

Reforming the Swelling Food Stamps Program

Food Stamps is Growing Rapidly. Today, about 47 million Americans, or one in seven, receives food stamps. Food stamp spending has been soaring, doubling from roughly \$20 billion to \$40 billion between fiscal years (FY) 2000 and 2007 and then doubling again to approximately \$80 billion by FY 2012.

Food Stamps Is Just One Part of a Massive Welfare System. The federal government funds roughly 80 means-tested welfare programs to provide cash, food, housing, medical care, and social services to poor and lower-income Americans. Food stamps is just one of these programs. In FY 2012 alone, total welfare spending was \$920 billion, about four times the amount necessary to pull every poor person out of poverty.

The Increase is Not Just Because of the Recession. Food stamp growth over the last few years is partly due to the recession. But policy changes have also played a substantial role. Food stamps was growing rapidly prior to the recession, and spending will not return to pre-recession levels when the economy recovers but will stay far above historic norms into the foreseeable future.

Food Stamps Should Be Transformed into a Work Activation Program. Central to reform is a work requirement to make it mandatory for states receiving food stamp dollars to require able-bodied adults to work, prepare for work, or at least look for work in exchange for receiving food stamps. Work rates are low among food stamp households with able-bodied adults. In 2010, over half of food stamp households containing an able-bodied adult performed zero hours of work in the previous month. Low work rates are the norm even in good economic times.

Loopholes Should Be Eliminated. Loopholes make it easier for individuals to enter the food stamp program and receive greater benefits than they otherwise would. Under a policy known as

“broad-based categorical eligibility,” a person can become eligible for food stamps by, for example, simply receiving a “service” from another welfare program. But a service can mean something as minimal as receiving a brochure from another welfare program. Broad-based categorical eligibility allows states to loosen income limits and bypass asset tests, meaning households with substantial savings can be eligible for food stamps. Another loophole is dubbed “Heat & Eat.” Households that receive benefits from the Low Income Heat and Energy Assistance Program (LIHEAP) can be eligible for higher food stamp benefits, so some states mail out LIHEAP checks for small amounts—\$1 or \$5—to trigger the higher benefit. These loopholes should be closed.

Implement Drug Testing. Requiring food stamp recipients to stop using illegal drugs is important to promoting self-sufficiency. Taxpayers should not be required to provide funds to those who use their own dollars to pay for harmful, illegal substances. Food stamp applicants and recipients should be tested for illegal drug use, and benefits should end for those in violation. Drug users would be allowed to enroll in the food stamp program in the future but would first have to pass a drug test.

Transfer Food Stamps from the U.S. Department of Agriculture (USDA) to Health and Human Services (HHS). Food stamps is a large welfare program. The USDA is designed to assist farming not to run welfare programs. Food stamps should be transferred to HHS, the agency best positioned to run the program.

Require Greater Financial Responsibility from States. Nearly all food stamp funding comes from federal taxpayer dollars. Because of this, states have little incentive to use these dollars effectively; to encourage greater accountability in spending states should be required to contribute more of their own dollars to food stamps.