



United States Senate Budget Committee

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Food Stamp Reforms Will Help Both The Recipient And The Treasury

Modest reforms to the food stamp program will not only reduce fraud and waste—producing substantial savings for the taxpayer—but will help more Americans achieve the shared goal of financial independence.

Background:

- When food stamps were first expanded nationally in the 1970s, just 1 in 50 Americans participated; today the figure is almost 1 in 7. The program has doubled in size since 2008 and quadrupled since 2001.
- Food stamps are one of nearly 80 means-tested federal welfare programs, including 17 for nutritional support. Collectively, these programs cost \$700 billion annually, plus \$200 billion in state contributions.
- From 2001 to 2006 the food stamp budget doubled, even as unemployment remained around five percent.
- Food stamps make up 80 percent of the current farm bill, costing \$770 billion over the next 10 years.
- Food stamp spending is projected to remain permanently and significantly above pre-recession levels.
- Were food stamp spending returned to pre-recession (2007) levels, and increased at the rate of inflation, it would produce 10-year savings of \$340 billion. The current farm bill calls for only \$4 billion in savings.

Proposed Amendments:

Restoring The Asset Test For Food Stamps: Through a system known as categorical eligibility, 43 states provide benefits to individuals whose assets exceed the statutory asset limit. (Only 11 states did so in 2007.) This amendment restricts categorical eligibility in order to help ensure that those receiving food stamps meet the program's eligibility requirements. [CBO estimated savings: **\$11 billion over 10 years**]

Close The LIHEAP Loophole: Fifteen states take advantage of a loophole by mailing small checks (less than a dollar a month) to individuals under the Low Income Home Energy Assistance Program (LIHEAP) to automatically increase recipients' food stamp allotment—even if they pay no home energy expenses. This reform simply requires households that receive larger food stamp benefits based on home energy expenses to provide proof of payment for heating or cooling. [CBO estimated savings: **\$9.5 billion over 10 years**]

End Bonus Payments For Increasing Registration: States receive bonuses for increasing enrollment in the food stamp program, highlighting the perverse incentive they have to bring in more federal dollars rather than to work to reduce fraud. [CBO estimated savings: **\$480 million over 10 years**]

Implement SAVE: This amendment would simply require the government to use a program called SAVE, similar to the popular E-verify system, to ensure those adults receiving food stamp benefits are in fact lawfully in the country. [CBO estimate pending]

The enormous growth in welfare spending imposes not only a financial cost—measured in higher deficits—but a social cost as well. The rapid expansion of welfare displaces the normal support role of family and community and becomes a barrier to the common goal of financial independence. Welfare reform is guided by the moral principle that permanent welfare support can become damaging not only to the Treasury but also to the recipient. Sound, compassionate policy must ensure that the safety net does not turn into a restraint.