

Impact of The Food Stamp
Reauthorization Act
On Elderly and
Disabled Individuals

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Introduction

The Food Stamp Program plays an important role in providing nutrition assistance to millions of low-income people in this country, including many elderly and disabled individuals.ⁱ The Food Stamp Reauthorization Act of 2002 (“Food Stamp Reauthorization Act”),ⁱⁱ signed into law on May 13, 2002, includes a number of provisions that could enhance the program’s effectiveness for these groups, by broadening eligibility, increasing benefits and improving access. The following is a summary of the Food Stamp Reauthorization Act provisions affecting nutrition assistance for elderly and disabled persons.ⁱⁱⁱ

Background

Food insecurity is a substantial problem among elderly and disabled persons. In 2000, according to the federal government, 1.479 million households with elderly persons reported that they did not have enough of the right types of food to maintain their health, or simply did not have enough to eat.^{iv} In FY2001, the Food Stamp Program served an average of 1.522 million households with elderly people (age 60 or older) per month. This was one in five households—in that same year, the program served an average of 2.056 million households with disabled persons per month (27.6 percent of all households served). The Food Stamp Program, however, still fails to provide nutrition assistance to many eligible persons. It is estimated that only 30 percent of eligible elderly persons are currently enrolled in the program.^v

The primary reason many eligible persons do not apply for food stamps is they think the potential benefit is too meager to justify the time and effort involved in applying. A common belief among elderly persons is that most will receive only the minimum food stamp benefit of \$10 per month. But in fact, if they apply, the average household containing elderly persons receives a more sizeable benefit. In FY2001, the average was \$58 per month. For elderly persons living alone—80 percent of all seniors receiving food stamps—the benefit was \$45 per month. For elderly persons not living alone, including elderly couples, the average household benefit was considerably higher, at \$112 per month. Likewise, disabled persons reap significant benefits from food stamps. Households containing disabled persons enjoyed an average monthly benefit of \$101 in FY2001.^{vi}

The Food Stamp Reauthorization Act

In the late spring of 2002, Congress passed the Farm Security and Rural Investment Act of 2002, Pub. L. No. 107-171. The Act dealt largely with agriculture, but Title IV of that bill, the nutrition title, made various improvements to the Food Stamp Program. As a result, the Act has come to be known as the Food Stamp Reauthorization Act. The improvements to the program discussed in this analysis were of two types:

first, provisions specific to elderly and disabled individuals, and second, provisions with general applicability that can assist elderly and disabled individuals.

Food Stamp Reauthorization Act Provisions Specific to Elderly and Disabled Persons

Background and Definitions

The Food Stamp Program includes a number of special rules for elderly and disabled persons. To enjoy the benefit of these rules, an applicant must meet the statutory definition of “elderly or disabled household member.” According to the Food Stamp Act, an elderly member is simply one who is sixty years of age or older.^{vii} A person is disabled for purposes of the program if he receives any of the following: Supplemental Security Income benefits (“SSI”), federally or state administered supplemental assistance based on disability; interim assistance pending SSI; disability-related medical assistance under Title 19; disability-based state general assistance; disability-based general assistance; or certain other benefits based on disability.^{viii} Disabled individuals also include persons who receive an annuity under the Railroad Retirement Act of 1974, or disabled veterans, disabled spouses of veterans or disabled children of veterans.^{ix}

Current special rules for households with elderly and disabled individuals include separate household eligibility,^x more lenient tests for income, resources and deductions,^{xi} longer certification periods,^{xii} and less-burdensome application procedures.^{xiii} Recipients of SSI and TANF are considered categorically eligible for food stamps, meaning they are eligible for food stamps solely based on the fact that they receive benefits from another welfare program. Categorically eligible persons are not subject to food stamp resource tests. Several provisions in the Food Stamp Reauthorization Act, listed below, improve and expand upon these specific rules that benefit elderly and disabled persons.

Resource Flexibility—Section 4107

The Food Stamp Program is generally restricted to households with very few or no assets: a family is often ineligible if it has a moderately priced car, or savings of more than \$2000. These tight resource limits can force families into difficult choices—selling a car or dipping into retirement savings—simply to obtain nutrition assistance. The Food Stamp Reauthorization Act eases a number of these restrictions, introducing more resource flexibility into the program for elderly and disabled persons.

Currently, a food stamp household with no elderly or disabled individuals may only possess \$2000 in liquid assets. An exception exists for a household with elderly persons, allowing them \$3000 in assets. Section

4107 of the Act, effective October 1, 2002, extends this exception to disabled persons as well, raising the resource limit for households with disabled persons to \$3000, and bringing it into conformity with the limit for households with elderly persons. Allowing an additional \$1000 in resources will result in increased eligibility among low-income disabled persons.

The Food Stamp Reauthorization Act also gives states the option of improving resource tests by adopting for food stamp purposes more generous resource tests from TANF-funded programs. In the Agriculture Appropriations Act of 2001,^{xiv} Congress gave states the option of combining the vehicle rule from any of its TANF-funded programs with the rule for its food stamp program. What this meant was that states that had more lenient rules for vehicle ownership in their TANF programs (e.g. they could remain eligible for TANF, even though they owned a moderately priced vehicle) could use the same test for food stamps. As with the TANF program, a more lenient vehicle rule in food stamps means increased eligibility.

Section 4107 of the Food Stamp Reauthorization Act broadens this option, effective October 1, 2002, to include the resource limit. The intent of the provision was to align food stamp rules, wherever possible, with TANF and Medicaid rules. In practice, it could result in a state excluding from resource limit calculations a variety of different assets. For example, many states exclude Individual Development Accounts (for business development, personal education, educational savings for a child, etc.) from TANF resource tests; these assets might be excluded from the food stamp test, as well. Also, many states have more lenient rules in their TANF programs with regard to resources like cash value of insurance, personal property, some retirement accounts and trusts. The states cannot, under this section, exclude cash, licensed vehicles (other than those excluded under the vehicle rule), amounts in financial institutions that are readily available, or other resources determined by USDA regulations that are essential to fair determination of food stamp eligibility and benefit allocation. Congress estimates that Section 4107 will result in 9000 new households participating in the food stamp program.^{xv}

Immigrant Restorations—Section 4401

Prior to 1996, most legal immigrants were eligible for food stamps. The passage of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (“PRWORA”), however, made most legal immigrants ineligible for food stamps under federal law.^{xvi} An amendment to the act, passed in 1997, allowed states the option of providing state-funded food stamps to legal immigrants, an option which 17 states elected.^{xvii} In 1998, Congress acted on a federal level to restore eligibility to legal immigrants who were in the country on August 22, 1996 and were elderly, are children, or are disabled.^{xviii} The recently enacted Food Stamp

Reauthorization Act, however, is the most generous of the post-PRWORA restorations, restoring food stamp eligibility to many legal immigrants, including restoration for disabled immigrants, immigrants who have been in the country for five years, and immigrant children. Congress estimates that this section will result in 400,000 immigrants becoming newly eligible for food stamps.

The first of the immigrant restorations is effective October 1, 2002, and immediately restores eligibility to all disabled legal immigrants who entered the country after August 22, 1996 and receive a disability benefit for their condition.^{xix} The second is effective on April 3, 2003, and provides for a clean restoration of benefits to all legal immigrants who have been in the country for more than five years. Although not targeted specifically at the elderly, this provision will result in renewed eligibility among all demographic groups. Because the program was previously restricted to persons who were 65 and who arrived in the United States before 1996, this restoration will be helpful to persons who did not meet one or both tests. The third restores eligibility to immigrant children, and is effective October 1, 2003. In addition to certifying new households, households currently containing ineligible elderly or disabled immigrants will experience a boost in household size, thus increasing their potential food stamp benefit. Likewise, elderly and disabled households with immigrant children will increase in household size.

General Food Stamp Reauthorization Act Provisions That Can Assist Elderly and Disabled Persons

The Food Stamp Reauthorization Act included a number of provisions with general applicability, including adjustments to eligibility criteria, administrative requirements, and potential benefit amounts. The following details a number of these more general provisions that, although not targeted at elderly and disabled persons, can assist households with elderly or disabled individuals.

Standard Utility Allowance—Section 4104

Food stamp eligibility and benefit levels depend largely on the amount of income a household has available for purchasing food. In making this determination, the food stamp office allows for certain deductions from gross income. One such deduction is a shelter deduction, which the food stamp office determines by looking at a household's utility costs. Instead of using actual utility bills, though, the food stamp office uses a standardized amount called Standard Utility Allowance (SUA) to determine the amount a household spends on shelter. Because the amount of the deduction calculated using the SUA is usually higher than the deduction calculated using actual utility costs, the SUA typically allows for a higher benefit amount.

Section 4104 of the Act simplifies the SUA if the state elects to require all households to have their utility costs determined with the SUA. The simplification, if a state chooses it, would eliminate the current discounting of the SUA which occurs because the SUA must be prorated (or disallowed) if: 1) an eligible household is doubled up with another individual or family; 2) in certain cases, a household resides in public housing and its utility costs are partially covered by the housing authority. The elimination of the first rule is particularly relevant for seniors, given that elderly individuals can apply as separate households even when they live with others.^{xx} For some households, however, the change in law may be detrimental; if a household incurs utility costs higher than the SUA, it will still only be credited the SUA amount, and its food stamp benefit will be lower than if it were credited the amount of its actual bills. States considering the SUA option could offset this potential loss by increasing the amount of the SUA or by committing to annual SUA adjustments.

Semi-Annual Reporting—Section 4109

Periodic reporting can be very burdensome; many eligible households must fill out monthly forms reporting changes in their income, or call the food stamp office if their income changes by \$25 or more.^{xxi} Periodic reporting is a burden particularly for households with elderly and disabled persons. Even before reauthorization, states had the option of extending reporting periods to six months for households with earnings.^{xxii} Using the semi-annual reporting option, benefit levels are stabilized for six months, and households need only report changes in income if their income rises above eligibility levels (130% of poverty). A provision in the Food Stamp Reauthorization Act, effective October 1, 2002, permits states to extend this semi-annual reporting mechanism to households without earnings as well.

Applications Available Online—Section 4114

Section 4114 of the Act requires any state agency that has a website to make the agency's food stamp application available online in each language in which the agency makes a printed application available. The provision takes effect on November 13, 2003 and will allow individuals to read and download application materials without leaving home. This will improve access to application materials for many people, and especially disabled and elderly persons, who may be online or have a family member, social worker or friend who is, but for whom travel may be an inconvenience. Furthermore, under Federal regulations, states are allowed to waive the requirement of in-person interviews for certain homebound elderly and disabled individuals. If an elderly or disabled person lives in a state where alternatives to an in-person interview are an option, having application materials available online will make this option an even greater convenience.

Transitional Food Stamps for Families Leaving TANF—Section 4115

Currently, the Transitional Benefit Alternative (TBA), effective since September 10, 2001, allows states to continue to provide the same level of food stamp benefits for up to three months after a family's TANF cash assistance ends. Besides providing a critical work support to families transitioning from welfare to work, the TBA provides time for the worker's employment and the household situation to stabilize before new eligibility and benefit levels are determined. Utilizing a buffer period reduces the burden of paperwork and verification for both the state and the household.

Recognizing the advantage of the TBA system, Congress sought to broaden the program in the new Food Stamp Reauthorization Act. Section 4115 of the Act, effective October 1, 2002, lengthens from three to five the number of months that families that leave TANF can continue to receive food stamps without additional paperwork requirements, if a state chooses this option. Food stamp benefits during that period are equal to the amount the household received prior to having its TANF case closed, with adjustments in income for the loss of TANF and, at the state's option, adjustments in benefits for information it receives from another state program in which the household participates. The improved TBA may be used by states in ways that help elderly and disabled adults living in households with children, or disabled children residing in TANF households.

Standard Deduction—Section 4103

Current law provides that, when determining income for the purposes of food stamp benefits, all households are entitled to a standard deduction from gross income, meant to cover for essential expenses that are not medical, child care or work related. This deduction is currently fixed at \$134 per household. The Food Stamp Reauthorization Act, effective October 1, 2002, replaces the current, fixed standard deduction with a deduction that varies according to household size and is adjusted annually for inflation. While this will primarily affect larger households with children, it also means that elderly and disabled individuals living with others might receive a slightly higher standard deduction, and thus, increased benefits.

Endnotes

ⁱ For more information about this or other issues relating to food stamps, contact Ellen Vollinger, FRAC Legal/Food Stamp Director at (202) 986-2200 x 3016.

ⁱⁱ Title IV of the Farm Security and Rural Investment Act of 2002, Pub. L. No. 107-171.

ⁱⁱⁱ For a more general analysis of special food stamp rules pertaining to elderly participants, *see* FRAC Special Analysis: Special Program Rules for the Elderly, available at <http://www.frac.org/html/news/fsp/fsruleselderly.htm>.

^{iv} USDA, Economic Research Service, Household Food Security in the United States, 2000 (March 2002).

^v Mathematica Research, Reaching the Working Poor and Poor Elderly (1999).

^{vi} USDA, Food and Nutrition Service, Office of Analysis, Nutrition and Evaluation, Characteristics of Food Stamp Households: Fiscal Year 2001 (July 2002).

^{vii} Food Stamp Act of 1977, 7 U.S.C. 2012(r); 7 C.F.R. § 271.2(d).

^{viii} Food Stamp Act of 1977, 7 U.S.C. 2012(r).

^{ix} *Id.*

^x If a person is 60 years of age or older, and he is unable to purchase and prepare meals separately because of a permanent disability, and the income of the people with whom the applicant lives does not exceed 165% of the poverty line, then the applicant may be allowed separate household status. 7 C.F.R. § 273.1(b)(2). Separate household status allows the separate household to use its own standard deduction and shelter deduction, rather than “sharing” those deductions with others in the household. As a result, separate household status usually results in increased benefits. For further information about separate household status, *see* Food Research and Action Center, FRAC’s Guide to the Food Stamp Program (1999).

^{xi} Elderly persons need only satisfy the net income test, as opposed to both the net and gross income tests. Elderly persons may have \$3000 of resources as opposed to \$2000 for non-elderly households. 7 C.F.R. § 273.8(e). In determining eligibility, households with elderly persons may also deduct from income medical costs exceeding \$35 a month, and all shelter costs over half of the household’s income (all other households have no medical deduction and a cap on the amount of excess shelter costs that may be deducted). 7 C.F.R. § 273.9(d)(3)-(5). For further information about income and resource tests, *see* Food Research and Action Center, FRAC’s Guide to the Food Stamp Program (1999).

^{xii} If all adult household members are elderly or disabled, the state may assign the household a 24-month certification period. 7 C.F.R. § 273.10(f)(1). Extended certification eases administrative burdens on families, maintaining food stamp participation by requiring reapplication on a less frequent basis. For further information about certification

periods, *see* Food Research and Action Center, FRAC's Guide to the Food Stamp Program (1999);

^{xiii} State agencies must establish procedures tailored towards special-needs households, including the disabled and elderly. 7 C.F.R. § 273.2(a)(1). Elderly individuals unable to go to the food stamp office may have another person apply for them, as well as purchase food with their EBT cards. 7 C.F.R. § 273.2(n).

^{xiv} Agriculture Appropriations Act of 2001, Pub. L. No. 106-387.

^{xv} The Congressional Budget Office estimates that Section 4107 will result in 9000 new households by 2005, at a total cost of \$60 million over five years.

^{xvi} Personal Responsibility and Work Opportunity Reconciliation Act of 1996, Pub. L. No. 104-193, 110 Stat. 2105 (codified as amended in scattered sections of 42 U.S.C.).

^{xvii} Personal Responsibility and Work Opportunity Reconciliation Act of 1996, Pub. L. No. 104-193, Section 411 and 412, *as amended by* Emergency Supplemental Appropriations Bill, Pub. L. No. 105-18 (1997).

^{xviii} Agricultural Research, Extension, and Education Reform Act of 1998, Pub. L. No. 105-185, 112 Stat. 523.

^{xix} See section (III)(A)(i) for a definition of who is disabled for food stamp purposes.

^{xx} See *supra* note vii.

^{xxi} 7 U.S.C. § 2015(c)(1).

^{xxii} 7 C.F.R. § 273.12(a)(1)(vii).