The Recession’s Safety Net:
An Overview of Recent Legislative Changes to the Supplemental Nutrition
Assistance Program and their impact on North Carolina

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I. Introduction

While the food stamp program began as a mechanism for the redistribution of surplus food supplies, it has evolved over the past seventy years into a modern safety net for millions of people. Acting as the nation’s leading tool in the fight against hunger, the program is “designed to improve the nutrition level and food purchasing power of people with low incomes.”¹ Importantly, the program has the “ability to respond to changing needs caused by economic cycles or natural emergencies on the local, state, and national levels . . . [w]hen need increases or decreases, the funds for the program respond accordingly.”² In the wake of the most recent recession Congress relied on this unique element of the program as the federal government responded to the increased need across the nation for supplemental food assistance. This paper discusses Congress’ legislative fortification of the food stamp program in the 2008 Farm Bill and the American Reinvestment and Recovery Act of 2009, emphasizing the impact the legislative changes have had on North Carolina. Additionally, the paper explores the lingering concern of underparticipation in the program. While the current economic climate has led to record levels of participation, underparticipation continues to affect the food security of eligible individuals who are not receiving benefits, as well as affects local communities which are not receiving the extra infusion of federal food stamp dollars.

² Id.
Prior to a discussion of the current status of the program, this paper begins with an introduction to the food stamp program. Part II explains the national development of the program. The section discusses how food stamps evolved from a form of surplus food distribution to an entitlement program designed to tackle malnutrition and alleviate hunger among low-income households. Part III discusses the national administration of the program, with supplemental information about the administration of the program within North Carolina. The section focuses on two main elements to the administration of food stamps: eligibility and benefits, explaining how eligibility is determined and what benefits are received once an individual is deemed eligible.

Parts IV and V begin the discussion of the recent food stamp legislation. Part IV describes the changes created by the 2008 Farm Bill, highlighting three specific provisions which had a significant impact on the program: (i) § 4102: Standard Deductions; (ii) § 4103: Dependent Care Deductions; and (iii) § 4107: Minimum Benefits. Part V explains the changes created by the American Reinvestment and Recovery Act of 2009 and tracks the most recent developments in the participation rates. Finally, Part VI focuses on the hidden challenge of underparticipation and its implication on local economies, showing how despite the record high participation levels underparticipation continues to be an unresolved struggle for the program. Overall, this paper provides an overview of the recent legislative changes to the food stamp program and its resulting impacts.

II. Development of Food Stamp Program through History

The concept behind the food stamp program arose in the 1930s. Seeking to stabilize food prices in the midst of the Great Depression, Congress authorized the collection of surplus food and its subsequent redistribution to the poor, creating the first version of the food stamp program. Beginning in 1939 the program operated on a limited basis in select portions of the United States, using a two-color (orange and blue) stamp system. If a person met the eligibility requirements for locally-administered cash-assistance programs, he or she could purchase orange stamps, which operated as a cash substitute, meaning they “could be used to buy any food items on a dollar-for-dollar basis.” For every two dollars of orange stamps purchased, he or she would also receive one dollar of blue stamps. The blue stamps could be used to purchase specific commodities which the Secretary of Agriculture designated as surplus. But this initial version of the program was short-lived. With the beginning of World War II, the program was terminated in 1943 as the demands on agricultural supplies increased.

In 1961 the Kennedy Administration reintroduced food stamps as part of a pilot program in select counties across the nation. This version simplified the program’s administration, eliminating the two-color stamp system. Instead, eligible participants could purchase food coupons at a discounted rate from the face value of the coupons. The difference between the face value and the discounted rate was called the “bonus value” of

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4 Id.
5 See JAMES C. OHLS & HAROLD BEEBOUT, FOOD STAMP PROGRAM: DESIGN TRADEOFFS, POLICY, AND IMPACTS 13 (The Urban Institute Press 1993).
6 Id.; see also FRAC - Food Stamp Program, supra note 3.
7 OHLS & BEEBOUT, supra note 5, at 13.
8 Id.
9 Id.
10 Id.
11 Id. at 14.
12 Id.
13 Id.
14 Id.
As participants’ income rose, the price they paid for their coupons would also rise, decreasing the “bonus value” of the coupons and phasing out participants with higher incomes. In this version, participants could use the coupons to purchase any food, not just surplus foods. The program’s purpose also shifted from disposing surplus food supplies to “alleviating hunger and malnutrition by permitting low-income households to obtain a more nutritious diet through normal channels of trade.”

The Food Stamp Act of 1964 (hereinafter “1964 Act”) expanded the pilot program nationally and changed the eligibility requirements. Previously, eligibility was determined by state and local policies, but the 1964 Act created more standardized requirements by tying eligibility to state welfare criteria. “Although disposal of agricultural supplies was still of primary importance, the 1964 Act placed the Food Stamp Program on a permanent legislative basis, from which food stamps have grown to their current prominence in the income support system.”

Operating on a national level, the program began to grow quickly. Participation rose from 1.4 million in 1967 to 16.3 million in 1975. Despite the rapid growth, inherent obstacles to participation remained imbedded in the structure of the program. Eligible participants were still required to “buy-in” to the program by purchasing

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15 Id.
16 Id. The “phase out” was based on two allotment schedules, one schedule for Northern and Western states and another (lower) schedule for Southern states. Id.
17 Id.
18 FRAC - Food Stamp Program, supra note 3.
20 Id.
21 Id. at 15.
22 Id.
23 Id. The year refers to fiscal year 1967.
24 Id. at 15 -16.
coupons. For households with little to no economic resources, this “buy-in” requirement impeded their ability to participate in the program. Congress addressed this obstacle in the Food Stamp Act of 1977 (hereinafter “1977 Act”) by eliminating the “buy-in” requirement and introducing the current program structure. The 1977 Act successfully changed food stamps into an entitlement program, enabling all eligible individuals and households to receive benefits without the prior purchase of coupons.

The next major legislative change did not come until 2002, when the program was in a very different situation. Whereas participation levels for eligible individuals were at approximately seventy-four percent in 1994, participation had dropped to approximately fifty-nine percent by 2000. The decline in participation was due in part to positive economic changes, including a reduction in poverty and the general improvement of the unemployment rate. But the decline was also caused by 1996 welfare reform legislation which reduced benefits and made them harder to access for eligible households. The legislation ultimately chipped away at participation in the food stamp program. For instance, research indicated that households which began working after leaving Temporary Assistance for Needy Families (TANF) no longer received food stamp benefits, though they

25 Id. at 16-17.
26 Id.
27 The Food Stamp Act of 1977 refers to Title XIII of the Food and Agriculture Act of 1977.
28 Id. at 17. While this administrative change caused participants to receive fewer coupons, participants no longer had to pay money up front to receive the coupons and the dollar value of the coupons remained constant. This change added “an estimated 3.6 million participants, with participation reaching an average of 19 million persons a month after it was implemented.” Id.
29 Id.
31 Id.
33 Id.
remained eligible for benefits.\textsuperscript{34} Additionally, restrictions imposed by the 1996 welfare law disqualified childless adults and many immigrants from food stamps.\textsuperscript{35} For the households who continued to participate in the program, “food stamp benefits were severely cut by the 1996 welfare law,” which included a freeze on the standard deduction used to determine income eligibility.\textsuperscript{36} With each passing year the stamps were losing more and more purchasing power.\textsuperscript{37} By 2002, the program was struggling and needed legislative reform.

Congress responded to the need for legislative reform within the 2002 Farm Bill. In this legislation Congress restored eligibility for many legal immigrants and improved benefits by unfreezing the standard deduction and adjusting benefits annually for inflation.\textsuperscript{38} The overall program was also simplified to allow states new options to help more effectively deliver benefits to eligible households.\textsuperscript{39}

As states began implementing the 2002 Farm Bill changes, the program strengthened and participation once again began to grow.\textsuperscript{40} Consequentially, food stamps generated a positive public image. For example, in the aftermath of Hurricane Katrina and other disasters, the \textit{National Journal} hailed the program as a “case study in effective government aid.”\textsuperscript{41} Praise even arose from the Senate floor from the Ranking Member of the Senate Agriculture Committee, Saxby Chambliss:

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\textsuperscript{34} \textit{DEAN ET AL., supra} note 32, at 2.
\textsuperscript{35} \textit{Id.}
\textsuperscript{36} \textit{Id.} at 9.
\textsuperscript{37} \textit{Id.} at 2.
\textsuperscript{38} \textit{Id.} at 3.
\textsuperscript{39} \textit{Id.}
\textsuperscript{40} By 2006, sixty-seven percent of all eligible individuals were participating in the food stamp program. \textit{See KARI WOLFWITZ, TRENDS IN FOOD STAMP PROGRAM PARTICIPATION RATES: 2000 TO 2006 3} (Mathematic Policy Research, Inc. 2008), available at http://www.fns.usda.gov/ora/MENU/Published/snap/FILES/Participation/Trends\%202000-2006.pdf.
\end{flushright}
This program has evolved over the decades to become one of the most efficient tools to combat hunger and reduce poverty. The Food Stamp Program now has one of the best track records among all Federal programs. The payment accuracy rate, which measures the correct level of benefit issuance to participating households, is at an all-time high. Trafficking, which long plagued the program, has been substantially reduced. Also, the certification process has a proven success rate with over 98 percent of food stamp participants properly eligible for benefits. American taxpayers can be assured that the resources dedicated to this program are effectively used for their intended purposes.42

By 2008, seventy years after its initial version, the food stamps program had developed into the modern safety net for low-income individuals across the United States. Having transformed from a pilot program to a nationally reputable form of government aid, food stamps were effectively helping raise low-income individuals out of poverty. While the mission, structure and reach of the program had vastly expanded since the initial 1939 version, the program’s development throughout history established the foundation for the program’s current modus operandi. The next section of the paper builds upon the history of the program, exploring two fundamental elements to the program’s current administration: (a) eligibility and (b) benefits.

III. Basics of the Food Stamp Program

(a) Eligibility

"Unlike most means-tested benefit programs, which are restricted to particular categories of low-income individuals, the Food Stamp Program is broadly available to

almost all households with low incomes.” Participation in the program is dependent on a variety of eligibility factors: (i) gross monthly income, (ii) net income and (iii) resources.

First, a household’s gross monthly income must generally be at or below 130 percent of the poverty line. For the 2010 fiscal year, this meant that a family of three would qualify if the family made roughly $1,980 a month, totaling about $23,800 a year.

Second, a household’s net income must also be at or below the poverty line. For this test, a household’s net income is calculated by subtracting certain deductions from the household’s gross income. Deductions are available for high child care, dependent care and housing costs. Additionally, each household may subtract a standard deduction from its income, similar to the standard deduction used for income tax purposes. In North Carolina, the local county Department of Social Services may also have other factors which may be considered in determining income eligibility.

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44 The term “household” for the food stamp program refers to individuals who live together in the same residence, purchase and prepare food together. In North Carolina, individuals who must participate in the food stamp program as one household are (i) “individuals living together who purchase/prepare their food together or will do so upon receipt of food assistance;” (ii) “spouses living together or individuals representing themselves as husband and wife to the community;” (iii) “individuals under 22 living with a parent;” (iv) “individuals under 18 under the parental control of an adult living in the home;” or (v) “two unmarried adults living in the same home who are parents of a mutual child.” N.C. Div. of Soc. Services: Food & Nutrition Services, http://www.dhhs.state.nc.us/dss/foodstamp/index.htm#resources (last visited Apr. 11, 2010) [hereinafter “FNS”].
45 Gross monthly income is the income before any of the program’s deductions are applied. CTR. ON BUDGET & POLICY PRIORITIES, A QUICK GUIDE TO FOOD STAMP ELIGIBILITY AND BENEFITS 1 (2009), available at http://www.cbpp.org/files/11-18-08fa.pdf [hereinafter “Quick Guide”].
46 Id.
47 Id.
48 Id. at 2.
50 See DEAN ET AL., supra note 32, at 9.
51 See FNS, supra note 44.
Third, the household’s assets must fall below certain limits. Generally, a household’s assets must fall below $2,000, but households with a disabled or elderly member may have assets up to $3,000. The assets, also known as countable resources, include bank accounts and money in certain retirement accounts. Certain resources, though, are purposefully excluded from the calculation of assets, such as homes, buildings, land, Supplemental Security Income (SSI) and Work First payments or services.

Regardless of income and assets, though, some people do not qualify for food stamp benefits, including strikers, undocumented immigrants and certain legal immigrants. “In general, legal immigrant children, refugees and asylees, and qualified legal immigrant adults who have been in the United States for five years are eligible for food stamps”.

Some participants face an additional eligibility requirement. Adults, between the ages of eighteen and forty-nine, who are “able-bodied” and do not have any dependent children must participate in work programs in order to receive benefits beyond three months in a thirty-six month period. The work programs may include Employment and Training, Workfare or the satisfaction of other special work requirements. The requirement, though, does not apply to pregnant or disabled adults; adults who work twenty hours a week; or adults residing with a child under the age of eighteen in their same

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52 See Quick Guide, supra note 45, at 2.
54 See FNS, supra note 44.
55 Id.
57 Quick Guide, supra note 45, at 2 (footnote 7).
home. In North Carolina some offices authorize benefits to other members of the household even though one member of the household may be disqualified from receiving benefits for failing to comply with this provision.

Determination of eligibility for the food stamp program begins with an application. Applications are generally administered by local food stamp offices in each state. In North Carolina, applications are available on-line, at the local county offices of the Department of Social Services, as well as some independent outreach offices, in select counties, for Food and Nutrition Services. Once an application is submitted, Food and Nutrition Services must grant benefits to eligible applicants within thirty days of the submission date. Additionally, applicants must be interviewed at the local DSS office before receiving benefits, and every twelve months thereafter in order for participants to remain eligible.

(b) Benefits

Once eligibility has been established, participants may begin receiving food stamp benefits. In the earlier versions of the program benefits were distributed through coupons and stamps, but in the current version participants receive benefits on electronic benefit transfer (EBT) cards, which may only be used to purchase food. The EBT card looks and

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59 See FNS, supra note 44.
60 Id.
62 Application may be downloaded at http://info.dhhs.state.nc.us/olm/forms/dss/dss-8207.pdf.
63 Completed applications should be turned into the county office where the individual or household resides. See FNS, supra note 44.
64 Id.
operates like a debit card, immediately debiting a participant's account upon purchase of food.\textsuperscript{66}

Food stamp benefits may be used to purchase breads/cereals, dairy products, fruit and vegetables, and meat, fish, and poultry, as well as nonalcoholic beverages, snack foods, soft drinks, candy, and ice.\textsuperscript{67} Food stamp benefits, though, may not be used to purchase any of the following items:

- beer, wine, liquor, tobacco, or cigarettes;
- foods that are hot at the point of sale;
- food to be eaten in the store;
- vitamins or medicines;
- pet foods; and
- nonfood items such as tissues, soaps, cosmetics, or other household goods.\textsuperscript{68}

In North Carolina, the average benefits awarded by county ranged from $179.75 (Watauga County) to $254.98 (Randolph County), with the average award across the state at $217.26.\textsuperscript{69} On a national level, in late fiscal year 2009, the average household received approximately $133 a month (or $4 day) for each household member.\textsuperscript{70} 

\textsuperscript{67}Id. at 11.  
\textsuperscript{68}Id.  
\textsuperscript{69}This amount was only the average for the month of April 2010. See N.C. Dep't of Health and Human Services: Div. of Soc. Services, Average FNS Allotment by County (Apr. 2010) (on file with author).  
\textsuperscript{70}See Introduction, supra note 43, at 2.
The funding for the benefits of the program solely comes from the federal government as well as fifty percent of the administration funding.\footnote{See David Super & Carrie M. Lewis, \textit{Introduction to the Food Stamp Program}, 25 \textit{Clearinghouse Rev.} 905, 905 (Nov. 1991).} State governments cover the remaining portion of the administrative costs.\footnote{Id.}

Having taken a brief glimpse into the history and basics of the food stamp program, the focus of this paper now shifts to the recent legislative changes to the program contained in the 2008 Farm Bill and the American Reinvestment and Recovery Act of 2009. Both bills helped strengthen the safety net for low-income individuals, creating the capacity within the program to handle the record number of participants that would join due to the recession.

IV. 2008 Farm Bill

Approximately every five years, Congress passes a comprehensive omnibus bill, known as the “Farm Bill,” which serves as the federal government’s primary agricultural and food policy tool.\footnote{U.S. Dep’t of Agric., \textit{Farm Bill Resources: ERS Research and Analysis} (Aug. 20, 2008), \textit{available at} \url{http://www.ers.usda.gov/FarmBill/}.} Since the Food Stamp Act of 1977, the food stamp program and other commodity programs have been included in farm bills.\footnote{Carolyn Dimitri et al., \textit{U.S. Dep’t of Agriculture, The 20th Century Transformation of U.S. Agriculture and Farm Policy} 14 (2005), \textit{http://www.ers.usda.gov/publications/EIB3/EIB3.pdf}.} Following in this tradition, the most recent Farm Bill\footnote{Food, Conservation and Energy Act of 2008. The final version of the 2008 Farm Bill was enacted on June 18, 2008 after the House and Senate voted to override the President’s veto.} (hereinafter “2008 Farm Bill”) contained a “significant nutrition title that [made] numerous improvements to the Food Stamp Program.”\footnote{Dorothy Rosenbaum, \textit{Ctr. on Budget & Policy Priorities, Food Stamp Provisions of the Final 2008 Farm Bill 1} (2008), \textit{available at} \url{http://www.cbpp.org/files/5-23-08fa.pdf}.} The success of the program after the 2002 Farm Bill gave food stamps “strong footing” during the...
legislative consideration of the 2008 Farm Bill, ultimately helping secure $7.8 billion of funds for program improvements, representing the largest increase in food stamp benefits in the last fifteen years.\textsuperscript{77} The Farm Bill contained over thirty provisions relating to food stamps; some of the major provisions included:

- Revitalizing the purchasing power of food stamps by raising the program’s standard deduction and minimum benefit and indexing them both for inflation;\textsuperscript{78}
- Eliminating the cap on the dependent care deduction, in order to reduce “the chances that families will have to forgo food to pay for decent and safe child care;”\textsuperscript{79}
- Excluding tax-preferred retirement accounts and education accounts;\textsuperscript{80}
- Aiding in the simplification of the program’s administration for participants; and\textsuperscript{81}
- Eliminating food stamp coupons, relying solely on EBT cards to distribute benefits.\textsuperscript{82}

One of the provisions renamed the program. The official name of the program changed to the “Supplemental Nutrition Assistance Program,” (hereinafter “SNAP”) announcing a “new era in nutrition assistance at USDA.”\textsuperscript{83} In a press release announcing the changes brought by the 2008 Farm Bill, the USDA stated that the name change “more accurately reflects the Program’s mission to provide food assistance and nutrition

\textsuperscript{77} See DEAN ET AL., supra note 32, at 2-3.
\textsuperscript{78} Id. at 1.
\textsuperscript{79} Id.
\textsuperscript{80} Id.
\textsuperscript{81} Id.
\textsuperscript{82} Id.
\textsuperscript{83} News Release, U.S. Dep’t. of Agric., Supplemental Nutrition Assistance Program (SNAP): Putting Healthy food within Reach (Sept. 29, 2008), available at http://www.usda.gov/wps/portal/lut/p_/s.7_0_A/7_0_10B?contentidonly =true&contentid=2008/09/0241.xml; see ROSENBAUM, supra note 75, at 1.
education to assist participants as they move to a healthier lifestyle and self-sufficiency.” While the name of the program changed on the national level, states could individually decide to adopt or reject the name change. In North Carolina, the name of the program had previously changed in 2007 from the “Food Stamp Program” to “Food and Nutrition Services,” to “more accurately reflect[] the program’s objective to provide a resource for nutritious food and promote good health among low-income families.” While nationally the program was renamed SNAP, within North Carolina the program continues to be known as “Food and Nutrition Services.”

Out of the thirty food stamp provisions within the 2008 Farm Bill, three distinguished themselves as providing the greatest benefits to participants, both on a national and state level. The provisions include: (i) § 4102: Standard Deductions; (ii) § 4103: Dependent Care Deductions; and (iii) § 4107: Minimum Benefits. The remainder of this section discusses each provision and the changes they brought to the food stamp program, especially their effect on North Carolina.

(a) § 4102: Standard Deductions

In calculating eligibility for the food stamp program, households are allowed to subtract a standard deduction from their income, similar to the standard deduction used for income tax purposes. This deduction reflects the cost of “non-food essentials such as housing and transportation,” allowing households to portray a realistic picture of their available income in eligibility calculations.

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84 News Release, supra note 83.
85 N.C. Dep’t of Health and Human Services: Div. of Soc. Services, Memo to County Director of Social Services, Food Stamp Program Name Change, June 28, 2007 (on file with author).
86 See DEAN ET AL., supra note 32, at 9.
87 Id.
Historically, the standard deduction was indexed for inflation, to account for the inevitable rise in basic living expenses. In the 1996 welfare laws Congress froze the standard deduction. No longer able to account for inflation, households began to experience a cut in food stamp benefits – a cut which grew deeper each passing year. “By 2017, the average benefit reduction from the 1996 cuts would have reached almost $45 a month (in 2008 dollars).”

The 2002 Farm Bill unfroze the standard deduction and allowed households to take a deduction of 8.31 percent of federal poverty income guidelines. Larger households greatly benefited from this change since the guidelines are higher for larger households. Regrettably, the deduction effectively remained frozen for smaller households (one to three members), which constitute three-fourths of all food stamp households. The 2008 Farm Bill increased the standard deduction for smaller households from $134 (frozen rate) to $144 in fiscal year 2009; additionally, the rate continues to be adjusted annually for inflation. This provision provided the “typical working family an additional $4 to $5 a month in 2009, rising (in nominal terms) to $17 a month by 2017.”

The Congressional Budget Office (hereinafter “CBO”) estimated this provision cost approximately $5.4 billion over a nine year period (FY 2009 – 2017) and would benefit approximately 10 million participants a month. The CBO also estimated that North

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88 Id.
89 Id.
90 Id.
91 Id.
92 Id.
93 Id.
94 See ROSENBAUM, supra note 76, at 1. The 2002 Farm Bill unfroze the standard deduction for larger households. Id.
95 Id. at 2.
96 Id. at 2.
Carolina, would receive $8 million in additional benefits during fiscal year 2009 and $169 million in additional benefits from fiscal years 2009 - 2017, overall benefiting 311,000 people in North Carolina.97

(b) § 4103: Dependent Care Deductions

Section 4103 also increased benefits for participants through a small change in the calculation of income eligibility. This provision significantly increased benefits for certain participants by removing the deduction cap for dependent care expenses in the participant’s income calculation.98 Historically, eligibility calculations for the program had taken into account and allowed a deduction for dependent care expenses under the premise that families who pay high child care costs have fewer funds available to purchase food.99 However, the deduction had previously been capped at $175 to $200 per child, depending on the child’s age.100 Section 4103 of the 2008 Farm Bill removed this cap, allowing families to deduct the full cost of these expenses in determining eligibility.101 Households with dependent care expenses exceeding the former cap are now able to receive more food stamp benefits.102

An estimated 100,000 working households across the nation, paying high child care costs, are expected to receive an additional $500 (on average) a year in benefits.103 “A mother of three who works 35 hours a week at $9 an hour and pays $350 a month for child

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97 See DEAN ET AL., supra note 32, at 76-78.
98 Id. at 13.
99 Id.
100 Memorandum from the USDA regarding Food Stamp Provisions of the Farm Bill to the Regional Administrators of the Food and Nutrition Services (July 3, 2008) (on file with author). [hereinafter “USDA Memo”]
101 Id. “[T]he deduction is not limited to children or child care. Food stamp households may deduct expenses related to the care of any dependent, including an adult. Thus, the deduction can help working families with an elderly member who requires care due to a disability or an illness such as Alzheimer’s disease.” DEAN ET AL., supra note 32, at 14.
102 See DEAN ET AL., supra note 32, at 13.
103 See ROSENBAUM, supra note 76, at 2.
care (the average out-of-pocket cost for a poor, employed mother with a preschool-aged child, according to the Census Bureau) will receive an additional $79 in food stamps each month ($334 rather than $255), or almost $1,000 a year.”

The CBO estimated that this provision will cost $500 million over a nine year period (FY 2009 - 2017). North Carolina received $2.1 million in additional benefits during fiscal year 2009 and is expected to receive $21 million in additional benefits during fiscal years 2009 - 2017, benefiting approximately 15,000 participants.

(c) § 4107: Minimum Benefits

Finally, section 4107 raised the floor for program benefits – a change that had not occurred for thirty years. The Food Stamp Act of 1977 set the minimum program benefit at $10, and this base level remained unchanged until the 2008 Farm Bill which changed the minimum benefit “from $10 to 8 percent of the cost of the maximum SNAP allotment for a household containing 1 member.” Additionally, the provision mandated that as the maximum SNAP allotment is indexed for inflation, the minimum benefit will also be adjusted annually for inflation. “Approximately 650,000 households with 780,000 individuals will receive higher benefits under this provision, nearly all of them containing seniors or people with disabilities.

According to the CBO, this provision had a price tag of approximately $278 million over the 2009 - 2017 period. North Carolina received $900,000 in additional benefits during fiscal year 2009, and is expected to receive $12 million in additional benefits during

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104 See DEAN ET AL., supra note 32, at 13.
105 See ROSENBBAUM, supra note 76, at 2.
106 See DEAN ET AL., supra note 32, at 76 - 78.
107 Id. at 11.
108 USDA Memo, supra note 100; see also DEAN ET AL., supra note 32, at 11.
109 USDA Memo, supra note 100.
110 See DEAN ET AL., supra note 32, at 11.
fiscal years 2009 - 2017, benefiting approximately 35,000 participants within the state.\(^{111}\) Due in part to this provision, once the 2008 Farm Bill took effect in North Carolina, the median benefits jumped from $162.00 to $176.00.\(^{112}\)

\(d\) Overall Impact of 2008 Farm Bill

The 2008 Farm Bill helped strengthen and reinvent the food stamp program in time for the most recent recession. Stacy Dean, the Director of Food Assistance Policy at the Center for Budget and Policy Priorities, noted that by the time the recession began “the whole message around [the food stamp] program had changed . . . the general pitch was, ‘This program is here to help you.’”\(^{113}\)

But the demand created by the recession exceeded the increased capacity of the program created by the 2008 Farm Bill. By September 2008, participation in the program rose to 31.5 million Americans, breaking the participation records in place at the time.\(^{114}\)

Driven by the weakened economy and hardships being faced by families across the nation, Congress created the American Reinvestment and Recovery Act of 2009, an economic recovery package containing “spending and tax measures crafted to inject more aggregate demand into the sagging economy.”\(^{115}\) This bill responded to the increased demand on the food stamp program, building upon the strength created by the 2008 Farm Bill and enlarging this modern safety net.

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\(^{111}\) Id. at 76-78.

\(^{112}\) N.C. Dep’t of Health and Human Services: Div. of Soc. Services, Food and Nutrition Services Household Characteristics by Month (Apr. 4, 2010) (on file with author) [hereinafter “Characteristics by Month”]. In June 2008, the month before the 2008 Farm Bill was passed, the median benefits were $162.00. In October 2008 - presumably when the changes of the 2008 Farm Bill took effect - the median benefits were $176.00.


\(^{115}\) ARRA Estimates, supra note 58, at 1.
V. American Reinvestment and Recovery Act of 2009

Most low-income households spend a majority of their available resources on satisfying their basic needs, such as food, shelter, and transportation. The food stamp program is “one of the most effective forms of economic stimulus” because “every dollar in food stamps that a low-income family receives enables the family to spend an additional dollar on food and other items[,]” allowing families to use their available resources to meet other basic needs. In the nation’s most recent economic stimulus package, the American Reinvestment and Recovery Act of 2009 (ARRA), the food stamp program received $20 billion in additional funding. The majority of this appropriation (about $19 million) funded the 13.6 percent increase in maximum food stamp benefits. This change took effect in April 2009 and benefited all food stamp participants. Additionally, the ARRA appropriated $290.5 million to states in administrative funds to help support and manage the rising caseload and handle other administrative changes.

Through the ARRA, North Carolina will receive $616 million from fiscal years 2009 - 2013, benefiting 1,073,000 people across the state. Additionally, North Carolina received $4.6 billion in fiscal year 2009 and $4.7 billion in fiscal year 2010 as administrative funds for the program to “implement the change and help manage rising caseload.”

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116 Id. at 13.
117 Id.
118 Id.
119 Id. “The new level of funding would continue in subsequent years until the program’s regular annual inflation surpassed the benefit increase.” Id.
120 Id.
121 Id. The other administrative changes included suspending the three-month time limit on assistance for unemployed childless adults for eighteen months and providing “a comparable increase for the food assistance block grant for Puerto Rico and American Samoa, and [providing] $5 million for the Food Distribution Program on Indian Reservations.” Ctr. On Budget & Policy Priorities, American Recovery and Reinvestment Act of 2009: State-by-State Estimates of Key Provisions Affecting Low- and Moderate-Income Individuals 13 (Mar. 3 2009) [hereinafter “State-by-State Estimates”].
122 Id. at 14.
caseloads during the recession, [and] suspend for 18 months the three-month time limit on assistance that many unemployed childless adults face.”

On a national level, the additional funding increased the average monthly benefit for the food stamp program from $95.38 (May 2007) to $133.65 (May 2009), positively impacting local economies. In January 2010, ten months after the ARRA was enacted, total spending in food stamp benefits “rose to over $5.25 billion” nationwide, “bringing the estimated total economic simulative impact of [food stamps] to nearly $9.67 billion.” Due to the strained economic conditions across the nation, the additional funding from the ARRA worked in conjunction with increased participation in the program - benefits increased as participation also rose. In January 2010, participation in the program jumped to 39,430,724 individuals – an increase of 7.2 million people from January 2009. At this participation level, approximately one in eight Americans were receiving food stamp benefits – “28 percent of blacks, 15 percent of Latinos and 8 percent of whites.”

On a state level, ARRA increased median benefits in North Carolina from $176.00 (September 2008) to $200.00 (October 2008). Mirroring the nation, program participation in North Carolina also soared after the passage of the ARRA. In January 2009, 1,089,699 people across the state were participating in the food stamp program; a year later participation increased by 20.5%, bringing the total number of participants to

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123 Id. at 13.
125 Participation Data, supra note 124.
126 Id.; see also DeParle & Gebeloff, supra note 113.
127 Characteristics by Month, supra note 112.
1,313,610.\textsuperscript{128} As of January 2010, approximately 14\% of the North Carolina population was participating in the food stamp program.\textsuperscript{129} In February 2010, “more than $169 million was put on EBT cards across the state, with households in Wake County receiving about $8.5 million. Two years earlier, the statewide number was about $90 million, with $4.5 million coming into Wake.”\textsuperscript{130}

Undoubtedly, participation in the food stamp program has exponentially increased over the past several of years, due in part to the strengthening of the program and the declining economic conditions. Since 2005, more than 530,000 individuals have joined the program in North Carolina.\textsuperscript{131} Despite the participation increase, 32,898 eligible individuals in North Carolina (2.42\% of eligible individuals) are not receiving food stamp benefits, showing that there still are unmet needs across the state.\textsuperscript{132}

In June 2009 - right after the ARRA took effect - the NEW YORK TIMES, in conjunction with the Food Research Action Council (FRAC), released data on SNAP participation by each county in the United States (Appendix A). In North Carolina, the percentage of the total population receiving food stamps varied from as low as six percent (Watauga, Orange, Chatham and Wake counties) to as high as twenty-eight percent (Vance county). \textsuperscript{133}

In March 2010, North Carolina’s Food and Nutrition Services released its most recent participation report, listing the percentage of eligible individuals who received benefits per county. Percentages ranged from as low as 36.29\% (Watauga County) to as

\begin{footnotesize}
\begin{enumerate}
\item \textsuperscript{128} See Participation Data, supra note 124.
\item \textsuperscript{129} Id.; Characteristics by Month, supra note 112.
\item \textsuperscript{130} Matt Ehlers, Thousands Seek Food Assistance, NEWS & OBSERVER, Mar. 21, 2010.
\item \textsuperscript{131} See N.C. Dep’t of Health and Human Services: Div. of Soc. Services, N.C. FOOD & NUTRITION SERVICES: PARTICIPATION REPORT (Mar. 2010), available at http://www.dhhs.state.nc.us/dss/stats/docs/FNS_Participation_FFY2010_Q1.pdf (also on file with author) [hereinafter “Participation Report”].
\item \textsuperscript{132} Id.
\item \textsuperscript{133} Food Research and Action Center, SNAP Recipients and the Percentage of Population Below 125\% of the Federal Poverty Level 20-21, available at http://frac.org/pdf/ny_times_snap_poverty_formatted.pdf.
\end{enumerate}
\end{footnotesize}
high as 146.87% (Cabrus County).\footnote{The percent served is derived from the total individuals participating per county divided by the total individuals eligible per county. The total number of eligible individuals per county is based on 2000 Census statistics which results in percentages over 100%, \textit{See Participation Report, supra note 131.}} Including Watauga County (36.29%), the five lowest participation rates included Orange County (47.25%), Onslow County (56.26%), Duplin County (59.89%) and Avery County (63.05%), indicating that in various counties North Carolina residents may have been eligible to receive food stamp benefits, but were still not participating in the program – an issue commonly referred to as underparticipation.\footnote{\textit{Id.}}

VI. Underparticipation

Underparticipation negatively affects both the individuals and local communities. First, “underparticipation in [the food stamp program] affects the economic security, nutrition, health and well-being of eligible, but non-participating households, who are missing out on benefits to which they are entitled.”\footnote{\textit{City-by-City Snapshot, supra note 124, at 7.}} Second, local communities also suffer due to underparticipation. Food stamps work as an effective economic stimulus tool because low-income individuals typically use their available resources to meet their basic needs, including food, shelter and transportation.\footnote{\textit{See ARRA Estimates, supra note 58, at 13.}} “Therefore, every dollar in food stamps that a low-income family receives enables the family to spend an additional dollar on food or other items. USDA research has found that $1 in food stamps generates $1.84 in total economic activity.”\footnote{\textit{Id.}} Ensuring all eligible individuals receive food stamp benefits also helps local businesses and increases tax revenue to local government, since participants can spend more of their income on taxable goods.\footnote{\textit{See City-by-City Snapshot, supra note 124, at 7.}}
The reasons for underparticipation are varied. The most common reason is that an individual is not aware he or she qualifies for food stamp benefits.\textsuperscript{140} Other reasons include the existence of language barriers, the perception of the program and belief that there is a stigma attached with participation, and difficulty in reaching the food stamp offices.\textsuperscript{141}

With the current rate of underparticipation in North Carolina, this is still a current concern of the program. Participation rates may be at record highs, but the program does not appear to be reaching all eligible individuals – an issue which looms in the shadow of the program’s recent success.

VII. Conclusion

In one light, the food stamp program has achieved great success both nationally and within North Carolina. The 2008 Farm Bill fortified food stamp’s safety net, revitalizing the purchasing power of food stamps and simplifying the program’s administration for participants. This bill infused $7.8 billion into the national economy and more than $200 million into North Carolina’s economy. As the recession continued Congress relied on the safety net created by food stamps to aid individuals and families in need. Through the ARRA, Congress appropriated $20 billion to the food stamp program, $616 million of which went to North Carolina’s Food and Nutrition Services. These funds helped serve the growing population qualifying for food stamp benefits. Throughout this most recent recession food stamps have served as an effective safety net for millions of people.

In another light, the success of the program is tainted with traces of underparticipation. Despite the significant increases in participation individuals across the

\textsuperscript{140} Id. at 7.
\textsuperscript{141} Id. at 6-7.
nation and in North Carolina are not receiving eligible food stamps. The underparticipation is costing those individuals food security and is costing the local economies federal funding. While the success of the program cannot be overlooked, we must recognize that the underparticipation rates show that there is still room for improvement of the safety net.