is administered through about 90 WIC state agencies and 2,000 local agencies in 10,000 clinic sites located in 50 state health departments, 34 Indian Tribal Organizations, the District of Columbia, and five U.S. territories.

Eligibility for WIC benefits is based on low-income and nutrition-related health status. To be eligible, applicants' income may not exceed 185% of the U.S. Poverty Income Guidelines (\$35,798 for the period July 1, 2005-2006) and they must be diagnosed by a competent health professional as being at "nutritional risk."

WIC foods include iron-fortified infant formula and infant cereal, iron-fortified adult cereal, vitamin C-rich fruit or vegetable juice, eggs, milk, cheese, peanut butter, dried beans/peas, tuna fish and carrots. The types and amounts of the foods vary in each food package according to the needs of the participant. Benefits are commonly provided to participants in the form of food certificates used at grocery stores to buy specific types and quantities of foods prescribed by the category of the participant (i.e. pregnant, breastfeeding, or postpartum mothers up to six months, infants, and children aged one to five).

Local agencies decide on their WIC caseload based on available funding and estimated costs of food packages. They do not have to serve all of those who apply and qualify and if funds are limited will generally try to serve those in greatest need. Agencies may not alter the USDA prescribed food package contents for budgetary reasons.

Studies have shown that participation in WIC leads to improved birth outcomes, including higher gestation than among non-participants, improved diet, improved cognitive development among children, and reduced future health costs.

## **CHILD AND ADULT CARE FOOD PROGRAM (CACFP)**

The USDA's Child and Adult Care Food Program (CACFP) provides federal subsidies for meals and snacks (supplements) served to children and seniors in public and private profit and nonprofit child day care centers, family or groups day care homes, adult day care centers, and after-school programs. The program is permanently authorized by the Richard B. Russell National School Lunch Act and is designed to help improve the quality of day care by making the cost of this care more affordable for many low-income families, and by improving the nutritional content of meals and snacks served.

Federal funding for the program is provided through annual agricultural appropriations laws, and it is administered at the federal level by the U.S. Department of Agriculture, Food and Nutrition Service. State agencies responsible for licensing and monitoring child care are responsible for administering the program at the state level. The program is administered in most states by the State Educational Agency.

In FY 2005, peak participation in the program reached 3.36 million. Participants were served a total of 1.8 billion subsidized meals and snacks at a federal cost of \$2.13 billion. Average daily attendance in child care centers was 2 million children; approximately 900,000 children were served through family day care homes.

The CACFP also provides federal subsidies for meals served to children residing in emergency shelters, and for snacks and meals served to children participating in eligible after-school care programs. Meals and snacks served to children are reimbursed at legislatively specified rates that are annually adjusted for inflation based upon a child's eligibility for free, reduced-price, or paid meals.

Federal meals and snacks that meet federal nutritional requirements are federally reimbursed with payments made to independent centers and sponsoring organizations. To be eligible for the program, centers and homes must be licensed or approved by the state. All enrolled children and adults in these facilities are eligible for the federally subsidized meals and snacks. There are limits on how many meals and snacks are reimbursable. Centers and day care homes may be reimbursed for up to two meals and one snack, or two snacks and one meal per day. After-school care programs may claim reimbursement for one snack per child per day.

Reimbursements for centers are based on claiming percentages, blended per meal rates, or actual meal counts and eligibility categories (i.e. free, reduced-price, or paid, as applies for the school lunch and breakfast program reimbursements). State agencies determine the method of reimbursement that will be used.

For day care homes, a tier system applies for meal reimbursements. This system addresses the particular problems of small homes where individual income testing, changing participation, and meal counting requirements used by day care centers are difficult to meet. Sponsoring organizations also receive administrative funds for documented costs incurred in operating the program.

For-profit day care centers may participate in the program if they receive Title XX funds for at least 25% of enrolled children or capacity, or if at least 25% of the children served are eligible for free or reduced-price meals (i.e. incomes at or below 185% of the federal income poverty guideline). Community-based programs, such as America's Second Harvest Network Kids Cafes, offer enrichment activities for at-risk children after school, and also can provide free snacks through CACFP. Programs receiving these benefits must be located in areas where at least 50% of the children are eligible for free and reduced-price meals based upon school data. Reimbursable meals are also available to children in eligible after-school care programs in seven states.

## **COMMODITY ASSISTANCE TO CHILD NUTRITION PROGRAMS**

Begun during the early 1930s as part of the nation's response to the plight of farmers and the economic devastation of the Great Depression, commodity donations to schools for lunch programs were the first form of federal child nutrition program assistance. Over the years, it became clear that surplus government commodities were not a reliable form of support for on-going child nutrition programs. In the 1970's, after several years of declining commodity donations, the Congress approved a mandatory level of commodity support for the school lunch and other child nutrition programs that continues to this day.

The USDA's School/Child Nutrition Commodity Programs (CNP) provide USDA-purchased food for lunches served in schools through the National School Lunch Program, Child and Adult Care Food Program, and the Summer Food Service Program. The program is authorized under the Richard B. Russell National School Lunch Act, and requires a mandatory level of commodity assistance (an effective rate of 18.52 cents for the 2006 - 2007 school year) for each lunch served under these programs.

Commodity support for child nutrition programs operates through a combination of food commodities purchased specifically for child nutrition programs with appropriated funds and food commodities acquired under farm commodity and agricultural surplus removal programs and donated at no charge to child nutrition programs. These commodities are purchased to meet the mandated level of support required for child nutrition programs (so-called "entitlement" commodities).

Additional support from Commodity Credit Corporation holdings or unexpected acquisitions of surplus commodities acquired for farm support reasons also are donated to child nutrition programs. These are so-called "bonus" commodities and are over and above the levels needed to meet the child nutrition commodity entitlement.

A limited amount of commodity support is provided as well to school food programs in some areas in the form of cash rather than food commodities (so-called "cash-in lieu of commodities"). Federal funding also supports the costs of administrative and system expenses associated with the operation of the commodity programs.

In FY 2005, commodity support for child nutrition programs totaled \$1.06 billion. Most of this amount (\$837.7 million) supported the cost of entitlement commodities. The remaining support consisted of \$93.5 million in cash-in lieu of commodities; \$120 million in bonus commodities, and \$9.4 million in administrative expenses.

FY 2005 commodity purchases for child nutrition programs included \$633 million worth of meat, poultry, fruits and vegetables, and \$205 million worth of grains, oils, peanut products, cheese flour and dairy products.

Bonus commodity donations, valued at \$90.6 million, included non-fat dry milk and pudding, and \$29.5 million worth of additional fruits and vegetables.

The Food Distribution Division of USDA's Food and Nutrition Service (FNS) is responsible for acquiring and distributing commodities to child nutrition programs. It arranges purchases of commodities with appropriated funds, and works with the Agricultural Marketing Service to obtain other commodities needed to meet the commodity entitlement as well as bonus offers. Bid offers based on nutrition program needs reported by schools to state distribution agencies are made by commodity processors who must meet federal commodity specifications and criteria. State commodity distribution agencies are responsible for the local distribution of the commodities to schools, summer food programs and child and adult care food programs.

## **SPECIAL MILK PROGRAM (SMP)**

The Special Milk Program (SMP) operates in public or private nonprofit schools or child care institutions that do not participate in a federally subsidized meal program, with an exception for schools with split session kindergarten programs where children do not have access to a school lunch. The SMP provides federal reimbursements to schools for each half-pint of milk served. In FY 2006 the federal cost of the program was \$14.8 million and this provided reimbursement for 96.5 million half-pints of milk served to participating children.

## **TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF)**

The Temporary Assistance to Needy Families (TANF) Program is a program designed to serve low-income families through various types of assistance and work opportunities. TANF was created by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 ("Welfare Reform") (Public Law 104-193) and summarily replaced the

Aid to Families with Dependent Children (AFDC) program and the Job Opportunities and Basic Skills Training (JOBS) programs.

TANF, typically called “welfare,” provides federal funds via a block grant to each state that allows broad flexibility to develop and implement state welfare programs. States may establish programs “reasonably calculated to accomplish the purposes of TANF;” otherwise, the federal government may not regulate the conduct of states. States are free to set benefit levels, asset limits, and work requirement specifics. Consequently, there is little similarity in how the program is administered across the country. In exchange for benefits, many recipients must comply with work requirements and there is a five-year time limit or less at state option on receipt of TANF benefits. States can be penalized for non-compliance with certain TANF requirements.

TANF was reauthorized by the Deficit Reduction Act of 2005 (Public Law 109-362) and signed into law by President Bush on February 8, 2006. The new law maintains the same 50% work participation requirement for states as before. However, prior to the reauthorization, a caseload reduction credit allowed states to reduce their work requirement by their caseload decline since 1996. As most states experienced dramatic caseload declines, the credit had virtually eliminated the work participation requirements for most states.

The reauthorization recalibrates the base year for calculating the caseload reduction credit and also closes a loophole to include separate state programs in the work calculation. These changes effectively re-implement a meaningful state work participation rate requirement as envisioned by the architects of welfare reform back in 1996.

The reauthorization includes \$150 million to support programs designed to help couples form and sustain healthy marriages. Up to \$50 million of this amount may be used for programs designed to encourage responsible fatherhood. In its welfare reform law of 1996, Congress stipulated three of the four purposes of the TANF block grant to states be related to promoting healthy marriages.

The welfare reauthorization provisions also made several improvements to the child support enforcement program, including a change that will provide more support directly to families, especially those who have left welfare.

There were more than 1.7 million families receiving TANF cash benefits nationwide in September 2006, the most recent month for which data is available. Since the enactment of welfare reform in August 1996, there has been a 59.8% decline in the number of families receiving benefits.