

Federal Budget Proposal Would Hit Oregon Food Stamp Program Particularly Hard

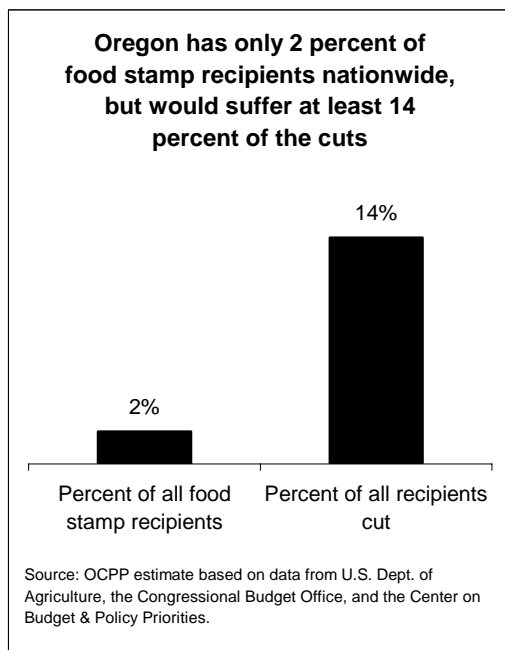
Oregon would suffer at least 14 percent of the cuts

Congress will be deciding soon whether to eliminate food stamp benefits for about 255,000 low-income Americans.¹ The cuts are contained in the U.S. House of Representative's budget "reconciliation" bill passed on November 18. This bill would slash more than \$700 million in food stamp benefits for low-income Americans over the next six years.² By contrast, the U.S. Senate budget "reconciliation" bill would protect the Food Stamp program entirely from cuts. The final outcome will be determined in a conference committee involving members from both chambers, and the conference agreement will be sent to both chambers for approval.

The specific cuts in the House budget bill target Oregon for a larger share of the reductions than most states. If these cuts happen, Oregon's recent success in reducing hunger might well reverse course.

Under the House plan, at least 35,000 low-income Oregonians would lose food stamp benefits. While Oregonians comprise only two percent of the national food stamp program caseload, Oregonians losing food stamp benefits would equal about 14 percent of the total number of people nationwide who would be cut.

Food stamp benefits have proved key to reducing hunger



Five years ago when Oregon had one of the nation's highest hunger rates, state agencies working with anti-hunger advocates decided to fight back primarily by improving the food stamp program. Oregon was able to make these improvements largely because, as part of welfare reform in the mid-1990s, Congress allowed states more flexibility in setting food stamp rules.

Oregon's high hunger rate was due, in large part, to hunger among low-wage working families. Research has shown that as working Oregon families improved their incomes, they were less likely to escape food insecurity than families with similar incomes in other states.³

Using the new flexibility Congress established under welfare reform, Oregon simplified the previously cumbersome food stamp rules to make more low-income working families eligible. One of the most important changes – known as "expanded categorical eligibility" – particularly benefited low-income working families paying relatively high amounts for housing or child care, and those holding modest levels of assets, such as a reliable car for getting to work. Even after the changes, only families with net incomes (after

considering housing and work-related costs) at or under the poverty line receive food stamp benefits.⁴

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Several other improvements also helped ease Oregon's high hunger rate. The State launched an ambitious outreach and information initiative, significantly scaled back paperwork requirements, and adopted other federal food stamp program options, such as "transitional food stamps" for families leaving cash assistance. Combined, these changes – along with the worsening of the economy beginning in 2001 – sharply increased the number of Oregonians receiving food stamps.

Between September 2000 and September 2005, the number of Oregonians receiving food stamps in Oregon nearly doubled, rising 81 percent by adding 192,000 individuals. This expansion of food stamps, paid for almost entirely with federal dollars, is bringing an additional \$21 million *per month* into Oregon's economy.⁵

The increase in food stamp program utilization led to an improvement in Oregon's hunger rate. Between 1999-01 and 2002-04, Oregon was the only state in the country to see its hunger rate fall.⁶ According to USDA estimates, hunger among Oregon households fell from 5.8 percent to 3.8 percent. Oregon went from having one of the nation's highest rates of hunger to a rate that is not statistically different from the national rate. In addition, a November 2005 report finds that Oregon provides food stamps to 85 percent of individuals in the state who are eligible - one of the highest food stamp participation rates in the U.S.⁷

U.S. House cuts target Oregon

The House bill made two changes to the food stamp program that would deny food stamp benefits to about 255,000 low-income Americans.⁸ First, the House sharply scaled back "categorical eligibility," the provision Oregon used to expand its food stamp program to reach more low-income working families. Second, the House increased from five to seven the number of years *legal* immigrant families must reside in the United States before becoming eligible for food stamps. Both of these provisions would hurt Oregon more than most states.

At least 34,500 would lose food stamps to categorical eligibility cut

Using Oregon Department of Human Services data, OCPP estimates that a minimum of 34,500 Oregonians in households with incomes slightly over the federal income limit (130 percent of poverty, or \$20,917 for a family of three) would lose food stamps as a result of the House-passed budget proposal to restrict categorical eligibility.⁹ Those cut off would primarily be low-income working families who are not receiving child care or housing subsidies and therefore have relatively high child care or housing costs. More than one in four – about 28 percent – would include elderly or disabled members.¹⁰

Food stamp recipients who are not categorically eligible must abide by restrictions on the value of any car or other assets they own. Categorically eligible recipients are exempt from these restrictions, but Congress would end this exemption under the House bill. As a result, Oregonians who are currently categorically eligible would lose food stamps if they own a car or other modest assets valued higher than the limits allow.

It is not known how many categorically eligible Oregonians would lose food stamps because of this change, but the number could be significant. That is why OCPP estimates that *a minimum of 34,500* Oregonians would lose food stamps if Congress restricts categorical eligibility. An additional, but unknown, number of Oregonians would lose food stamps because they own a reliable car or other modest assets.

More than 1,000 legal immigrants would also lose food stamps

The House also proposes to withhold food stamps from most low-income immigrant adults who are in the country legally and who meet all the other eligibility requirements for food stamps until they have been living in the U.S. for seven years. Currently, legal immigrants must wait five years before being eligible for food stamps.

This change hits Oregon particularly hard because a relatively large portion of Oregon's food stamp caseload consists of legal immigrants. The Congressional Budget Office estimates that nationally 70,000 legal immigrant adults will lose food stamp eligibility as a result of this change. Using food stamp data on the number of legal immigrant adults currently on the food stamp program, the Center on Budget and Policy Priorities has allocated CBO's number across the states and estimates that Oregon ranks 12th nationally in the number of legal immigrant food stamp recipients. The Center on Budget and Policy Priorities estimates that more than 1,000 legal immigrants in Oregon would lose food stamps once this change is fully implemented in 2008.

In total, Oregon would suffer at least 14 percent of all cuts

In total, the cuts for immigrants and the cuts to the categorical eligibility provision would mean that a *minimum* of 35,500 Oregonians will lose food stamps if Congress approves the House proposal. This does not include the unknown number of Oregonians who would lose food stamps because they own a reliable car or other modest assets. The known number of Oregonians affected by the cuts (35,500) represents 14 percent of the 255,000 food stamp recipients who would lose benefits nationwide.

The domino effect: Losing food stamps leads to the loss of other assistance

The damage to Oregon from food stamp cuts would be particularly harsh because of a domino effect that would occur if thousands of low-income families lose food stamps. Oregon has reduced administrative costs and streamlined certain low-income assistance programs by linking eligibility for these programs to food stamp eligibility. For instance, children in families receiving food stamps are automatically eligible to receive free school lunches and (where available) breakfasts. Some children whose families lose food stamps under the House cuts will remain eligible for free lunches. Others, despite their families' very low net income, may be required to pay a portion of their school meals tab. Still others may lose school meal assistance altogether, since the new rules would require Oregon to adopt a complicated new system for families to access the assistance.

Food stamp households are also eligible for a \$13.50 reduction in their monthly phone bill under the Oregon Telephone Assistance Program (OTAP). OTAP-eligible households can also have their telephone installation fee reduced by half. Households must apply for the assistance, and when OTAP verifies that the household receives food stamps, they are automatically deemed eligible. When families lose food stamps they lose this automatic eligibility for OTAP. Currently, 74,800 Oregon households are benefiting from this program.¹¹

The Oregon Senior Farmers Market Nutrition Program provides coupons to help low-income Oregonians aged 60 or over pay for Oregon-grown fruits, vegetables, and herbs. To be eligible for this assistance, Oregon seniors must be receiving either food stamps or Medicaid.¹² Some seniors losing food stamps would lose access to this program as well.

Finally, Oregonians with college loan debt may delay paying their loans if they are receiving food stamps or benefits from some other state or federal public assistance program.¹³ The loss of food stamp benefits may mean losing these loan debt delays also.

If the House budget proposal prevails, the cuts to the food stamp program will reduce these other important assistance programs to low-income Oregon families. Oregon's success in reducing its hunger rate by expanding the food stamp program five years ago benefited from the other assistance that food stamps leveraged for low-income families. Reversing this progress would make it particularly difficult for Oregon to hold down and further reduce its hunger rate in the future.

Senate bill protects Oregon's progress against hunger

The final outcome of the budget battle will be determined in a conference committee involving both chambers. Both chambers will subsequently vote on the conference bill. For Oregon to stay on track in

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defeating hunger, the conference committee report – and ultimately the votes on that report in the House and Senate – must reject the House’s food stamp program cuts in favor of the Senate’s plan.

This work is made possible in part by the support of the Ford Foundation, the Governance and Public Policy Program of the Open Society Institute, the Gray Family Fund of the Oregon Community Foundation, the Penney Family Fund, the Oregon School Employees Association, and by the generous support of organizations and individuals. The Oregon Center for Public Policy is a part of the State Fiscal Analysis Initiative (SFAI) and the Economic Analysis and Research Network (EARN).

Endnotes:

¹ Congressional Budget Office, *Additional Information on CBO’s Estimate for the Nutrition Provisions of H.R. 4241, the Deficit Reduction Act of 2005, as Passed by the House of Representatives on November 18, 2005*, December 1, 2005. Attachment in letter from Douglas Holtz-Eakin, Director of the Congressional Budget Office to the Honorable Bob Goodlatte, Chairman of the Committee on Agriculture, U.S. House of Representatives. Available at <http://www.cbo.gov/ftpdocs/69xx/doc6910/NutritionLetter.pdf>

² The Congressional Budget Office estimates the cuts will total \$733 million between 2006 and 2011.

³ Edwards, Mark and Bruce Weber, *Food Insecurity and Hunger in Oregon: A New Look*, Working Papers in Agricultural and Resource Economics, Working Paper No. AREC 03-104, November 2003. Available at: <http://arec.oregonstate.edu/ruralstudies/Publications/hunger.pdf>.

⁴ See Dean, Stacy, *Administration’s Budget Proposes to Cut the Food Stamp Program*, Center on Budget and Policy Priorities, March 4, 2005. Available at <http://www.cbpp.org/3-4-05fa.pdf>.

⁵ The federal government pays 100 percent of the cost of food stamp benefits and 50 percent of the state’s costs of administering the program.

⁶ Nord, Mark, Margaret Andrews, and Steven Carlson. *Household Food Security in the United States, 2004*, Economic Research Service, U.S. Department of Agriculture. Economic Research Report No. ERR11, October 2005, p. 53-54. Available at <http://www.ers.usda.gov/publications/err11/>

⁷ Castner, Laura A. and Allen L. Schirm, *Reaching Those in Need: State Food Stamp Participation Rates in 2003*, Food and Nutrition Service, U.S. Department of Agriculture, November 2005. Available at <http://www.fns.usda.gov/oane/MENU/Published/FSP/FSPPartState.htm#reaching03>.

⁸ See note 1.

⁹ Estimate based on data from Oregon Department of Human Services. On average between February 2005 and October 2005, 37,778 Oregon food stamp recipients lived in households with incomes over 130 percent of poverty. Nine percent of these recipients lived in low-income households that are likely to keep food stamps under the House proposal, because they contain elderly or disabled members whose medical or housing costs are likely to keep them eligible for the program under special rules for such households. Subtracting this nine percent from the total number of households with incomes over 130 percent of poverty leaves 34,555 Oregonians in households that will have their food stamps eliminated under the House plan.

¹⁰ Estimate based on data from Oregon Department of Human Services. On average between February 2005 and October 2005, 4,443 households with elderly or disabled members are likely to lose food stamps under the House plan. These households all currently receive \$10 in food stamps, the minimum payment in Oregon. These households make up 28 percent of the 16,137 low-income households who would be cut from food stamps because their incomes slightly exceed the federal income threshold.

¹¹ With 74,800 households currently benefiting from OTAP, the program is reaching only about 34 percent of food stamp households. Many more households are eligible but have not applied.

¹² The number of seniors helped through this program is limited by available federal funds. For more information, see http://www.oregon.gov/DHS/spwpd/food_fin/foodfin.shtml.

¹³ Economic hardship loan deferments are available through the Federal Family Education Loan Program. An application is available at <http://www.ecmc.org/documents/hrd99.pdf>.