

## **A Short History of SNAP**

### **The First Food Stamp Program (FSP) - May 16, 1939-Spring 1943**

The idea for the first FSP is credited to various people, most notably Secretary of Agriculture Henry Wallace and the program's first Administrator Milo Perkins. The program operated by permitting people on relief to buy orange stamps equal to their normal food expenditures; for every \$1 worth of orange stamps purchased, 50 cents worth of blue stamps were received. Orange stamps could be used to buy any food; blue stamps could only be used to buy food determined by the Department to be surplus.

Over the course of nearly 4 years, the first FSP reached approximately 20 million people at one time or another in nearly half of the counties in the U.S.--peak participation was 4 million--at a total cost of \$262 million. The first recipient was Mabel McFiggin of Rochester, New York; the first retailer to redeem the stamps was Joseph Mutolo; and the first retailer caught violating the program was Nick Salzano in October 1939. The program ended "since the conditions that brought the program into being--unmarketable food surpluses and widespread unemployment--no longer existed."

*"We got a picture of a gorge, with farm surpluses on one cliff and under-nourished city folks with outstretched hands on the other. We set out to find a practical way to build a bridge across that chasm."  
( Milo Perkins )*

### **Pilot Food Stamp Program - May 29, 1961-1964**

The 18 years between the end of the first FSP and the inception of the next were filled with studies, reports, and legislative proposals.

Prominent Senators actively associated with attempts to enact an FSP during this period were: Aiken, La Follette, Humphrey, Kefauver, and Symington. From 1954 on, Congresswoman Leonor K. Sullivan strove unceasingly to pass food stamp program legislation. On Sept. 21, 1959, P.L. 86-341 authorized the Secretary of Agriculture to operate a food stamp system through Jan. 31, 1962.

The Eisenhower Administration never used the authority. However, in fulfillment of a campaign promise made in West Virginia, President Kennedy's first Executive Order called for expanded food distribution and, on Feb. 2, 1961, he announced that food stamp pilot programs would be initiated. The pilot programs would retain the requirement that the food stamps be purchased, but eliminated the concept of special stamps for surplus foods. A Department spokesman indicated the emphasis would be on increasing the consumption of perishables. Isabelle Kelley, who was part of the four-person team that designed the new program, became its first director and the first woman in USDA to head an action program.

Mr. and Mrs. Alderson Muncy of Paynesville, West Virginia, were the first food stamp recipients on May 29, 1961. They purchased \$95 in food stamps for their 15-person household. In the first food stamp transaction, they bought a can of pork and beans at Henderson's Supermarket. By January 1964, the pilot programs had expanded from eight areas to 43 (40 counties, Detroit, St. Louis, and Pittsburgh) in 22 States with 380,000 participants.

*"...the Department of Agriculture seemed bent on outlining a possible food stamp plan of such scope and magnitude, involving some 25 million persons, as to make the whole idea seem ridiculous and tear food stamp plans to smithereens."  
( Congresswoman Leonor K. Sullivan )*

### **Food Stamp Act of 1964 - August 31, 1964**

On Jan. 31, 1964, President Johnson requested Congress to pass legislation making the FSP permanent. Secretary Orville Freeman submitted proposed legislation to establish a permanent FSP on April 17, 1964. The bill eventually passed by Congress was H.R. 10222, introduced by Congresswoman Sullivan. Among the official purposes of the Food Stamp Act of 1964 were strengthening the agricultural economy and providing improved levels of nutrition among low-income households; however, the practical purpose was to bring the pilot FSP under Congressional control and to enact the regulations into law. The major provisions were:

- the State Plan of Operation requirement and development of eligibility standards by States;
- the requirement that recipients purchase their food stamps, paying an amount commensurate with their normal expenditures for food and receiving an amount of food stamps representing an opportunity more nearly to obtain a low-cost nutritionally adequate diet;
- the eligibility for purchase with food stamps of all items intended for human consumption except alcoholic beverages and imported foods (the House version would have prohibited the purchase of soft drinks, luxury foods, and luxury frozen foods);
- prohibitions against discrimination on bases of race, religious creed, national origin, or political beliefs;
- the division of responsibilities between States (certification and issuance) and the Federal Government (funding of benefits and authorization of retailers and wholesalers), with shared responsibility for funding costs of administration; and
- appropriations for the first year limited to \$75 million; for the second year, to \$100 million; and, for the third year, to \$200 million.

The Department estimated that participation in a national FSP would eventually reach 4 million, at a cost of \$360 million annually.

### **Program Expansion - FSP Participation Milestones in the 1960s and Early 1970s.**

In April 1965, participation topped half a million. (Actual participation was 561,261 people.) Participation topped 1 million in March 1966, 2 million in October 1967, 3 million in February 1969, 4 million in February 1970, 5 million one month later in March 1970, 6 million two months later in May 1970, 10 million in February 1971, and 15 million in October 1974. Rapid increases in participation during this period were primarily due to geographic expansion.

### **Major Legislative Changes - Early 1970s**

The early 1970s were a period of growth in participation; concern about the cost of providing food stamp benefits; and questions about administration, primarily timely certification. It was during this time that the issue was framed that would dominate food stamp legislation ever after: How to balance program access with program accountability? Three major pieces of legislation shaped this period leading up to massive reform to follow:

P.L. 91-671 (Jan. 11, 1971) established uniform national standards of eligibility and work requirements; required that allotments be equivalent to the cost of a nutritionally adequate diet; limited households' purchase requirements to 30 percent of their income; instituted an outreach requirement; authorized the Department to pay 62.5 percent of specific administrative costs incurred by States; expanded the FSP to Guam, Puerto Rico, and the Virgin Islands of the United States; and provided \$1.75 billion appropriations for Fiscal Year 1971.

Agriculture and Consumer Protection Act of 1973 (P.L. 93-86, Aug. 10, 1973) required States to expand the program to every political jurisdiction before July 1, 1974; expanded the program to drug addicts and alcoholics in treatment and rehabilitation centers; established semi-annual allotment adjustments, SSI cash-out, and bi-monthly issuance; introduced statutory complexity in the income definition (by including in-kind payments and providing an accompanying exception); and required the Department to establish temporary eligibility standards for disasters. This legislation also added a new category of eligible purchases with SNAP benefits - seeds and plants which produce food for human consumption.

P.L. 93-347 (July 12, 1974) authorized the Department to pay 50 percent of all States' costs for administering the program and established the requirement for efficient and effective administration by the States.

### **1974 Nationwide Program**

In accordance with P.L. 93-86, the FSP began operating Nationwide on July 1, 1974. (The program was not fully implemented in Puerto Rico until Nov. 1, 1974.) Participation for July 1974 was almost 14 million.

## **The Food Stamp Act of 1977**

Both the outgoing Republican Administration and the new Democratic Administration offered Congress proposed legislation to reform the FSP in 1977. The Republican bill stressed targeting benefits to the neediest, simplifying administration, and tightening controls on the program; the Democratic bill focused on increasing access to those most in need and simplifying and streamlining a complicated and cumbersome process that delayed benefit delivery as well as reducing errors, and curbing abuse. The chief force for the Democratic Administration was Robert Greenstein, Administrator of FNS; on the Hill, major players were Senators McGovern, Javits, Humphrey, and Dole and Congressmen Foley and Richmond. Amidst all the themes, the one that became the rallying cry for FSP reform was "EPR"--eliminate the purchase requirement--because of the barrier to participation the purchase requirement represented. The bill that became the law--S. 275--did eliminate the purchase requirement. It also:

- eliminated categorical eligibility;
- established statutory income eligibility guidelines at the poverty line;
- established 10 categories of excluded income;
- reduced the number of deductions used to calculate net income and established a standard deduction to take the place of eliminated deductions;
- raised the general resource limit to \$1,750;
- established the fair market value (FMV) test for evaluating vehicles as resources;
- penalized households whose heads voluntarily quit jobs;
- restricted eligibility for students and aliens;
- eliminated the requirement that households must have cooking facilities;
- replaced store due bills with cash change up to 99 cents;
- established the principle that stores must sell a substantial amount of staple foods if they are to be authorized;
- established the ground rules for Indian Tribal Organization administration of the FSP on reservations; and
- introduced demonstration project authority.

In addition to EPR, the Food Stamp Act of 1977 included several access provisions:

- using mail, telephone, or home visits for certification;
- requirements for outreach, bilingual personnel and materials, and nutrition education materials;
- recipients' right to submit applications the first day they attempt to do so;
- 30-day processing standard and inception of the concept of expedited service;
- SSI joint processing and coordination with AFDC;
- notice, recertification, and retroactive benefit protections; and
- a requirement for States to develop a disaster plan.

The integrity provisions of the new program included fraud disqualifications, enhanced Federal funding for States' anti-fraud activities, and financial incentives for low error rates.

EPR was implemented Jan. 1, 1979. Participation that month increased 1.5 million over the preceding month.

### **Interesting fact:**

*The House Report for the 1977 legislation points out that the changes in the Food Stamp Program are needed without reference to upcoming welfare reform since "the path to welfare reform is, indeed, rocky...."*

## **Cutbacks of the Early 1980s**

The large and expensive FSP came under close scrutiny of both the Executive Branch and Congress in the early 1980s. Major legislation in 1981 and 1982 enacted cutbacks including:

- addition of a gross income eligibility test in addition to the net income test for most households;

- temporary freeze on adjustments of the shelter deduction cap and the standard deduction and constraints on future adjustments;
- annual adjustments in food stamp allotments rather than semi-annual;
- consideration of non-elderly parents who live with their children and non-elderly siblings who live together as one household;
- required periodic reporting and retrospective budgeting;
- prohibition against using Federal funds for outreach;
- replacing the FSP in Puerto Rico with a block grant for nutrition assistance;
- counting retirement accounts as resources;
- State option to require job search of applicants as well as participants; and
- increased disqualification periods for voluntary quitters.

**Interesting Fact:**

*Electronic Benefits Transfer (EBT) began in Reading, Pennsylvania, in 1984.*

**The Mid- to Late 1980s**

Recognition of the severe domestic hunger problem in the latter half of the 1980s led to incremental improvements in the FSP in 1985 and 1987, such as elimination of sales tax on food stamp purchases, reinstatement of categorical eligibility, increased resource limit for most households (\$2,000), eligibility for the homeless, and expanded nutrition education. The Hunger Prevention Act of 1988 and the Mickey Leland Memorial Domestic Hunger Relief Act in 1990 foretold the improvements that would be coming. The 1988 and 1990 legislation accomplished the following:

- increasing benefits by applying a multiplication factor to Thrifty Food Plan costs;
- making outreach an optional activity for States;
- excluding advance earned income tax credits as income;
- simplifying procedures for calculating medical deductions;
- instituting periodic adjustments of the minimum benefit;
- authorizing nutrition education grants;
- establishing severe penalties for violations by individuals or participating firms; and
- establishing EBT as an issuance alternative.

Throughout this era, significant players were principally various committee chairmen: Congressmen Leland, Hall, Foley, Panetta, and de la Garza and Senator Leahy.

**Development of Electronic Benefit Transfer (EBT): 1988-2004**

Public Law 100-435, the Hunger Prevention Act of 1988 was signed into law September 19, 1988 and permitted one or more pilot projects to test whether the use of benefit cards or other automated or electronic benefit delivery systems could enhance the efficiency and effectiveness of program operations for both program administrators and recipients. Following this initiative, Public Law 101-624, the Mickey Leland Memorial Domestic Hunger Relief Act of November 28, 1990 established EBT as an issuance alternative and permitted the Department to continue to conduct EBT demonstration projects.

On August 10, 1993 the Conference Report on Public Law 103-66, the Omnibus Budget Reconciliation Act of 1993, included a managers statement strongly urging the Secretary to encourage State agencies to develop and establish EBT systems. This was followed by Public Law 104-193, the Personal Responsibility and Work Opportunity Reconciliation Act of August 22, 1996 which mandated that States implement EBT systems before October 1, 2002, unless USDA waived the requirement because a State faced unusual barriers to implementation.

A national standard of interoperability and portability applicable to electronic food stamp benefit transactions was established by Public Law 106-171, the Electronic Benefit Transfer Interoperability and Portability Act of 2000 on February 11, 2000 and Public Law 107-171, the Farm Security and Rural Investment Act of 2002 of May 13, 2002 required USDA to submit a report not later than October 1, 2003 to the House and Senate Agriculture Committees describing the status of EBT systems in each State. This act also allows group

homes and institutions to redeem EBT benefits directly through banks in areas where EBT has been implemented rather than going through authorized wholesalers or other retailers.

Electronic Benefit Transfer (EBT) is an electronic system that allows a recipient to authorize transfer of their government benefits from a Federal account to a retailer account to pay for products received. EBT is used in all 50 States, the District of Columbia, Puerto Rico, the Virgin Islands, and Guam. State food stamp agencies work with contractors to procure their own EBT systems for delivery of Food Stamp and other state-administered benefit programs.

In EBT systems, food stamp recipients apply for their benefits in the usual way, by filling out a form at their local food stamp office. Once eligibility and level of benefits have been determined, an account is established in the participant's name, and food stamp benefits are deposited electronically in the account each month. A plastic card, similar to a bank card, is issued and a personal identification number (PIN) is assigned or chosen by the recipient to give access to the account. Recipients are offered the opportunity to change the PIN number at any time, and are offered ongoing training if they have any problems accessing the system.

EBT eliminates the cumbersome processes required by the paper food stamp system. By eliminating paper coupons which could be lost, sold or stolen, EBT may help cut back on food stamp fraud. EBT creates an electronic record of each food stamp transaction, making it easier to identify and document instances where food benefits are exchanged for cash, drugs, or other illegal goods.

All States are using EBT as an alternative for SNAP issuance and, in some cases, for other programs such as USDA's Special Supplemental Nutrition Program for Women, Infants and Children (WIC); and the Temporary Assistance to Needy Families (TANF) program, the Federal block-grant program operated by the Department of Health and Human Services. As of July 2004, all 50 States, the District of Columbia, the Virgin Islands, and Guam operated state-wide, city-wide, and territory-wide EBT systems to issue SNAP benefits.

In Puerto Rico, the Supplemental Nutrition Assistance Program, was replaced in 1982 by a block grant program, called the Nutrition Assistance Program. Puerto Rico is not interoperable with other States.

### **1993 Mickey Leland Childhood Hunger Relief Act**

By 1993, major changes in food stamp benefits had arrived. The final legislation provided for \$2.8 billion in benefit increases over Fiscal Years 1984-1988. Leon Panetta, in his new role as OMB Director, played a major role as did Senator Leahy. Substantive changes included:

- eliminating the shelter deduction cap beginning Jan. 1, 1997;
- providing a deduction for legally binding child support payments made to nonhousehold members;
- raising the cap on the dependent care deduction from \$160 to \$200 for children under 2 years old and \$175 for all other dependents;
- improving employment and training (E&T) dependent care reimbursements;
- increasing the FMV test for vehicles to \$4,550 on Sept. 1, 1994 and \$4,600 on Oct. 1, 1995, then annually adjusting the value from \$5,000 on Oct. 1, 1996;
- mandating asset accumulation demonstration projects; and
- simplifying the household definition.

### **Later Participation Milestones**

In December 1979, participation finally surpassed 20 million. In March 1994, participation hit a new high of 28 million.

### **The Personal Responsibility and Work Opportunities Reconciliation Act of 1996**

The mid-1990s was a period of welfare reform. Many States had waivers of the rules for the cash welfare program, Aid to Families with Dependent Children (AFDC) before major welfare reform legislation was enacted in 1996. The Personal Responsibility and Work Opportunities Reconciliation Act of 1996 (PRWORA) removed the entitlement of recipients to AFDC and replaced that with a new block grant to states called Temporary Assistance to Needy Families (TANF).

Although the FSP was reauthorized in the 1996 Farm Bill, major changes to the program were enacted through PRWORA. Among them were:

- eliminating eligibility of most legal immigrants to food stamps;
- placing a time limit on food stamp receipt of three out of 36 months for able-bodied adults without dependents (ABAWDs) who are not working at least 20 hours a week or participating in a work program;
- reduction in maximum allotments by setting them at 100 percent of the change in the Thrifty Food Plan (TFP) from 103 percent of the change in the TFP;
- freezing the standard deduction, the vehicle limit, and the minimum benefit;
- setting the shelter cap at graduated specified levels up to \$300 by fiscal year 2001, and permitting States to make use of the standard utility allowance mandatory;
- revising provisions for disqualification, including comparable disqualification with other means-tested programs; and
- requiring States to implement EBT before Oct. 1, 2002.

The Balanced Budget Act of 1997 (BBA) and the Agricultural Research, Education and Extension Act of 1998 (AREERA) made some changes to these provisions, most significantly:

- additional Employment and Training (E&T) funds targeted toward providing work program opportunities for ABAWDs;
- allowing States to exempt up to 15 percent of the estimated number of ABAWDs who would otherwise be ineligible;
- restoring eligibility for certain elderly, disabled and child immigrants who resided in the United States when PRWORA was enacted; and
- cutting administrative funding for States to account for certain administrative costs that previously had been allocated to the AFDC program and now were required to be allocated to the Food Stamp Program.

The fiscal year 2001 agriculture appropriations bill included two significant changes to the FSP. The legislation increased the excess shelter cap to \$340 in fiscal year 2001 and then indexed the cap to changes in the Consumer Price Index for All Consumers each year beginning in fiscal year 2002. The legislation also allowed States to use the vehicle limit they use in a TANF assistance program, if it would be result in a lower attribution of resources for the household. To date, only two States have not taken advantage of this option.

### **Early 2000s - The Farm Bill of 2002**

Participation declined throughout the late 1990s, even more so than expected based on the changes in PRWORA and falling unemployment. Program access and simplification of program rules were a major focus of proposed legislation and of major regulations promulgated by the Department. In May 2002, the Food Security and Rural Investment Act of 2002 was enacted, including reauthorization of the Food Stamp Program. Major changes to the FSP included:

- restoration of eligibility for food stamps to qualified aliens who have been in the United States at least five years;
- restoration of eligibility for immigrants receiving certain disability payments and for children, regardless of how long they have been in the country;
- adjusting the standard deduction to vary by household size and indexed each year for inflation;
- reforming the quality control (QC) system by basing financial sanctions on consecutive years of high error rate;
- replacing enhanced funding for States with low error rates with a performance bonus system based on several different measures of performance;
- providing States with several options to simplify the program, including aligning the definition of income and/or resources to that used in TANF or Medicaid, adopting a simplified reporting system, and providing transitional benefits for clients leaving TANF;
- cutting E&T funding while eliminating the requirements of targeting those funds toward ABAWDs;

- and
- eliminating the cost neutrality requirement for EBT systems.

Food stamp participation increased from about 17.2 million in fiscal year 2000 to 26 million people in July 2006. The rate of payment accuracy in the FSP improved 34 percent between FY2000 and FY2004 and the 94.12 percent overall payment accuracy rate was the highest achieved since the inception of the program. USDA awarded \$48 million to 24 States for their exemplary administration of the program in fiscal year (FY) 2005.

This improvement in payment accuracy is a result of strong partnerships with States administering the program as well as implementation of program simplifications and policy options provided in the 2002 Farm Bill. These options which include aligning the definition of income and/or resources to that used in TANF or Medicaid, adopting a simplified reporting system, and providing transitional benefits for clients leaving TANF, were well received by State agencies. Forty-one of these have aligned income and 36 have aligned resource exclusions to those used in TANF or Medicaid. 47 States have adopted simplified reporting which has reduced the program error rate.

The Department continues to work with States to implement the various provisions of the 2002 Farm Bill, through guidance and regulations.

### **Late 2000s - The Farm Bill of 2008**

By August 2008, participation had reached an all-time (non-disaster) high of 29 million people per month. The participation increases occurred at a time when eligibility for food stamp benefits expanded as a result of the 2002 Farm Bill. Moreover, there was a consistent focus on outreach and improved access to FSP benefits. Some of the most recent increase in participation may be caused by the current economic slowdown and the recent rise in unemployment rates. During this time, payment accuracy continued to improve and the program set a new payment error rate record for fiscal year 2007 of 5.64.

The 2008 farm bill (H.R. 2419, the Food, Conservation, and Energy Act of 2008) was enacted May 22, 2008 through an override of the President's veto. The new law increased the commitment to Federal food assistance programs by more than \$10 billion over the next 10 years. In efforts to fight stigma, the law changed the name of the Federal program to the Supplemental Nutrition Assistance Program or SNAP as of Oct. 1, 2008, and changed the name of the Food Stamp Act of 1977 to the Food and Nutrition Act of 2008. States maintained flexibility to name the program on their own but were encouraged to change the name to SNAP or another alternate name. In fact, more than ten States had already changed the names of their programs by this time.

Significantly, the 2008 Farm Bill also institutionalized priorities that FNS had focused on for many years including strengthening integrity; simplifying administration; maintaining State flexibility; improving health through nutrition education; and improving access.

Benefits were augmented for most households on Oct. 1, 2008, due to the increase in the minimum benefit and standard deduction and elimination of the cap on the deduction for child care expenses. The new law also expanded eligibility by indexing the asset limits to inflation and excluding combat pay, and most retirement and education accounts as countable resources. The law modernized the program by acknowledging EBT as the standard issuance vehicle and de-obligating coupons one year from enactment. The Farm Bill also provided \$20 million in mandatory funding for a project to test point-of-purchase incentives for healthful foods and authorized appropriations for other similar projects.

Other important changes included:

- Extended simplified reporting to all households
- Extended of transitional benefits to those leaving a State-funded cash assistance program
- Allowed use of E&T funds for job retention expenses
- Clarified the E&T volunteers are not subject to a participation limit
- Stipulated that State agencies must issue monthly benefit allotments to individuals in one lump sum unless a benefit correction is necessary

- Sets standards for expungement of benefits and for moving benefits off line
- Clarified that interchange fees may not apply to EBT transactions
- Required USDA to set standards for major changes in program design
- Required USDA to require proper testing as a condition of Federal financial participation in State automation systems.
- Allowed USDA to prohibit State agencies from collecting claims from a household and to assert a claim against a State in cases of major systems failure
- Offered States the option of implementing a telephonic signature process
- Codified regulations regarding bilingual access, civil rights requirements and nutrition education
- Allowed for disqualification for clients who intentionally obtain cash by purchasing and then discarding a product to obtain the deposit or intentionally sells food purchased with SNAP benefits
- Gave USDA more flexibility in setting disqualification periods and fines for certain retailer violations.