

## LOST DOLLARS, EMPTY PLATES

*California turns away between \$650 million and \$1.49 billion in federal dollars each year by maintaining barriers to food stamp participation*

The State of California is turning away between \$650 million and \$1.49 billion in federal food stamp benefits that would be spent in local grocery stores and farmers' markets, based on a goal of 100-percent participation by people eligible for the federal Food Stamp Program. Even if California were to achieve its modest goal of 68 percent participation among eligible people, it would increase federal benefits by anywhere from \$220 million to as much as \$500 million.

### THE PROGRAM

As the nation's largest and most comprehensive nutrition assistance program, the Food Stamp Program provides a critical supplement when families and individuals don't have enough money to put food on the table. The Food Stamp Program also helps to stimulate California's economy by allowing families to purchase food they would not otherwise be able to afford. Their purchases, in turn, create an increased demand for food-related products and services. In addition to families' increased spending power, USDA has shown that the Food Stamp Program has an economic multiplier effect of \$1.84 in local economic activity for every food stamp dollar spent<sup>1</sup>. Barriers to food stamp participation, such as state-imposed red tape, hurt eligible families by limiting their ability to get adequate, nutritious food.

### THE PEOPLE

In California, roughly 1.7 million people receive food stamp benefits. At an average benefit of \$80 per person per month in 2002, the Food Stamp Program generated over \$1.7 billion in federal food purchasing dollars for children, adults and senior citizens who met the program's modest income and asset limits.

But food stamp participation in California has plummeted by 45 percent since 1995. According to USDA, only 53 percent of all eligible people are getting food stamps – which means that roughly 1.5 million people are eligible for benefits but not getting them. Low participation has many causes, but it is due largely to the time and hassle involved in applying, lack of knowledge about the program, and the stigma of receiving food assistance. A recent study by the University of California-Los Angeles shows that California does a poor job of reaching working families with the Food Stamp Program:

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<sup>1</sup> *Food Stamp Participation Rates and Benefits: An Analysis of Variation Within Demographic Groups*. Office of Analysis, Nutrition and Evaluation. United States Department of Agriculture. May 2003.

six out of ten adults who are poor enough to get food stamps but don't receive benefits have jobs, and only two percent receive cash assistance.<sup>2</sup>

## THE DOLLARS

Low participation hurts the state's fragile economy by turning away hundreds of millions of federal food stamp benefits. California Food Policy Advocates estimates that with 100-percent food stamp participation, California could bring in at least \$650 million additional dollars each year—and as many as \$1.49 billion. Even at the state's modest goal of 68-percent participation among eligible people, California could gain between \$220 million and \$500 million annually.

Recent analysis from USDA confirms that rates of participation tend to increase with the level of benefit the household would receive. But their most recent analysis also shows that many families don't receive food stamps even when they would qualify for relatively high benefits. **Nationally, 2.6 million people who live in households that are eligible for – but not receiving – a monthly benefit over \$200.** Three-fourths of these are individuals in households with children, and 60 percent are in households with earnings. USDA also found that participation rates decline at higher benefit levels among elderly and disabled, non-elderly adults.<sup>3</sup>

## METHODOLOGY

California's average food stamp benefit is \$80 per person per month. According to USDA, the average household benefit for participants is 2.29 times greater than the estimated household benefit of non-participants. To achieve a low-end estimate of "lost dollars," CFPA used USDA's ratio to estimate that the average per-person monthly benefit for non-participants in California could be as low as  $\$80/2.29$ , or \$35. This is a conservative baseline estimate. Larger households (i.e. those with children) are more likely to participate than single-person households (i.e. senior citizens or other adults without children). Applying a household benefit ratio, which does not correct for major differences in household size, to California's per-person benefit underestimates the likely benefits that eligible non-participants would receive.

The high-end estimate uses the current average benefit of \$80 per person. While the average benefit level for non-participants is unlikely to reach as high as \$80, this average benefit amount provides an approximate upper limit for the volume of dollars that are lost through low food stamp participation.

*For more information about "lost dollars" in California, please contact California Food Policy Advocates at [cfpa@cfpa.net](mailto:cfpa@cfpa.net) or visit our website at [www.cfpa.net](http://www.cfpa.net).*

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<sup>2</sup> Charles A. DiSogra, Wei Yen, Anthony Ramirez, and Jennifer Aguayo. *Only 12% of California's Poorest Adults Receive Food Stamps, One Million Lack Adequate Food*. Published by the UCLA Center for Health Policy Research, July 2003. Available at [www.chis.ucla.edu](http://www.chis.ucla.edu).

<sup>3</sup> K. Hanson and E. Golan. *Effects of Changes in Food Stamp Expenditures Across the U.S. Economy*. Food Assistance and Nutrition Research Report Number 26-6. Economic Research Service. United States Department of Agriculture. August 2002.