

The Food Stamp Shelter Deduction:

*Helping Households with High Housing Burdens
Meet Their Food Needs*

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Executive Summary

The food stamp shelter deduction targets food stamp benefits toward households that experience the highest shelter costs in relation to their incomes, and therefore have the most difficulty affording an adequate diet. It provided an additional \$2.2 billion in food stamp benefits to 3.8 million households in 2000. After Section 8 and public housing, the food stamp shelter deduction was the biggest source of federal resources devoted to providing assistance to low-income households based on their housing needs.

In 1999, according to the American Housing Survey (AHS), 52 percent of households with income low enough to qualify for food stamps spent more than half of their income on their shelter costs. The lack of affordable housing is a phenomenon that is not concentrated in a particular demographic group or geographical area. Similar proportions of households with children, households with elderly or disabled members, and working households spend a majority of their income on their shelter costs. A significant share of both low-income renters and households that own their homes in each region, state, and sub-state area face steep housing cost burdens.

The food stamp shelter deduction complements existing housing programs in addressing the shelter needs of the lowest-income households. It helps address a major inequity in the current low-income assistance system: funding is available to serve only one-quarter of the families and individuals who are eligible for housing assistance. Those that have a subsidy generally spend about 30 percent of their income on rent and utilities and have more money left for food. Food stamps and the food stamp shelter deduction are an entitlement and are available to all eligible households. While food stamps cannot be used to pay for housing directly, the added benefits made available because of the shelter deduction help families with high housing costs afford sufficient food.

In addition, needy families can receive food stamps without long waiting lists, as is common for housing subsidies, and the food stamp shelter deduction is available to both renter and owner households while the major federal housing subsidy programs for low-income households are available only to renters.

In general, food stamp-eligible households that spend more than half of their income on shelter expenses receive an additional 30 cents in food stamps for every dollar that their shelter expenses exceed half of their income.¹ About half of food stamp recipient households benefit from the shelter deduction and, on average, these households receive an additional \$49 a month in food stamps as a result of the deduction. The fifth of households with the highest shelter expenses receive, on average, an additional \$71 a month.

Families with children and households with elderly or disabled members benefit from the shelter deduction at approximately the same rate. The benefits from the deduction vary somewhat by region — with the highest proportion of households benefitting in the Northeast (70 percent) and the largest number in the Southeast (almost 800,000). However, the shelter deduction also responds to the significant variation in housing burdens that occurs within regions and even within states or sub-state areas.

This paper examines the housing burdens faced by low-income families and discusses how the food stamp program's shelter deduction provides more food stamps to low-income families that are heavily burdened by high shelter costs. It begins with a brief introduction in Section I. Section II provides background on housing issues. Section III describes the food stamp program and the shelter deduction in detail. Finally, Section IV explores the characteristics of households that benefit from the food stamp shelter deduction.

¹See Section III for a detailed discussion of the mechanics of the shelter deduction. Households with children are subject to a cap on the amount they may deduct and thus may not receive the full benefit from the shelter deduction.

I. Introduction

The food stamp shelter deduction is a significant tool that addresses the interaction between high shelter costs and food insecurity. By providing more food stamps to low-income families that are heavily burdened by high shelter costs, the deduction benefits those who are least able to afford an adequate diet for their family. This paper reviews the shelter expenses of food stamp-eligible households and how, through the shelter deduction, the food stamp program responds to the strains that such costs place on a low-income family's ability to afford food.

Food stamps are available to poor households and households with incomes modestly above the federal poverty level.² The national food stamp benefit rules allow eligible households to deduct from their income shelter costs in excess of half their income (after taking into account other deductions). As a result, a household's food stamps are generally higher by 30 cents for every dollar that its shelter costs exceed half of its income.³ Thus, the deduction gives households who spend a substantial portion of their income on shelter expenses higher food stamp benefits than they would otherwise receive. In fiscal year 2000, 3.8 million households

²In general, the food stamp income eligibility limit is 130 percent of the federal poverty level (about \$1,900 a month, or \$23,000 a year for a family of four). See Section III for a more detailed discussion of food stamp eligibility and Box 1 for a comparison to eligibility for federal housing assistance.

³An exception is when a family's income is low enough that it already qualifies for the maximum benefit level.

received a total of \$2.2 billion (16 percent of all food stamp benefits) because of the food stamp shelter deduction.⁴

The food stamp shelter deduction recognizes that both food and shelter are fundamental needs, and that both place demands on the same set of limited resources available to low-income families. Historically, food assistance and housing assistance programs for low-income families have been separate. Similarly, many policymakers, program administrators, and advocates have specialized in either food policy or on housing policy, but not both. By including a housing component within the food stamp benefit structure, the program transcends this divide. It should thus be of interest to those concerned about both the food and the housing needs of low-income families.

The food stamp shelter deduction complements existing federal housing programs by serving low-income families facing housing challenges in ways the housing programs often do not. The shelter deduction is available to nearly all poor and near-poor families. It serves both renters and homeowners who have housing and utility expenses that are large relative to their incomes. Furthermore, the food stamp program is an entitlement, and thus all families who qualify for benefits can receive them. The main federal housing programs that make housing affordable for low-income households, on the other hand, while much more generous than the food stamp shelter deduction, make only a limited number of vouchers and subsidized units available and these are available only to renters.

Thus, the food stamp shelter deduction helps address a major inequity in the current low-income assistance system: a small fraction (about one-quarter) of eligible households receive housing assistance, while the rest do not. Those that have a subsidy generally spend about 30 percent of their income on rent and utilities and have more money left for food than those that receive no housing subsidies.

In addition, food stamps are more responsive than housing programs to the short-term needs of families who see a sudden fall in their income. An eligible family can receive food

⁴These figures overstate slightly the actual amount of benefits attributable to the shelter deduction in 2000 in order to reflect a change in food stamp law since 2000. The data are based on an analysis of the Food Stamp Quality Control data for fiscal year 2000. In fiscal year 2000 the cap on the excess shelter deduction was \$275. Legislation enacted late in 2000 raised the cap to \$340 (effective beginning in March 2001) with adjustments for inflation in subsequent years. The analysis in this paper adjusts the 2000 data to determine what benefits the shelter deduction would have provided in fiscal year 2000 if the cap had been at the higher level that is now law. The unadjusted QC data indicate that the shelter deduction actually provided \$2.17 billion, rather than \$2.23 billion to 3.8 million households. See Appendix A for further discussion of this adjustment.

stamps within a month of applying.⁵ Families seeking housing assistance, in contrast, often face waiting periods of many months or even years. Thus, families that, after a fall in income, suddenly find themselves hard-pressed to afford both food and their housing may be well-served by the food stamp program. To be sure, food stamps cannot replace housing assistance. Nonetheless, they can immediately supplement the income of a family with high housing costs.

Finally, no federal housing programs provide aid to homeowners who, because of a loss of income, have difficulty affording their mortgages.⁶ The food stamp shelter deduction is available to owners as well as renters and can provide assistance to households that struggle to afford their mortgages because of a spell of unemployment.

⁵If a applicant household's circumstances are particularly dire it will receive food stamps in seven days or fewer.

⁶As a result of a recent change in law, Section 8 vouchers may now be used to assist first-time homebuyers to meet the costs of homeownership. Households that already own their home but are experiencing difficulty keeping up with payments due to a decline in income, however, are not eligible for assistance.

Box 1

Understanding Differences in Eligibility and Terminology

The food stamp and low-income housing assistance programs have different eligibility limits and use different terminology. The major difference is that housing eligibility limits vary based on the median income for the area where the household lives, while food stamp eligibility limits are tied to a national poverty measure. In general, housing eligibility limits are higher than food stamp eligibility limits, though the limited resources available in the housing programs tend to be targeted toward lower income households. In 2002, a four person household with annual income up to \$23,000 is eligible for food stamps, while for housing programs, the average income limit nationally for a four person household is about \$43,500.

Housing programs — The major housing programs for low-income households base eligibility on “area median income” (AMI), which the Department of Housing and Urban Development (HUD) determines for different family sizes for each of 356 different metropolitan areas and 2,324 non-metropolitan areas.* In general, to be eligible for Section 8 housing subsidies or Public Housing — the two most deeply targeted low-income housing programs and those most likely to serve food stamp-eligible households — a household must have income that is considered “low-income.” “Low-income” families are families whose income does not exceed 80 percent of AMI. Additional distinctions are made for “very low-income” families, whose income does not exceed 50 percent of AMI, and “extremely low-income” families, whose income does not exceed 30 percent of AMI.

Nationally, HUD estimates the median income for a family of four for fiscal year 2002 to be \$54,400, which means that the national average income cut-off for housing assistance is about \$43,500 (or 80 percent of median income). But AMI varies dramatically, from about \$16,300 a year in 2002 in Starr County, Texas, to over \$115,000 a year in Stamford, Connecticut, with housing income limits varying accordingly. (HUD makes an adjustment to income limits for areas with particularly high and low AMI). Some portion of the assistance in each program is reserved for families with incomes at or below 30 percent of the area median income, but individual local housing agencies have a great deal of discretion about how much of available housing resources go to poor households as opposed to households with somewhat higher incomes. Thirty percent of AMI (nationally \$16,320 in 2002) roughly corresponds to the poverty level discussed below.

Food Stamps — In general, to be eligible for food stamps a household’s monthly gross income must be at or below 130 percent of the poverty level for its household size, and monthly net income (after deductions) must be at or below the poverty level. (See table below.) The poverty guidelines are issued annually by the U.S. Department of Health and Human Services. There is a different poverty level for each household size, and Alaska and Hawaii have different poverty levels from the rest of the U.S.

The amount of food stamps a household receives monthly is calculated based on its income. A household near the net eligibility limit would be eligible for a small food stamp benefit. See Section III for a more detailed discussion of the food stamp benefit calculation.

Fiscal Year 2002 Annualized Food Stamp Income Limits By Household Size in the 48 Contiguous States and D.C.

Size of Household	Annualized Gross Income Limit (130 percent of poverty)	Annualized Net Income Limit (100 percent of poverty)
1	\$11,172	\$8,592
2	\$15,096	\$11,616
3	\$19,020	\$14,640
4	\$22,956	\$17,652
5	\$26,880	\$20,676
Each Additional	+ about \$3,900	+ about \$3,000

*HUD’s derivation of housing program income limits from median income is a complicated process. For details, see U.S. Department of Housing and Urban Development, Office of Policy Development and Research, FY 2002 HUD Income Limits Briefing Material, at <http://www.huduser.org/datasets/il/fmr02/index.html>.

II. Background on Housing Needs and Housing Assistance

Many low-income households face substantial problems affording their housing expenses — including rent or mortgage payments, utilities, and other related costs — and pay in excess of 50 percent of their income on housing. This section reviews statistics on the extent of housing needs among low-income families, with particular attention to families with incomes low enough to qualify for food stamps. In addition, it examines the relationship between lack of affordable housing and food insecurity.

High cost burdens are only one of several housing problems faced by low-income households. Many low-income households live in housing of inadequate quality or in overcrowded housing. In addition, low-income families often have difficulty locating affordable housing near job opportunities. These problems can be inter-related: because of low income, a family may have to choose between paying a very high percentage of its income for housing, living in inadequate or overcrowded housing, or living far from employment opportunities. A significant number of low-income families end up facing more than one of these situations. This section focuses on affordability, which, in addition to being the most common housing problem, is most directly addressed by the food stamp shelter deduction.

The Housing Needs of Low-Income Families

The housing situation of low-income households improved modestly in the strong economy of the late 1990s, but sizable numbers of low-income households continued to face significant housing burdens. In 1999, 11 million low-income households, approximately one-quarter of such households, paid more than half of their incomes for housing. An additional 12 million low-income households paid less than half but more than 30 percent of their incomes for

housing. (See Box 1 for a discussion of income definitions.)⁶ Table 1 shows the share of low-income, very low-income, and extremely low-income households that paid a high proportion of their income for shelter costs in 1999.

Table 1
Housing Cost Burdens of Low-Income Households, 1999

LOW INCOME (income under 80% of AMI)	Owners		Renters		TOTAL	
	Number	Percent	Number	Percent	Number	Percent
% of income spent on housing:						
Less than or equal to 30%	13.7	56%	9.3	42%	23.0	50%
30.1% to 50%	5.4	22%	6.5	30%	11.9	26%
Over 50%	5.1	21%	6.2	28%	11.3	24%
TOTAL	24.2	100%	22.0	100%	46.2	100%
VERY LOW INCOME						
(income under 50% of AMI)	Owners		Renters		TOTAL	
% of income spent on housing:	Number	Percent	Number	Percent	Number	Percent
Less than or equal to 30%	6.1	45%	4.3	29%	10.4	37%
30.1% to 50%	3.1	23%	4.5	31%	7.6	27%
Over 50%	4.3	32%	5.9	40%	10.2	36%
TOTAL	13.5	100%	14.8	100%	28.3	100%
EXTREMELY LOW INCOME						
(income under 30% of AMI)	Owners		Renters		TOTAL	
% of income spent on housing:	Number	Percent	Number	Percent	Number	Percent
Less than or equal to 30%	1.9	29%	2.1	25%	4.0	27%
30.1% to 50%	1.4	21%	1.6	19%	3.0	20%
Over 50%	3.2	50%	4.8	56%	8.0	53%
TOTAL	6.4	100%	8.5	100%	14.9	100%
All numbers in millions.						
Note: The income categories are not mutually exclusive. For example, all extremely low-income households are also very low-income households.						
Source: "Meeting Our Nation's Housing Challenges", Millennial Housing Commission, May 30, 2002.						

⁶These statistics and those in the paragraphs that follow are drawn from the Report of the Bipartisan Millennial Housing Commission, "Meeting Our Nation's Housing Challenges", May 30, 2002, based on data from the 1999 American Housing Survey.

Renters. Renters are far more likely than owners to have low incomes and major housing problems. Of the nation's 34 million renter households in 1999, 22 million were low-income renters. The majority of low-income renters paid more than 30 percent of their incomes for housing, with 28 percent paying over half of their income and an additional 30 percent paying between 30 and 50 percent of their income. As might be expected, families with the lowest incomes are the most likely to have severe affordability problems. Two in five very low-income households and a majority of extremely low-income households paid more than half of their income for housing in 1999.

Owners. Despite the fact that higher-income households are much more likely than low-income households to own their homes, home ownership among low-income families has been increasing in recent years. By 1999, slightly more than half of all low-income households were owners. Although owners are slightly less likely than renters to have housing affordability problems, one in five low-income owners and half of extremely low-income owners paid more than 50 percent of their income for housing in 1999.

These figures are for 1999. Data are not yet available to gauge the impact of the recent recession on housing for low-income families. The Department of Housing and Urban Development (HUD) warned in a report published in January 2001 that the progress in the late 1990s in reducing housing needs was "highly vulnerable to an economic downturn that would slow or reverse the income growth among very low-income households" because rents would not be expected to fall as rapidly as incomes during a recession.⁷ The recent recession may also make it difficult for some homeowners to pay their mortgages.

The Housing Needs of Families with Incomes Low Enough to Qualify for Food Stamps

Not surprisingly, the challenges that the population of low-income families in general faces in paying for housing afflict the subpopulation of food stamp-eligible families in particular. This section assesses the housing circumstances of low-income households eligible for food stamps. The findings are based on the Census Bureau's American Housing Survey (AHS) for 1999.⁸ Data from this survey do not specifically identify food stamp-eligible households, so we

⁷*A Report on Worst Case Housing Needs in 1999: New Opportunity Amid Continuing Challenges*, U.S. Department of Housing and Urban Development, Office of Policy Development and Research, January 2001.

⁸The data in this section are from special tabulations of the 1999 American Housing Survey (AHS) by Cushing N. Dolbeare. The AHS is a survey conducted by the Census Bureau every two years that is the most comprehensive source of national housing data available.

Housing costs in this survey include rent, mortgage payments, utility costs, and real estate taxes.

(continued...)

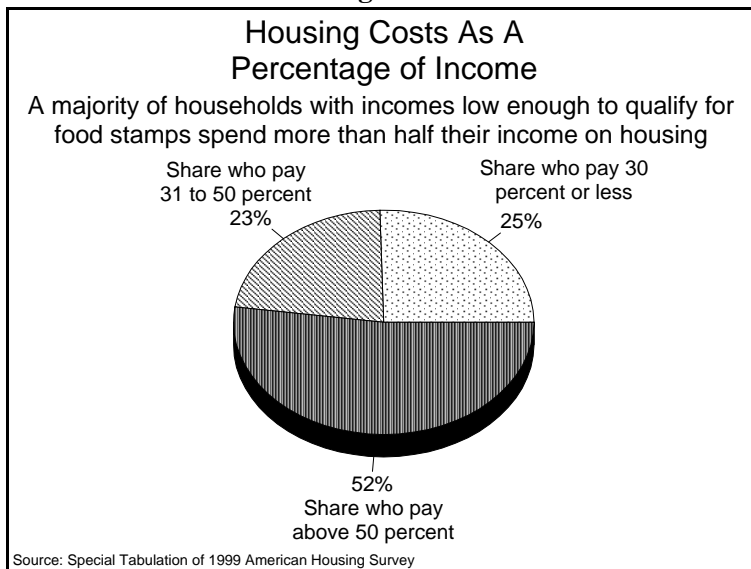
have examined households with incomes low enough to qualify for food stamps.⁹ These results should be understood as approximations of the housing circumstances of food stamp-eligible families. This and other methodological issues are described at more length in Appendix A.

More than half — 52 percent — of families with incomes low enough to qualify for food stamps faced shelter costs that exceeded half of their income in 1999. (See Figure 1) Such

households would qualify for the food stamp shelter deduction. In fact, this understates the share of households likely to be eligible for the deduction because, for the purposes of the shelter deduction, the food stamp program considers income *after* other deductions. Thus, many households with somewhat lower shelter expenses would also qualify for the deduction. Under federal standards, a household is considered to face unaffordable housing costs if it must spend more than 30 percent of income on housing costs. For these two reasons, we also show the share of households whose shelter costs represent 31 percent to 50 percent of their income in this analysis. *Three-quarters — 75 percent — of households with incomes low enough to qualify for food stamps spent more than 30 percent of their income on housing costs in 1999.*

Table 2 shows that this finding is consistent across several family types. Similar percentages of households with children, households with elderly members, low-wage working households, renters, and homeowners face affordability problems.¹⁰

Figure 1



⁸(...continued)

Significant increases in utility costs occurred after 1999. These increased costs are not reflected in the data presented here.

⁹In particular, we look at households with incomes below 130 percent of the poverty line. Such families will generally meet the gross income test for food stamp eligibility, although some of them may not meet the net income test or the asset test. The rules regarding food stamp eligibility are described later in this paper. Further, the income definition measured by the AHS may not exactly match income counted by the food stamp program, and the AHS shares the limitation of most survey data in that respondents tend to under-report their income.

¹⁰Note that some households may fall into more than one of these types, while others may (continued...)

Table 2
Share of Households Paying a Large Share of Income for Shelter Costs,
By Various Demographic Groups

Household Type	Share of Households with Income below 130 Percent of Poverty Paying More than 50 Percent of Income for Housing Costs	Share of Households with Income below 130 Percent of Poverty Paying More than 30 Percent of Income for Housing Costs
All Households	52%	75%
Households With Children	46%	73%
Households With Elderly Members	47%	69%
Low-Wage Working Households	40%	70%
Renters	55%	79%
Homeowners	49%	70%

Notes: Data come from the 1999 American Housing Survey.

Households with income below 130 percent of poverty is a rough proxy for food stamp-eligible households.

“Low-Wage Working Families” refers to families with earnings at least equal to quarter-time minimum wage earnings.

Housing affordability problems among food stamp-eligible families are widespread in all regions of the country. Although housing costs and average incomes vary, lack of affordable housing is a problem that affects low-income families in all regions. As seen in Table 3, a larger share of households have unaffordable housing costs in the Northeast and West (80 percent of households) than in the other regions. Even in the South, however, approximately half of households (47 percent) pay more than half of their income in housing costs, and over two-thirds (69 percent) pay more than 30 percent.

Housing burdens vary widely among food stamp-eligible households. While the majority of low-income families face significant housing costs, a sizeable share do not. Fifty-two percent of households with income below 130 percent of poverty pay more than half their income in housing costs, but 25 percent pay less than 30 percent. The latter group of households live in housing that is considered affordable according to federal standards. They may receive housing subsidies, be long-time homeowners, share housing with others to lower their costs, live in overcrowded or substandard housing, or simply have found an affordable housing situation. This is not a geographical phenomenon — substantial variation in the housing costs paid by food stamp-eligible households exists in all regions.

¹⁰(...continued)
not fall into any of them.

Table 3
Share of Households Paying a Large Share of Income for Shelter Costs,
By Region

Region	Share of Households with Income below 130 Percent of Poverty Paying More than 50 Percent of Their Income in Housing Costs	Share of Households with Income below 130 Percent of Poverty Paying More than 30 Percent of Their Income in Housing Costs
Northeast	57%	80%
Midwest	53%	75%
South	47%	69%
West	57%	80%

*Notes: Data come from the 1999 American Housing Survey.
Households with income below 130 percent of poverty is a rough proxy for food stamp-eligible households.*

Research Confirms That High Housing Costs Adversely Affect Nutrition

High shelter costs have detrimental consequences for families’ abilities to obtain a nutritious diet. This should not be surprising: when more of a low-income family’s budget goes to pay for housing, less remains for all other uses. This problem can be exacerbated during times when a family’s income falls. As a result, the family must cut back on other things, including food. When a family faces a choice between being evicted or facing utility shut-off on the one hand, and skipping a meal or reducing food consumption on the other, the family will generally choose the latter. (This is sometimes referred to as the “heating versus eating” dilemma.)

A 1995 article in the *Archives of Pediatrics and Adolescent Medicine* provides evidence of this problem.¹¹ Looking at children brought into the pediatric emergency department of a Boston-area hospital serving predominantly low-income communities, the authors compared indicators of the nutritional status of families receiving housing subsidies with families on waiting lists for housing programs. This is a useful comparison because the two groups are likely to be similar, except that members of the group receiving subsidies will generally pay a smaller share of their income for housing than members of the other group. The authors found with statistical significance that children in families on the waiting lists were several times more likely than children in families receiving subsidies to exhibit poor growth (a credible indicator of poor nutrition), after controlling for other factors such as low birth weight, race, and receipt of disability benefits.

¹¹Meyers A, Frank DA, Roos N, Peterson KE, Casey VA, Cupples A, Levenson SM. “Housing subsidies and pediatric undernutrition.” *Archives of Pediatrics and Adolescent Medicine* 1995;149:1079-1084.

Another study conducted using data on children making emergency room and acute care visits in sites in five states and the District of Columbia also lends further evidence on this matter. Controlling for a number of other factors, that study found that families on waiting lists for subsidized housing were 1.7 times more likely to report limited or uncertain availability of nutritious food than were families receiving housing subsidies.¹²

While the studies have some methodological limitations — for example, children visiting the emergency department of a particular hospital may not be representative of the rest of the country — they nonetheless give strong evidence that targeting food assistance to families with high housing costs can improve the families' nutritional statuses.

Housing Programs Leave Many Families Unserved

For families that receive aid from the major federal housing programs that serve the poor, the programs are effective in reducing their housing costs. Some of the programs also improve the range of available housing that is affordable and thereby improve the quality of housing or enable families to live in a neighborhood without a high concentration of poverty. The federal housing programs provide very significant subsidies to the individuals and families that receive them. The main programs that directly aid renters include public housing, Section 8 vouchers, and the Section 8 project-based program. Public housing units are owned by local housing authorities that receive subsidies from the federal government. Both Section 8 vouchers and project-based assistance benefit renters, whose landlords receive the subsidies as partial payment of the rent for private market units. In all three cases, the household's rent is generally set at about 30 percent of its income, and the government effectively subsidizes the remainder of the cost of its housing.¹² Thus, if a family's income rises, its subsidy falls, and vice versa. The average federal subsidy for new housing vouchers in 2002 is expected to be \$488 a month, or \$5,853 per year.¹³ (See Appendix B for a more detailed description of the major housing programs for low-income households.)

Housing programs are not sufficiently funded to serve everyone in need of housing assistance. There are many more eligible families than can receive assistance, and waiting lists for these programs are very long in many areas. Fewer than 25 percent of eligible households

¹²Alan Meyers, Deborah A. Frank, John T Cook, Diana Cutts, Carol Berkowitz, Maureen Black, Patrick Casey, Nieves Zaldivar, Suzette Levenson, and the C-SNAP Study Group. "Subsidized Housing, Food Security, and Growth among Families with Children: Data from a Multisite Surveillance Study." No report on this study has yet been released; however a summary of its results is available at <http://dcc2.bumc.bu.edu/csnappublic/subsidized%20housing.htm>.

¹²In some subsidy programs, families may opt to pay more than 30 percent of their income in rent to live in housing that costs more than an approved rental limit.

¹³U.S. Department of Housing and Urban Development, FY2002 Budget Request.

receive federal rental assistance.¹⁴ The AHS shows that only one-third of renter households with incomes low enough to qualify for food stamps receive federal, state, or local housing subsidies. In addition, there are no major federal efforts to provide ongoing subsidies to homeowners who cannot afford their mortgages or utilities. Thus, there is a large gap remaining between the housing needs of low-income families and the federal housing subsidies available to aid them.

Finally, families seeking housing assistance often face waiting periods of many months or even years. A 1999 HUD report found that the average waiting time for public housing units was 11 months in 1998. In many areas, the wait was much longer. For example, families in New York City faced waits of eight years and families in Oakland, CA faced waits of 6 years. The waiting time for Section 8 vouchers was even longer — an average of 28 months in 1998. Again, in many large metropolitan areas, the wait is substantially longer. Waits in Los Angeles and Newark, New Jersey were at ten years; waits in New York City were at eight years.¹⁵

Food stamps, by contrast, are more responsive than housing programs to the short-term needs of families that experience a sudden fall in income. An eligible family can receive food stamps within a month of applying. Many low-income families use food stamps to help them through short periods of unemployment or during periods of family crisis or transition. A study conducted for the Department of Agriculture (USDA) found that over half of all households that entered the Food Stamp Program in the early 1990s left within nine months.¹⁶

Thus families that, after a decline in income, suddenly find themselves hard-pressed to afford both food and housing may be well-served by the food stamp program. To be sure, food stamps cannot replace housing assistance. Nonetheless, they can immediately supplement the income of a family with high housing costs.

¹⁴U.S. Department of Housing and Urban Development, *A Report on Worst Case Housing Needs in 1999: New Opportunity Amid Continuing Challenges*, Executive Summary, January 2001, page 11.

¹⁵U.S. Department of Housing and Urban Development, *Waiting in Vain: An Update on America's Rental Housing Crisis*, March 1999.

¹⁶Philip Gleason, Peter Schochet, and Robert Moffitt, *The Dynamics of Food Stamp Participation in the Early 1990s*, Mathematica Policy Research, April 1998.

III. How the Food Stamp Shelter Deduction Works

As the previous section demonstrates, unaffordable housing is a widespread problem among low-income families. Many families spend large portions of their income on shelter expenses. This problem is not limited to any particular family type and affects working families as well as families with little or no earnings. It is a substantial problem throughout the country, despite some regional variation. As families struggle to pay for their housing, they can face problems paying for food, which can have an adverse effect on family members' health and children's development. Finally, while housing programs are effective at meeting families' housing needs, they are not entitlements and leave most eligible families unserved.

Section IV will discuss how the food stamp program, through the shelter deduction, can help mitigate these problems. First, however, it is necessary to understand how the shelter deduction operates. To that end, this section describes the basic rules by which food stamp benefits are determined and then focuses on the specific rules concerning the shelter deduction. (Readers familiar with the basic food stamp program rules may wish to skip ahead to Section IV.)

The Mechanics of the Food Stamp Benefit

Eligibility for food stamps and the food stamp benefit level are determined for each household that applies.¹⁶ A "food stamp household" consists of individuals who live together in

¹⁶This section focuses on the food stamp eligibility rules that apply to most low-income people. There are some categories of people who are not eligible for food stamps, such as strikers and certain immigrants. Unemployed childless adults are subject to a three-month time limit in many areas of the country. This section does not review the eligibility rules for these people. In addition, this section presents the rules for 48 states and the District of Columbia. Alaska, Hawaii, Guam and the Virgin Islands participate in the food stamp program but are

(continued...)

the same residence and who purchase and prepare food together. To be eligible for benefits, the household's income and resources must fall below three key thresholds:

- First, the household's *gross* monthly income — that is, its income before any deductions are applied — generally must be at or below 130 percent of the federal poverty level. (For a family of three, the poverty level in federal fiscal year 2002 is \$1,220 a month. Thus, 130 percent of the poverty line for a three-person family is \$1,585 a month or about \$19,000 a year. The poverty level is higher for bigger families and lower for smaller families.)¹⁷
- Second, the household's *net* income must be less than or equal to the federal poverty level. (Net income is the household's income after deductions are applied.)
- Third, the household's assets must fall below certain limits.¹⁸

The food stamp benefit formula is based on the expectation that families will purchase food using both the food stamp benefit and a portion of their other available income. The monthly food stamp benefit equals the maximum benefit for a given household size, minus the household's expected contribution which is set at 30 percent of available, or net, income. A household's net income is its income after the deductions the food stamp program allows, including but not limited to the shelter deduction. The maximum food stamp benefit is based on the cost of the USDA Thrifty Food Plan, a diet plan intended to provide adequate nutrition at a modest cost. Table 4 shows the maximum food stamp benefit levels in fiscal year 2002 for households of different sizes.

¹⁶(...continued)

subject to somewhat different eligibility and deduction levels.

¹⁷Households with elderly or disabled members are not subject to the gross income test.

¹⁸To be eligible, the food stamp rules require households without an elderly member to have assets of \$2,000 or less, and households with an elderly member to have assets of \$3,000 or less. The 2002 Farm Bill changes the law to apply the \$3,000 resource limit to households with an elderly *or disabled* member as of October 1, 2002. These limits do not apply to households that are categorically eligible for food stamps by virtue of receiving public assistance — such as Temporary Assistance for Needy Families (TANF) or Supplemental Security Income (SSI). The market value of most vehicles above a threshold (currently \$4,650) has historically been counted toward the asset limit, though recent legislation grants states significant flexibility to apply less restrictive vehicle asset rules. (For more information on the food stamp program's treatment of vehicles as assets, see two Center on Budget and Policy Priorities reports: "New State Options to Improve the Food Stamp Vehicle Rule," January 19, 2001, available at <http://www.cbpp.org/1-16-01fs.htm> and "States' Vehicle Asset Policies in The Food Stamp Program," revised February 13, 2002, at <http://www.cbpp.org/7-30-01fa.htm>.)

Take as an example a family of four. If that family has no income, it would receive the maximum benefit — a monthly food stamp benefit of \$452. Another family of four that has \$500 in net monthly income would receive the maximum benefit (\$452), minus 30 percent of its net income (30 percent of \$500 is \$150). Thus, that family's monthly benefit would be \$452 - \$150, or \$302.

Deductions play an important role in the food stamp program by taking into account certain household expenses in determining the household's net income, which is considered to be the amount of income that is available to purchase food. Not all of a household's income is available for purchasing food because some income must be used to meet its other needs. In determining available (or net) income, the following deductions from the household's gross monthly income are allowed:

- a *standard deduction* to account for basic irreducible costs;¹⁹
- an *earnings deduction* equal to 20 percent of earnings (which both serves as a work incentive and accounts for work-related expenses and payroll taxes);
- a *child care deduction* of actual child care expenses up to \$200 per child per month for children under two and \$175 per child per month for other children;
- a *child support deduction* for any payment by a member of the household of legally obligated child support;²⁰

**Table 4
Maximum Food Stamp Benefits
By Household Size**

Household Size	Maximum Monthly Food Stamp Benefit, 2002
1	\$135
2	\$248
3	\$356
4	\$452
5	\$537
6	\$644
7	\$712
Each Additional Person	\$102

¹⁹In 2002 the standard deduction is \$134 for all households. The 2002 Farm Bill restructures the standard deduction to recognize that larger households have greater expenses than smaller ones. Effective in fiscal year 2003, the standard deduction will be set at 8.31 percent of each year's (inflation adjusted) poverty level for each household size, but not less than the current standard deduction of \$134. Households with more than six members will receive the standard deduction for a six person household.

²⁰The 2002 Farm Bill allows a state option to replace the current deduction for amounts
(continued...)

- a *medical expense deduction* for out-of-pocket medical expenses greater than \$35 a month that are incurred by an elderly or disabled household member; and
- an *excess shelter deduction*, discussed in detail below.

The households that participate in the food stamp program claim these various deductions at different rates. Three of the deductions are claimed by a significant share of food stamp households. All households can receive the standard deduction. Over half (59 percent) of all households claim the shelter deduction, while about one quarter of households (and 43 percent of households with children) claim the earned income deduction. By contrast, the child care, child support, and medical expense deductions are claimed by small shares of food stamp households (four percent, one percent, and four percent, respectively).²¹

The Excess Shelter Deduction

As outlined above, the level of food stamp benefits that a family receives is determined roughly according to how much money the family has available for food. This depends on income: the poorer the family, the less money available for food, and thus the larger the family's benefits. The level of benefits also depends on housing costs (including utilities and taxes). A food stamp household is allowed a deduction from income for the amount by which its shelter costs exceed *half* of its income after all other deductions have been taken into account. As a result, *food stamp benefits are generally higher by 30 cents for every \$1 that a household's housing costs exceed half of its net income.*

²⁰(...continued)
paid in child support with an income exclusion in the same amount.

²¹ Descriptive information on food stamp households is based on Center on Budget and Policy Priorities' analyses of food stamp administrative data, known as the Food Stamp Quality Control data, for fiscal year 2000. Some households that claim deductions do not benefit from them. For example, eight percent of households have no gross income and therefore receive the maximum food stamp benefit even without any deduction; in other cases, the standard deduction by itself may be enough to give a household the maximum benefit level, so that other deductions become superfluous. In Section IV of this paper, there is discussion of households that benefit from, rather than merely claim, the shelter deduction.

Box 2

Homeless Shelter Deduction

Although homeless individuals and families do not have a permanent source of housing, they often face housing costs. For example, they might pay to stay in a temporary shelter or hotel or they may pay friends or family for temporary lodging. If the household can provide verification of those expenses, it may be able to take advantage of the regular shelter deduction.

In many cases, however, homeless individuals and families will have difficulty proving their housing expenses. To ease paperwork burdens on such households, the Food Stamp Program has an optional “homeless shelter deduction” (7 CFR 273.9(d)(6)(i)). States have the option to set a fixed homeless shelter deduction of \$143 per month for homeless households. Just like the regular shelter deduction, the homeless shelter deduction is subtracted from net income when determining a household’s food stamp benefit level. States are not required to provide the fixed homeless shelter deduction to homeless households with extremely low shelter costs, although they may. If a homeless household could get more food stamp benefits by claiming the regular shelter deduction, it may do so.

According to USDA 13 states currently use a fixed homeless shelter deduction for homeless households that have difficulty documenting their housing expenses. These states are Colorado, Kansas, Kentucky, Maryland, New Jersey, New York, North Dakota, Ohio, Tennessee, Virginia, Virgin Islands, West Virginia, and Wyoming. The 2002 Farm Bill and recent regulations simplified the homeless shelter deduction. As a result, more states may adopt it in the future.

The definition of homeless within the Food Stamp Program is: (1) an individual who lacks a fixed and regular nighttime residence; or (2) an individual who has a primary nighttime residence that is —

- (A) a supervised publicly or privately operated shelter (including a welfare hotel or congregate shelter) designed to provide temporary living accommodations;
- (B) an institution that provides a temporary residence for individuals intended to be institutionalized;
- (C) a temporary accommodation for not more than 90 days in the residence of another individual; or
- (D) a public or private place not designed for, or ordinarily used as, a regular sleeping accommodation for human beings.

Currently, there is a ceiling on the amount of the shelter deduction for families without an elderly or disabled member. The deduction for such households is capped at \$354 a month in 2002.²² This means that families whose shelter expenses exceed half of their net income by more than \$354 may deduct only \$354. (Thus, the maximum increase in food stamp benefits that most families with children can receive from the shelter deduction is \$106 a month — \$354 times 30 percent). The cap limits the amount that the shelter deduction can increase food stamp benefits for about three percent of all food stamp households and six percent of households with children.

²²Legislation in 2000 (Section 846 of P.L. 106-387) raised the cap on the shelter deduction from \$300 to \$340 effective March 1, 2001 and provided that it should be adjusted each October 1 to reflect inflation.

For such households, the food stamp benefit formula essentially assumes that the amount above the cap is available to purchase food, even though it actually is needed to pay for shelter. Households with an elderly or disabled member are not subject to the shelter cap and may deduct the full amount by which their shelter costs exceed half of their net income.

The expenses that households may count toward the shelter deduction include rent, mortgage, insurance, property taxes, and utilities (including the cost of heating and cooling fuel, electricity, water and sewerage, garbage collection, and basic telephone service). A special shelter deduction that is available for homeless households is described in Box 2.

Treatment of Utility Expenses for the Shelter Deduction. To simplify food stamp calculations, states have developed “standard utility allowances” (SUAs) to use in calculating a household’s shelter expenses in lieu of relying on the household’s actual utility bills. In most states, households may claim a higher deduction by using their actual utility costs rather than the SUA if the actual costs are higher.²³ States have considerable discretion to set the SUA at an appropriate level to reflect local costs. They may choose to develop multiple SUAs to account for whether households incur all of the various utility costs or only some. There are detailed rules for which households may claim which SUA and how the SUA is prorated when members of a food stamp household share utilities with other people. The 2002 Farm Bill contains a provision that gives states the option to simplify these rules on the application of the SUA if the state elects to require all households to have their utility costs determined with the SUA instead of their actual bills.

Examples of Benefit Calculations

Table 5 presents an example of how the shelter deduction targets more food stamp benefits to households with greater housing costs. Family 1 is a three-person family with one worker who works 30 hours a week and earns seven dollars an hour (which results in earnings of \$910 a month). The family has no other income. The family’s rent and utilities cost \$300 a month. The table shows that such a family would receive \$178 in monthly food stamp benefits.

Family 2 in Table 5 differs from the first family in only one regard: Family 2’s shelter costs are somewhat higher than Family 1’s. This family pays \$500 a month in rent and utilities. As a result, the family receives a higher shelter deduction, and consequently receives higher food

²³As of February 2001, about a dozen states had adopted the option to mandate the use of the SUA under certain conditions, rather than allowing households to claim actual utility costs, including Arizona, Florida, Illinois, Iowa, Louisiana, Michigan, Missouri, Nebraska, North Dakota, Washington, and Wyoming. Additional states are likely to adopt the option because the 2002 Farm Bill allows for simplification of the application of the SUA if states mandate it be used instead of actual utility bills.

Table 5
Sample Benefit Calculations

	<u>FAMILY 1</u>	<u>FAMILY 2</u>
Gross Income Test		
Gross monthly income	\$910	\$910
Gross income limit (130% of poverty)	\$1,585	\$1,585
Passes gross income test?	Yes	Yes
<hr/>		
Calculation of Net Income		
Gross monthly income	\$910	\$910
Earnings	\$910	\$910
Deductions		
Standard	\$134	\$134
Earned income	\$182 (20% of \$910)	\$182 (20% of \$910)
Net income before shelter deduction	\$594 (\$910 - \$134 - \$182)	\$594 (\$910 - \$134 - \$182)
Housing costs	\$300	\$500
Shelter deduction	\$3 (\$300 - half of \$594)	\$203 (\$500 - half of \$594)
Net income after shelter deduction	\$591 (\$594 - \$3)	\$391 (\$594 - \$203)
<hr/>		
Net income test		
Net income	\$591	\$391
Net income limit (100% of poverty)	\$1,220	\$1,220
Passes net income test?	Yes	Yes
<hr/>		
Calculation of Benefits		
Net income	\$591	\$391
Maximum benefit for family of three	\$356	\$356
Food stamp benefit	\$178 (\$356-30% of \$591)	\$238 (\$356-30% of \$391)

stamp benefits. Family 2's monthly food stamp benefits are \$238, some 37 percent more than family 1's.

For both families, housing costs exceed half of their net income. Thus, both receive some benefit from the shelter deduction. As described earlier, the shelter deduction generally increases food stamp benefits by 30 cents for each additional dollar of housing expenses above half of a family's net income, and this is the case with the two families in this example. Family 2's monthly housing costs are \$200 higher than Family 1's. Consequently, due to the shelter deduction, Family 2's monthly food stamp benefits are \$60 (or 30 percent of \$200) higher. The food stamp shelter deduction offsets 30 percent of the added housing costs that family 2 faces.

IV. Who Benefits from the Food Stamp Shelter Deduction?

An earlier section of this paper discussed the burdens that housing and utility costs can represent for low-income families in general, and families with income low enough to qualify for food stamps in particular. That burden is not limited to a particular family type, nor is it limited to a particular geographical region. Further, while housing programs go far in aiding such families, they do not eliminate the problems faced by low-income families with high housing costs because, as non-entitlements, they serve only about a quarter of families that are eligible for them.

The data in this section argue strongly that the food stamp shelter deduction is an important and effective additional tool in confronting these problems.²³ In particular:

- *The shelter deduction directs a substantial amount of food stamp benefits toward the households with the highest housing costs.* In 2000, the shelter deduction distributed \$2.2 billion in benefits to households whose housing costs consumed more than half of their net income. On average, households that benefit from the shelter deduction receive about \$50 a month in additional food stamps as a result of the deduction. The fifth of food stamp households with the highest housing costs receives several times the amount of additional benefits that families with lower housing costs receive.

²³Data in this section come from the Food Stamp Quality Control data set for fiscal year 2000. These data have been adjusted in one key regard to reflect the effect of a legislative change that raised the shelter deduction cap level. See the Appendix A for further discussion of this adjustment.

- *The shelter deduction aids many types of families.* Families with children and households with only elderly or disabled members benefit from the shelter deduction at approximately the same rate as the overall average, and receive roughly the same average amount of benefits from the deduction. The shelter deduction also helps very low income households and households with and without earnings.
- *The shelter deduction is responsive to variations in housing costs, both across regions and within regions.* The percentage of food stamp recipient households benefitting from the deduction and the average amount of additional benefits from the deduction in different regions reflect the differences in average housing costs. For example, the Northeast, which has the highest average housing costs, also has the highest average benefit increase resulting from the shelter deduction. However, the shelter deduction also effectively targets benefits within states and regions to the individual households with the highest housing costs.

The remainder of this section discusses these and other points in more detail.

The Shelter Deduction Successfully Targets Benefits to Those With the Most Severe Need

In 2000, some 52 percent of households receiving food stamps — or 3.8 million households — received higher benefits as a result of the shelter deduction. On average, each household that benefitted from the shelter deduction received an additional \$49 a month as a result of the deduction, and ten percent of these households received \$99 a month or more.²⁴ The fifth of households with the highest shelter expenses received an average of \$71 in additional food stamps because of the shelter deduction. Altogether, \$2.2 billion in benefits were distributed through the shelter deduction in 2000, which accounted for 16 percent of all food stamp benefits distributed that year.

These additional benefits are targeted to recipients who pay more than half of their income in housing costs. Such households are not concentrated in any one area geographically or in a particular demographic group. Although average shelter expenses are higher in some regions, states, and areas within states, households that pay very high shelter expenses are found in every state and sub-state area. Since the shelter deduction increases with housing costs, it makes food stamp benefits responsive to variations in shelter expenses.

²⁴Across all households, not just those that benefit from the deduction, the average benefit increase because of the shelter deduction is \$25.

In addition, the areas of the country where shelter expenses are lower, for example the South, also tend to have lower wages and lower cash assistance benefits. As a result, many low-income families who live in areas where housing is less costly still must pay for shelter costs that are high in relation to their incomes.

The shelter expenses incurred by food stamp recipients vary greatly. Even when considering families of a single size, some families pay a great deal in housing costs while others pay considerably less. Figure 2 illustrates this. Among three-person households, the 20 percent of such households that pay the most in housing costs pay an average of \$713 a month.²⁵ That is 20 times the \$35 paid on average by the fifth of households with the lowest housing costs.

These vastly differing shelter costs make clear that different families receiving food stamps face substantially different challenges. After paying for housing, families with the highest shelter costs have considerably fewer resources remaining to cover other needs, including food. This shows the need for targeting food stamp benefits toward those with high shelter costs to provide additional resources to families with the most difficulty affording a nutritious diet.

The shelter deduction is an effective tool for targeting benefits at households with the highest shelter expenses. The data confirm that the shelter deduction successfully directs

Figure 2

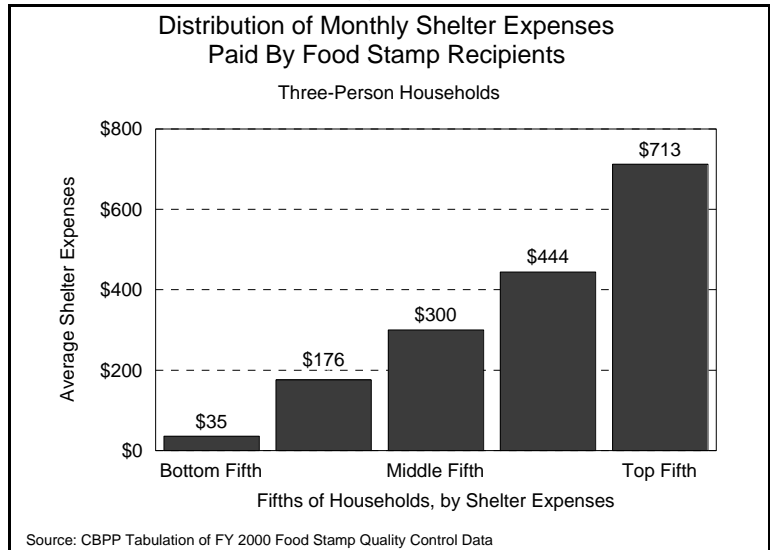
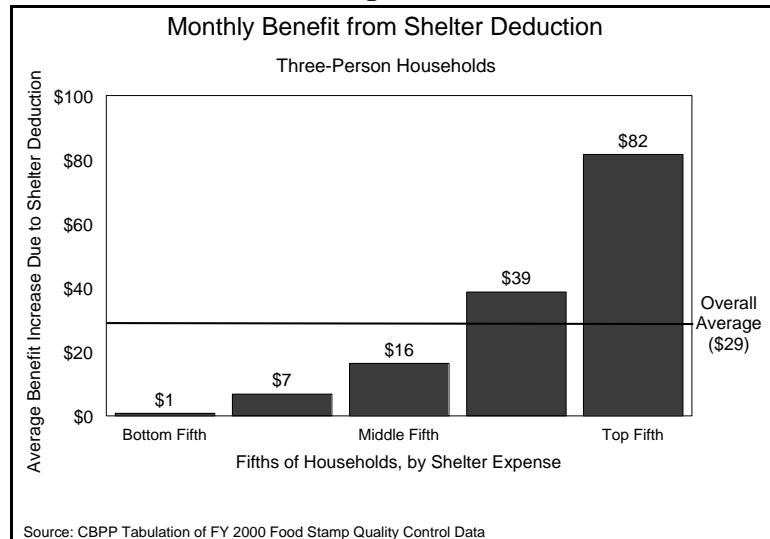


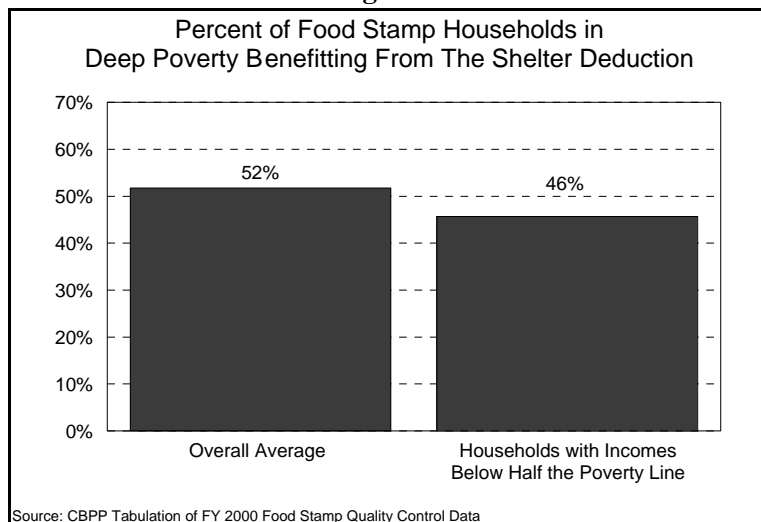
Figure 3



²⁵This paper limits its scope to families of three when considering distribution across fifths of families to eliminate distortions resulting from the fact that housing costs tend to increase with the size of the family.

benefits toward those with high housing costs. Among households of three, nearly all — 96 percent — of the fifth with the highest housing costs receive higher food stamp benefits as a result of the shelter deduction.²⁶ In contrast, the shelter deduction increases the benefits of only 11 percent of the fifth with the lowest shelter expenses.²⁷ As shown in Figure 3, households with higher housing costs receive a much higher average amount of additional benefits as a result of the shelter deduction than do households with lower housing costs. Those with the highest shelter costs see an average increase of \$82, as compared to \$1 among the fifth with the lowest housing costs. The average among all households of three that benefit from the deduction is \$52, and across all food stamp recipient households of three is \$29.²⁸

Figure 4



Clearly, the shelter deduction does not come close to offsetting fully the differences in shelter expenses that different households encounter. However, it does provide additional food assistance to those households that may be least able to afford food because of the strains housing and utility costs place upon their budgets.

Households with very low incomes benefit from the shelter deduction. Because the shelter deduction is dependent on the level of a household’s shelter expenses in relation to its income, the benefits from the shelter deduction go to food stamp households at all income levels, even the poorest households. As Figure 4 shows, 46 percent of food stamp households with

²⁶Virtually all of the remaining four percent do not receive higher benefits because they receive the maximum food stamp benefit even without the shelter deduction.

²⁷These households qualify for the shelter deduction because, despite relatively low shelter expenses, their income is low enough that their shelter expenses exceed half of their net income.

²⁸Figure 3 includes households that receive no additional benefit from the shelter deduction. However, the story remains basically unchanged if the 48 percent of households that receive no additional benefits are set to the side. Among the fifth of three-person families with the least expensive housing, the average benefit increase for just the 11 percent who receive additional benefits is seven dollars — less than one tenth of the \$85 average increase for the fifth with the most expensive housing.

incomes below half of the poverty line (or about \$7,000 a year for a family of three in 2000) benefitted from the shelter deduction, compared to the overall average of 52 percent.²⁹

The shelter deduction also responds well to increases in households' housing burdens that result from a loss in income. Families may have difficulty in paying for housing not only when housing costs are high. Loss of income could lead a family that once managed to afford its rent or mortgage and utilities to struggle with the expenses. The shelter deduction is well suited to aid families with fluctuating incomes. The deduction is set at a household's shelter costs in excess of half its income. Thus, when income falls, the shelter deduction rises.

To see how much of an effect this can have on the benefits a family receives, take as an example a family of three with a monthly income entirely from earnings of \$1,000 and with monthly housing costs of \$400. This family receives \$176 in food stamps a month. If the family's earnings fall to \$600 due to a reduction in work hours, the family will be eligible for \$320 in food stamps — an increase in its monthly benefits of \$144. Of this increase, \$48 — one-third — is attributable to the shelter deduction.³⁰

A Wide Range of Recipients Benefit from the Shelter Deduction

The shelter deduction aids low-income people whose housing costs consume a large part of their income. It does so regardless of family structure. The percentages of families with children and households with only elderly or disabled members that benefit from the deduction are similar and are close to the percentage of food stamp households that benefits overall. (See Figure 5.) Moreover, the average benefit increase both for households with children that benefit from the deduction and for households with only elderly or disabled members that benefit from the deduction is \$50.³¹ There is housing need among all types of families. The shelter deduction directs benefits toward each group relatively evenly.

²⁹One reason the share of very poor households that benefit from the shelter deduction is slightly lower than average is that their low incomes may qualify them for the maximum food stamp benefit before taking the shelter deduction into account.

³⁰The family initially has a net income of \$599 — i.e., \$1,000 less a standard deduction of \$134, an earned income deduction of \$200, and a shelter deduction of \$67. Thus, its benefits are \$176. After the loss in income, the family's net income is \$119 — that is, \$600 less a standard deduction of \$134, an earned income deduction of \$120, and a shelter deduction of \$227. The increase in the shelter deduction is \$160. Since each additional dollar of the shelter deduction generally increases food stamp benefits by 30 cents, the increase in the shelter deduction is responsible for \$48 (or 30 percent of \$160) in additional benefits. That is one-third of the \$144 benefit increase.

³¹As mentioned earlier, the overall average is \$49 among those who benefit.

Many low-income working families face high housing costs that heavily burden their budgets even given their wages. The shelter deduction benefits these families as well. As shown in Figure 6, the percentage of low-wage working households benefitting from the deduction is nearly the same as the overall average. The average benefit increase is also about the same: \$51.³²

The Shelter Deduction Responds to Differences in Housing Costs Both Across and Within Regions

Some of the variation in shelter expenses among food stamp recipients is due to the different housing markets in different parts of the country. The shelter deduction appropriately directs a relatively large amount of benefits toward those states and regions whose residents face the highest housing costs. However, there also is considerable variation in the shelter costs paid by food stamp recipients *within* states. The data show that because the shelter deduction is determined on a household-by-household basis, it is responsive to this variation as well.

Some of the difference in housing costs can be attributed to geographical regions. Due to differences in the housing markets, average rent or mortgage costs can differ substantially in

Figure 5

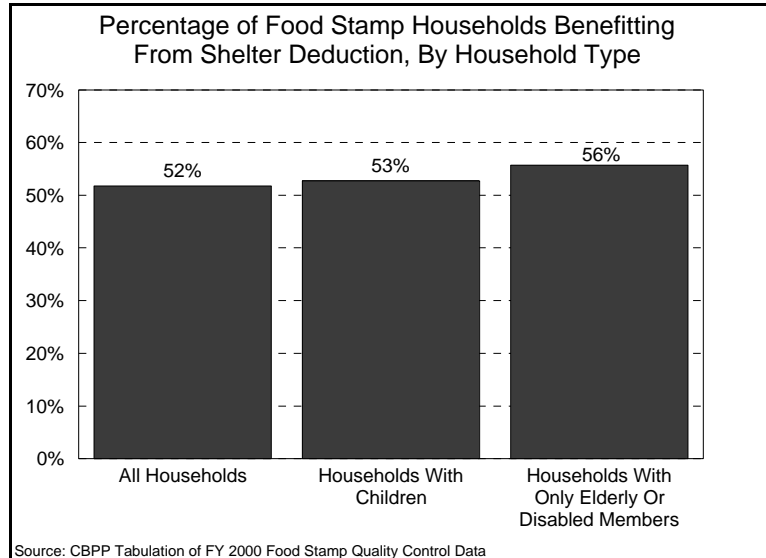
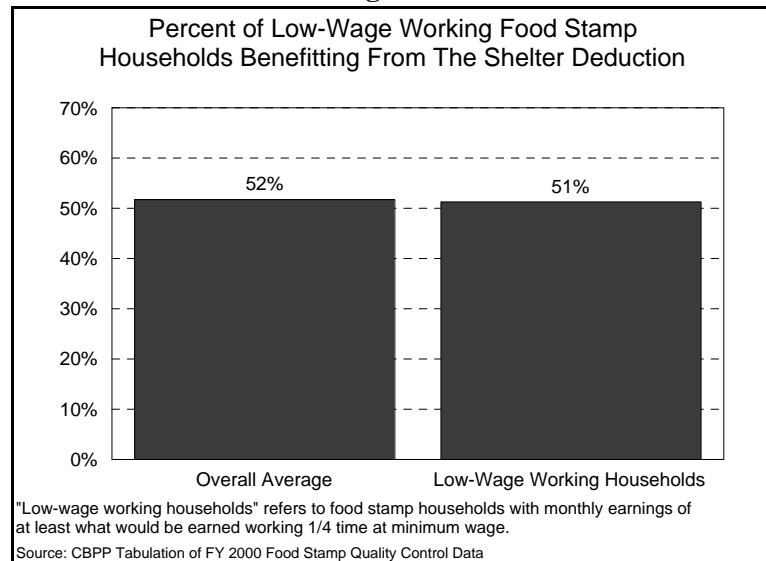


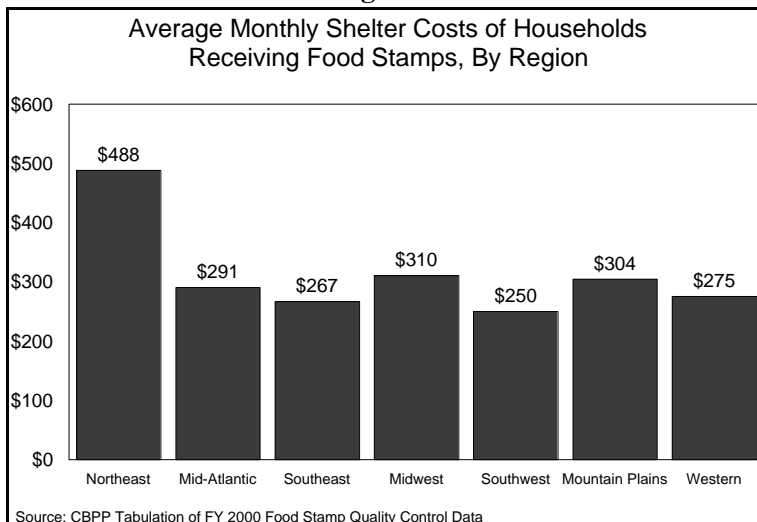
Figure 6



³²“Low-wage working households” in this paper refers to families in the QC data set reporting earnings consistent with working at least quarter-time at the minimum wage.

different areas of the country. Utility costs vary by region as well, as a result of climate differences, among other reasons. Figure 7 shows the average shelter costs paid by food stamp recipients in the different regions according to food stamp data.³³ Food stamp recipients in the Northeast pay, on average, substantially higher shelter costs than in any other region. Recipients in the Midwest and Mountain Plains pay somewhat more than in the remaining regions, but the differences are not substantial.

Figure 7



These differences in shelter costs translate into regional differences in the share of food stamp recipients benefitting from the shelter deduction and in the average additional benefit they derive from the deduction.³⁴ In the Northeast, where the shelter costs of food stamp recipients are much higher than in other areas, both the percentage of recipients benefitting from the shelter deduction (70 percent) and the average increase in their food stamps as a result of the deduction (\$71) are much higher than in other regions. The increase in food stamps received by recipients in the Midwest is also somewhat higher than in other regions. The largest number of households that benefit from the shelter deduction is in the Southeast, where almost 800,000 households benefitted from the shelter deduction in fiscal year 2000. (See Table 6.)

These figures provide more evidence that the deduction is effective in targeting benefits toward those with the highest housing costs. They also suggest that on average, some of the variation in housing costs among recipients (and thus in the amount that recipients benefit from the shelter deduction) can be attributed to geographic factors. (See Appendix D for a table with similar data for each state.)

Differences between rural and urban areas are modest. Average shelter expenses among food stamp households are somewhat higher in urban areas than in rural areas — \$326 in urban

³³See Appendix C for a map indicating the regional definitions used in the food stamp program’s administrative data.

³⁴Some of the difference in benefit from the shelter deduction is also due to the different ways in which states set the Standard Utility Allowance (SUA). In particular, the SUA differences may explain why the Western region does not stand out as benefitting more than other regions from the shelter deduction, despite its high housing costs. The states in the Western Region have lower-than-average SUAs.

Table 6
Shelter Deduction Benefits by Region
(fiscal year 2000)

Region	Percentage of Recipient Households Benefitting from the Shelter Deduction	Number of Recipient Households Benefitting from the Shelter Deduction (In Thousands)	Average Monthly Food Stamp Increase from the Shelter Deduction (Among Households That Benefit)
Northeast	70%	721	\$71
Mid-Atlantic	52%	470	\$44
Southeast	47%	772	\$42
Midwest	50%	590	\$49
Southwest	44%	423	\$40
Mountain Plains	52%	254	\$44
Western	50%	566	\$44
Total	52%	3,795	\$49

Source: CBPP tabulations of FY 2000 Food Stamp Quality Control Data.

areas compared to \$259 in rural areas. As a result, the average benefit from the shelter deduction for those households that benefit is also higher in urban areas (\$52, compared to \$39 in rural areas). Nonetheless, almost half (43 percent) of households that live in rural areas benefit from the shelter deduction compared to an overall average of 52 percent. The variation in shelter expenses in rural areas will be discussed further below.³⁵

Substantial variation in shelter expenses also occurs within regions. To see the large amount of variation that exists within states or regions, consider the example of Michigan, a mid-western state with large urban and rural populations. On average, food stamp households in Michigan pay monthly shelter expenses of \$366. Three-fifths (62 percent) of Michigan food stamp households receive additional food stamps as a result of the shelter deduction, and the average increase in benefits among recipient households that benefit from the shelter deduction is \$57.

Among food stamp households of three in Michigan, the fifth of food stamp recipients paying the lowest housing costs pay costs that average \$91 a month. This is one-fifth of the statewide average of \$454. The fifth paying the highest housing costs pay on average \$780 a month, or 70 percent more than the average. (See Figure 8.)

³⁵The methodology in the food stamp QC data for attributing urban/rural status to a household uses information on whether the county that the local welfare office is in is part of a Metropolitan Statistical Area (MSA). As a result, it is similar to a metropolitan area/non-metropolitan area definition, which consider the areas that surround urban areas to also be urban.

This dispersion in housing costs translates into wide discrepancies in the benefits Michiganders receive from the shelter deduction. For example, of the 20 percent of three-person Michigan families that pay the lowest shelter expenses, only six percent benefit from the shelter deduction, and this fifth of families receives only one dollar in additional food stamps on average as a result of it. On the other hand, close to all of the fifth with the highest shelter costs benefit from the shelter deduction, and these families receive on average \$88 in additional benefits. (See Figure 9.) This shows that the shelter deduction is responsive to the differences in the burdens that housing costs place on low-income families even *within* a given state.

Little of the variation in housing costs faced by food stamp recipients in Michigan is attributable to the differences in rural and urban housing markets. On average in Michigan, three-person rural households receiving food stamps pay \$438 a month in housing costs, while urban (and suburban) households pay \$458 a month. Similarly, there is not much difference in the extent to which rural and urban residents benefit from the shelter deduction. Three-person rural households receive \$40 in additional monthly benefits as a result of the shelter deduction; urban (and suburban) households receive \$46. (See Figure 10.)³⁶

Figure 8

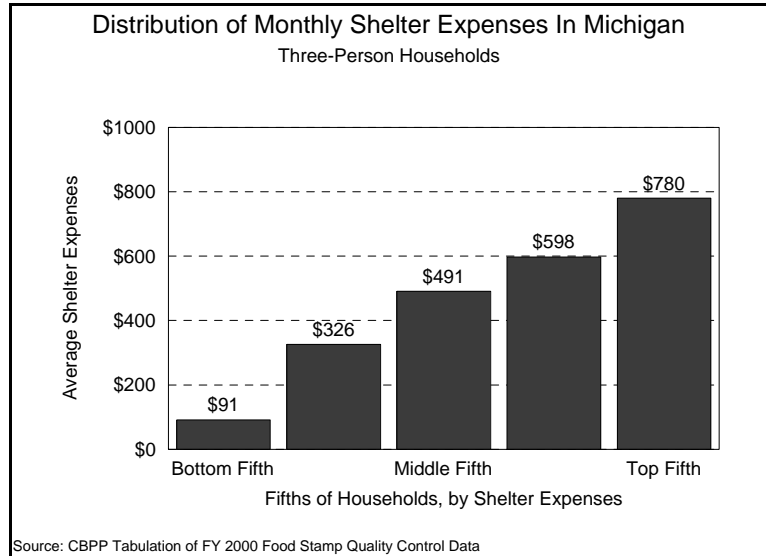
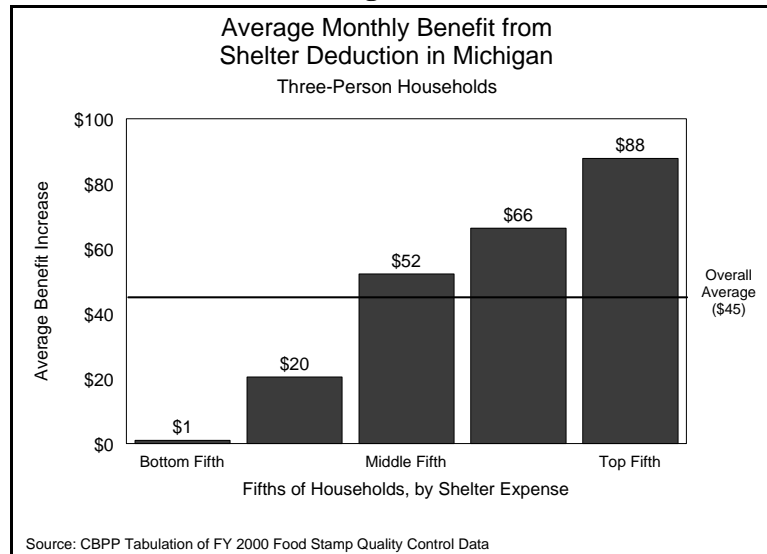


Figure 9



³⁶These averages are across all three-person Michigan food stamp households, not just those that benefit from the shelter deduction. Urban Michigan three-person households who
(continued...)

Indeed, even just within the rural parts of Michigan, there is considerable variation in housing costs and in the extent to which the shelter deduction benefits food stamp recipients. Figure 11 shows that in the period from 1998 through 2000, the fifth of three-person food stamp households in rural Michigan with the highest shelter expenses paid \$741 a month on average, which is more than six times the amount paid by the fifth with the lowest shelter costs.³⁷ Figure 12 shows that there is similar variation in the amount of additional food stamp benefits these households receive from the shelter deduction.

The Shelter Deduction Serves as a Complement to Existing Federal Housing Programs

Federal rental assistance programs provide substantial subsidies that aid low-income families in affording their rent. However, as discussed earlier in this paper, these programs are not entitlements. Only about 25

Figure 10

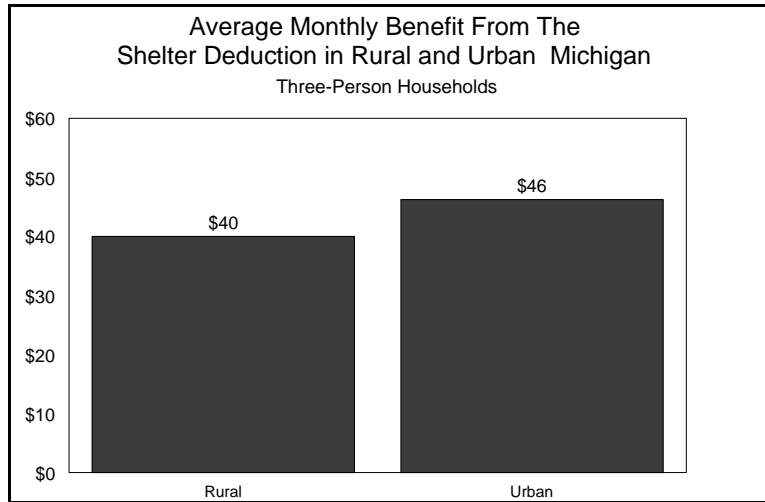
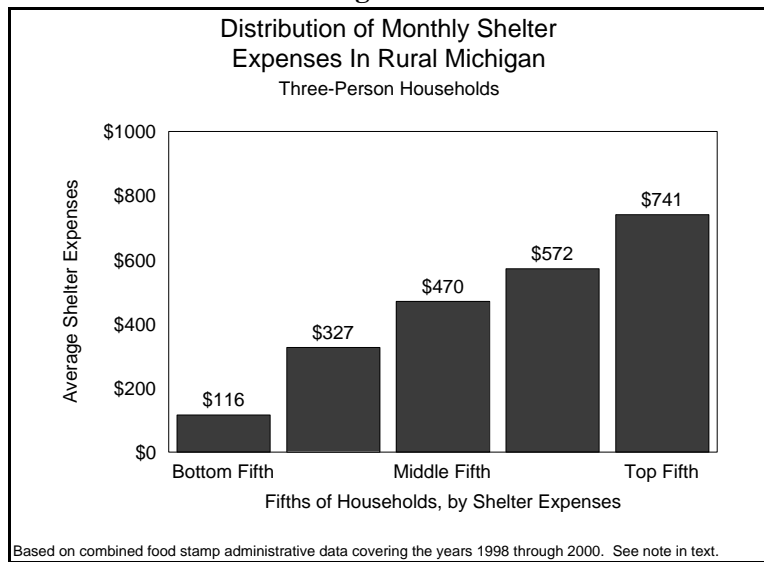


Figure 11



³⁶(...continued)

benefitted from the shelter deduction received an average of \$67 from it. For such households in rural Michigan the average was \$58.

³⁷Due to small sample sizes for any one given year, the distributional figures on the shelter expenses paid by three-person households in rural Michigan, and the amount by which they benefit from the shelter deduction, are based on a combination of data from federal fiscal years 1998 through 2000. These figures are not intended as precise estimates, but rather as demonstrative of the considerable variation in housing costs and aid from the shelter deduction that exists even within the rural parts of the state.

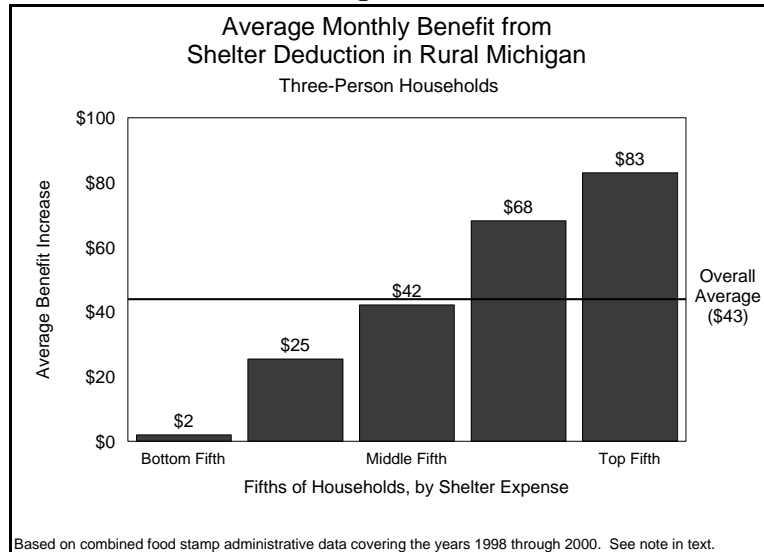
percent of households eligible for a federal subsidy — and about one-third of food stamp-eligible renter households — actually receive subsidies. Furthermore, many families must spend long periods of time — many months or even years — on waiting lists before they begin to receive subsidies.

The food stamp program, on the other hand, is an entitlement program, so nearly all families with low income and assets that apply can receive benefits. Thus, food stamp-

eligible families denied or waiting for housing assistance solely because there are not enough housing subsidies available can assuredly receive food stamps if they apply, as can poor and near-poor homeowners who are not aided by the major federal rental assistance programs. Further, as compared to housing assistance, the waiting period for food stamps is minimal. An eligible family will begin to receive food stamps within 30 days of its application. Families with particularly dire needs — those who have very low income and assets or whose monthly housing costs exceed their income and liquid assets — can receive expedited service and get their food stamps within seven days.³⁸ As a result, unlike housing assistance programs, the food stamp program can provide assistance to families facing immediate needs due to sudden or temporary falls in income.

The shelter deduction is sensitive to the strains put on low-income families by changing economic conditions. In recessions, many families may find their incomes falling rapidly. As a result, such families may suddenly find that rent takes up a large part of their remaining income. Such families can benefit almost immediately from the shelter deduction, while many would have to wait for substantial periods of time before receiving assistance from housing programs. Conversely, in times of strong economic growth, rents in some metropolitan areas may grow faster than incomes. (This happened in many areas during the recent economic boom.) Consequently, families may find themselves paying more and more of their income in rent. Due to the shelter deduction, many families in this type of situation will become eligible for a higher

Figure 12



³⁸A household qualifies for expedited service if it falls into one of two situations. The first is if its gross monthly income is less than \$150 and it has no more than \$100 in liquid assets. The second is if its monthly housing costs (including utilities) exceeds its combined income and assets in that month. (Other rules sometimes apply; for example, for migrant workers.)

level of food stamp benefits. Housing programs, with fixed numbers of subsidies, are not as sensitive to economic changes.

The shelter deduction is fundamental to ensuring that the food stamp program operates in such a way as to aid families with difficulties paying for housing and utility costs. While the shelter deduction does not *directly* help families with high housing costs pay their shelter expenses, it allows them to continue to buy food while they pay their shelter expenses. By targeting assistance to families whose housing costs take up a large share of their income, the shelter deduction directs additional aid to families that have not received assistance from the federal housing programs, or have not received sufficient assistance from such programs to bring their housing costs down to a reasonable share of their income. This can help families afford housing by releasing them from a situation where if they buy enough food for an adequate diet, they would no longer have enough money to pay their housing costs.

The shelter deduction directs a substantial amount of resources toward families with high housing costs. The shelter deduction contributes \$2.2 billion toward such families. As Table 7 shows, that is more than was spent in fiscal year 2000 on any housing assistance program other than Section 8 and public housing. The shelter deduction is not duplicative of these programs, since when poor people receive Section 8 housing or public housing assistance, they generally no longer have "excess shelter costs" and so they would not qualify for the food stamp shelter deduction. Thus, the shelter deduction is an important complement to other housing programs.

Table 7
Federal Spending in Fiscal Year 2000 on
Housing Assistance for Low-income Populations

Program	Outlays (billions of dollars)
Section 8	16.0
Public housing (operating and capital funds)	6.5
Food stamp shelter deduction	2.2
Low income home energy assistance program (LIHEAP)	1.5
Home investment partnership program (HOME)	1.5
Homeless assistance grants	0.9
Housing for special populations	0.7
Other assisted housing programs	0.7
Native American housing block grant	0.6
Rural housing assistance programs	0.6
HOPE VI	0.4
Housing opportunities for people with AIDS	0.2
<p><i>Notes: This table considers outlays, the amount that the programs actually spent in 2000, rather than budget authority, the amount Congress made available in 2000.</i></p> <p><i>In addition to these programs, the U.S. Tax Code allows for a Low Income Housing Tax Credit that provides a tax incentive to developers of rental housing that is affordable to low-income households. In 2000 the Low Income Housing Tax Credit reduced federal revenue by \$3.2 billion. The federal government also provides substantial mortgage financing assistance that is not included here because it is rarely available to low-income families.</i></p>	

V. Conclusion

This paper has demonstrated that lack of affordable housing is a widespread problem affecting low-income people. The data in the previous section show that the shelter deduction is a well-designed tool that increases the food stamp program's ability to help families burdened by high shelter costs afford an adequate diet. The deduction helps confront several specific factors of housing need identified in Section II:

- *A large number of low-income families pay a substantial share of their income for housing.* The deduction is responsible for the distribution of an additional \$2.2 billion in food stamps to households paying more than half their net income for housing. The deduction is effective at targeting this additional aid to households with high housing costs. For example, the fifth of households with the highest housing costs receives an average additional food stamp benefit of \$71 a month.
- *The problem of high housing costs affects households with different family structures and affects low-wage working households.* The deduction responds by benefitting households of different types. The shares of food stamp households with children and households with only elderly or disabled members that receive additional benefits as a result of the shelter deduction is roughly the same as the overall share of food stamp households that the deduction benefits. Similarly, the deduction directs additional benefits to approximately the same share of working food stamp households as it does to food stamp households overall. Finally, benefits from the shelter deduction go to food stamp households at all income levels, even the poorest households.
- *While housing costs vary by region, there are substantial numbers of low-income households in all regions who face high housing costs.* The extent to which the

deduction aids families varies by region. The highest proportion of food stamp households that benefit from the shelter deduction is in the Northeast. The largest number of households is in the Southeast. The shelter deduction also responds to variation within regions, within states, and within urban and rural areas. This was seen using Michigan as an example. The average amount of additional food stamps that food stamp households in Michigan with different levels of housing expenses receive varies substantially. The deduction is an important tool in helping low-income families in all regions who suffer from burdensome housing costs.

- *High housing costs can interfere with a family's ability to afford an adequate diet, which can have adverse health consequences for the family's members.* The shelter deduction provides additional food stamps to families with high housing costs and is well suited to confront this problem.
- *Federal housing programs are not entitlements and thus leave many low-income families unserved or on long waiting lists.* Since the food stamp program is an entitlement, it does not suffer from this problem. Families can receive food stamps within a month or sooner, as compared to waits of months or years with housing programs. Thus, the food stamp program is better suited to families who have undergone sudden losses in income that make it difficult for them to continue paying for both their homes and their food.

The amount of additional monthly food stamp benefits that families receive through the shelter deduction is relatively small — usually less than \$100 — compared to housing subsidies. Thus, the shelter deduction does not serve as a replacement for housing subsidies and cannot by itself solve problems of housing unaffordability. Nonetheless, the shelter deduction is an important and effective tool in making sure that families with high housing costs can afford a sufficient amount of food.

Appendix A: Methodological Issues

This paper presents two main original analyses: Section II discusses figures on the housing needs of households with income low enough to qualify for food stamps, while Section IV discusses figures on the shelter expenses incurred by food stamp recipients and the amount by which the shelter deduction increases their food stamp benefits.

The housing burdens faced by households with income low enough to qualify for food stamps. Data for this analysis come from the 1999 national American Housing Survey (AHS), conducted by the Census Bureau for the U.S. Department of Housing and Urban Development. (The data are available at <http://www.huduser.org/datasets/ahs.html>.) Cushing N. Dolbear conducted the analysis.

The AHS does not specifically identify which households are eligible for food stamps. To approximate that subpopulation, we looked at households with incomes below 130 percent of the federal poverty line. This is based on the food stamp program's gross income test, but does not take into account other factors that might affect a household's eligibility for food stamps, including any deductions for which it is eligible, its assets, categorical eligibility for TANF and SSI recipients, or eligibility restrictions on legal immigrants.

Food stamp eligibility and benefit levels are based on monthly income and other circumstances, while the AHS contains annual income data. If households' incomes fluctuate during the year, they may be eligible for food stamps in some months and not others. This analysis considers households that had incomes below 130 percent of the poverty line in an average month during the year.

In addition, the AHS and the food stamp program use slightly different measures of poverty. The AHS allows comparison of a household's income to *poverty thresholds*, which are issued by the Census Bureau and primarily used for statistical purposes. The food stamp program determines eligibility based on *poverty guidelines*, which are issued by the Department of Health and Human Services and primarily used for administering means-tested programs. The levels of the two poverty measures are similar, but not identical. The primary difference between the two measures is the timing of their releases: the guidelines are used for programs and therefore must be issued before the year begins, while the thresholds are not issued until the year has ended.

Finally, as in most surveys where individuals supply information on their own incomes, some respondents to the AHS underreport their incomes. Thus, the set of households identified as having incomes below 130 percent of poverty likely includes some households that actually have somewhat higher income. Since the AHS tends to underestimate income, figures on housing costs as a percentage of income may be overstated. However, the survey does not include homeless individuals and families, many of whom would be eligible for food stamps. Such people certainly have severe housing needs, and as discussed in the box on the homeless shelter deduction, often have some housing costs.

For these reasons, the analysis provides a rough estimate of the housing needs of food stamp eligible households.

The shelter expenses of food stamp recipients and additional benefits from the shelter deduction. The calculations in Section IV are from the fiscal year 2000 Food Stamp Quality Control (QC) data set. (The data are available at <http://www.fns.usda.gov/oane/>.) The QC data are primarily collected for program administration to gauge the accuracy with which each state determines the benefits of food stamp recipient households. However, these data also serve as a representative sample of food stamp recipients for research purposes and are the basis of USDA's annual report on the characteristics of food stamp recipients.

For each household in the sample, the QC data set contains information on all of the factors used in determining food stamp eligibility and benefit levels. Of particular interest for this paper, the data set includes each household's shelter expenses and its income from various sources. The data set also contains individual characteristics of members of food stamp households, such as age. For programmatic purposes, Quality Control data are verified. Thus, the QC data set is likely to contain more reliable income information than data sets that rely on self-reporting of income, such as the AHS.

This information allows one to recalculate the benefits that households would receive if the program's rules were modified. We do so for the scenario in which there is no shelter deduction as part of the benefit formula. The additional benefit a household receives as a result of the shelter deduction is calculated by subtracting the level of benefits the household would receive without the deduction from the level of benefits it would receive with the deduction.

We make one adjustment to the procedure for calculating benefits used in fiscal year 2000. Federal legislation enacted in the fall of 2000 raised the shelter cap from \$300 to \$340 starting in March 2001, and provided that the cap should be adjusted for inflation in subsequent years. To better measure the effect of the shelter deduction under current policies, we adjust the shelter cap in effect in 2000 upward to reflect this change.³⁸

It should be noted that the methodology used results in a lower-end estimate of the amount of benefits attributable to the shelter deduction. Many households would receive the

³⁸The calculations for fiscal year 2000 use a shelter cap of \$330. That takes into account the inflation occurring between fiscal years 2000 and 2001.

Recalculating benefits using the higher shelter cap does not capture the full effect of the cap's increase because the QC data set — which only contains participants in the food stamp program — does not allow us to take into account two factors: 1) a small number of households were made newly eligible by the shelter cap increase and 2) a small number of households did not participate in the food stamp program but would have done so if a higher cap sufficiently raised the benefits they could receive from it.

maximum benefit level available to them even without the shelter deduction. Our calculations show these households as receiving no additional benefits from the shelter deduction. Some of these households, however, would receive a lower level of benefits if all deductions were removed. In such cases, there is no clear way to attribute the additional benefits the household receives to one deduction rather than another. Since our calculations never attribute the additional benefits to the shelter deduction, our results are low-end estimates.

Due to small sample sizes at the substate level, the analysis of the variation of shelter expenses and benefits attributable to the shelter deduction among households of three in rural Michigan uses pooled quality control data from fiscal years 1998, 1999, and 2000. We calculated the additional benefit a household receives as a result of the shelter deduction for 1998 and 1999 in the same way as for 2000, adjusting the shelter cap upward to reflect the change in federal legislation in the fall of 2000.³⁹

During this three-year period, average shelter expenses among food stamp households and the average benefit received from the food stamp shelter deduction did not change appreciably, so no adjustments were made to the data for fiscal years 1998 and 1999 to account for inflation. Tabulations in which the data from the earlier years were adjusted for inflation or for changes in actual shelter expenses among food stamp recipients yielded very similar results. As indicated in the text, this analysis shows that there is considerable variation even within rural parts of the state, and is not intended to provide precise estimates.

Regional definitions differ between AHS and USDA. For purposes of regional comparison, the AHS divides the nation into four regions — Northeast, Midwest, South, and West. The food stamp QC data uses the seven USDA regions. See Appendix C. For each analysis we use the regional definitions in that data source, so direct comparisons between the two data sources are not possible.

³⁹As for fiscal year 2000, the caps used in 1998 and 1999 take into account inflation between those years and 2001.

Appendix B: Summary of Major Federal Housing Programs

To aid renter households facing housing affordability problems, the federal government funds four major programs that provide housing assistance to a total of approximately 4.8 million low-income households. U.S. Department of Housing and Urban Development (HUD) operates three of these programs: public housing, Section 8 vouchers, and the Section 8 project-based program. The Rural Housing Service of the USDA operates the Section 515 Rural Rental Housing program.⁴⁰

- **Public housing** consists of rental units owned and operated by public housing agencies (PHAs), which are public or quasi-public entities. There are approximately 1.2 million households in public housing units nationally. About 530,000 of these households are families with children.⁴¹ Rents are generally set at 30 percent of the household's income. The rental payments go to the PHA and are used to help meet the operating and maintenance costs of providing the housing. Federal subsidies cover the bulk of PHA costs.
- **Section 8 vouchers** enable tenants to use federal subsidies to rent housing in the private market. Tenants with vouchers rent modest-cost units and generally pay 30 percent of their income for rent and utilities, although they may pay more to rent higher-priced units. PHAs administer the voucher program. Using federal funds, the PHA pays the landlord the difference between the PHA's maximum payment or actual rental charge (whichever is lower) and 30 percent of the household's income. There are approximately 1.8 million tenant-based vouchers across the United States currently funded, of which about 1 million assist families with children.
- **Project-based Section 8 assistance** subsidizes rental units in buildings that are owned and operated by private owners. The owners may be either for-profit or nonprofit entities. Tenant rents, which are paid to the project's owner, are set at 30 percent of the household's income. The remainder of the rent, the subsidy amount, is paid by the federal government. The project-based Section 8 programs are not administered by the local PHA. Owners contract either directly with HUD or through an intermediary such as a state housing finance agency. There are about 1.3 million households receiving this type of assistance, including about 300,000 families with children.

⁴⁰Sources: May 2001 administrative data from the U.S. Department of Housing and Urban Development and *Meeting Our Nation's Housing Challenges*, Report of the Bipartisan Millennial Housing Commission, May 30, 2002.

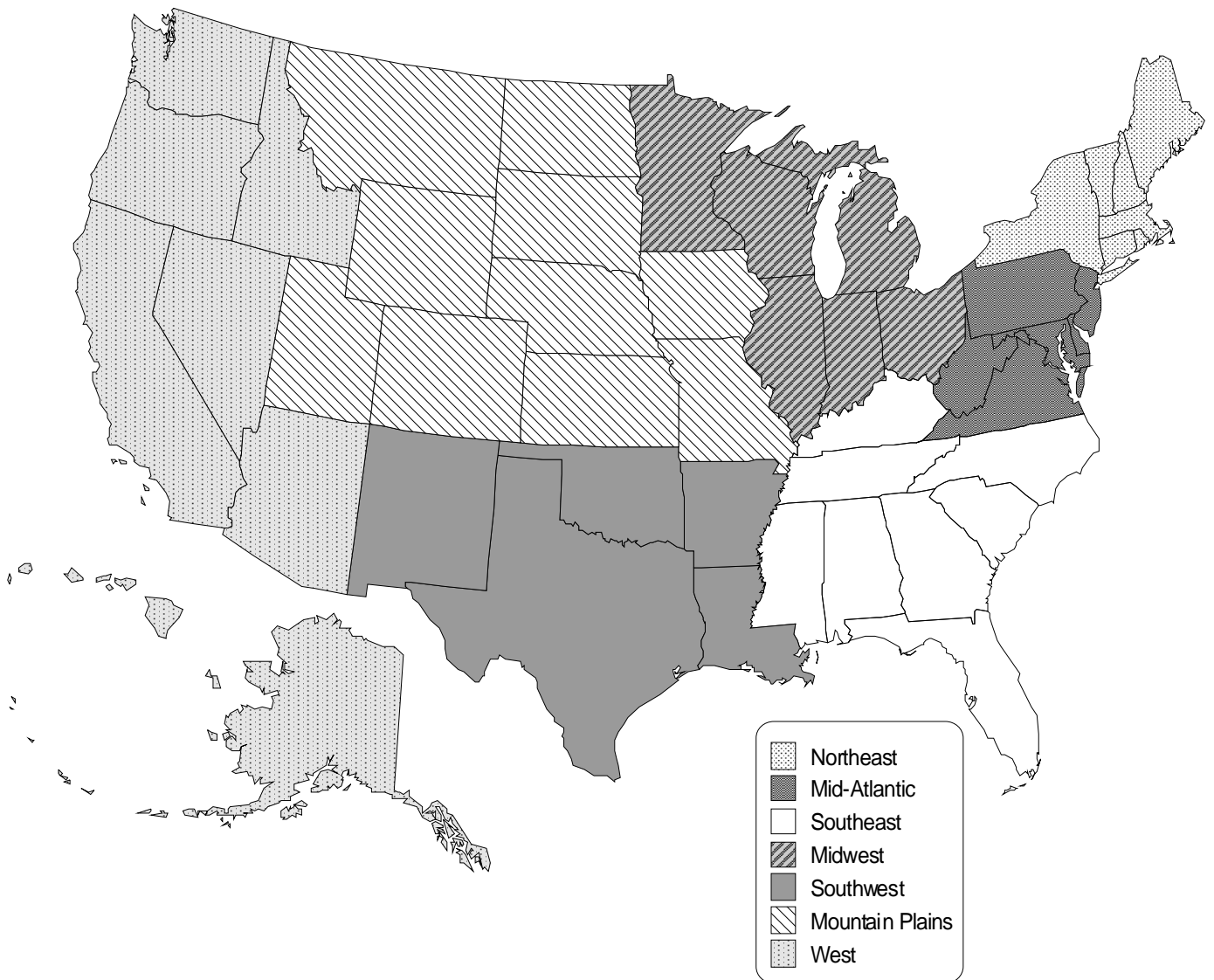
⁴¹For all three programs, most of the households receiving subsidies that are not families with children have elderly or disabled adult members.

- The **Section 515 Rural Rental Housing program** provides low-interest loans directly to private owners to acquire, rehabilitate or construct rental housing in rural areas. Most units house families or individuals with incomes below half of the area median income. These units receive additional subsidies through the RHS Section 521 program or HUD's project-based section 8 program to enable households to pay 30 percent of income toward the rent. The remainder of the rent, the subsidy amount, is paid by the federal government. More than 400,000 households receive rental assistance through the Section 515 and 521 programs administered by the Rural Housing Service (excluding the households receiving Section 8 subsidies).

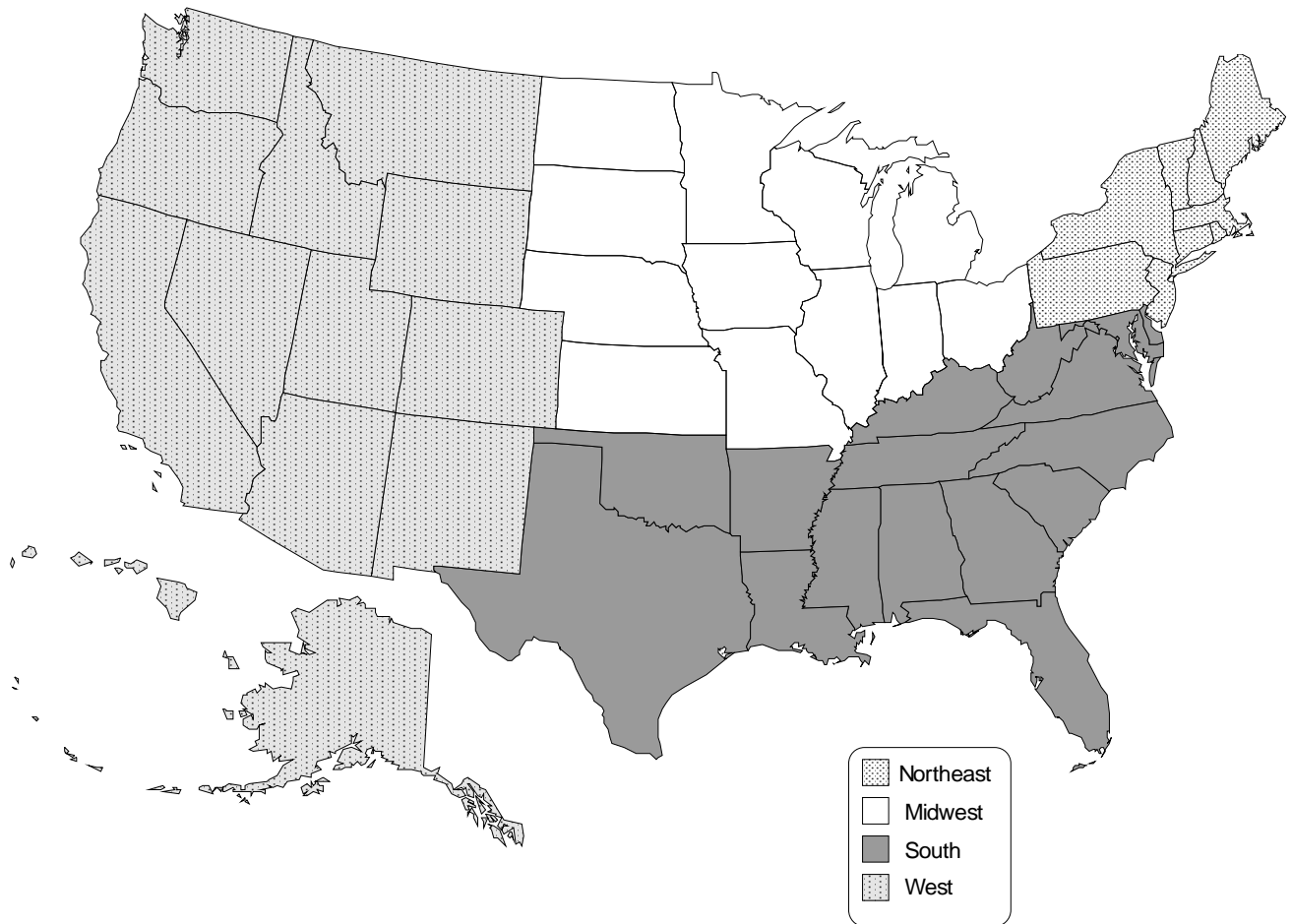
In addition to the programs described above, there are also federal programs aimed at increasing the stock of affordable housing through new construction or through the rehabilitation of existing units. These programs include the HOME block grant program and the low-income housing tax credit (LIHTC). (Funds from the HOME program also are used to provide some rental assistance.) Rental units subsidized through these programs are required to be affordable to families with incomes of approximately 50 to 65 percent of the area median income. (In its homeownership components the HOME program serves families with incomes up to 80 percent of the area median income.) A unit's rent generally does not vary with the income of its tenants. Although some units produced through these programs have rents that are affordable to families with somewhat lower incomes, these units generally are not affordable to poor and near-poor families without additional rental assistance. Through the use of housing vouchers, however, these newly produced units can be made affordable to poor and near-poor families.

Appendix C: Regions Used in Food Stamp Administrative Data and The American Housing Survey

FOOD STAMP REGIONS



AMERICAN HOUSING SURVEY REGIONS



Appendix D: Average Monthly Shelter Expenses, Percent Benefitting From Shelter Deduction, and Average Benefit Increase, By State

State	Average Monthly Shelter Expense Among Food Stamp Recipients	Share of Households Benefitting from Shelter Deduction	Number of Households Benefitting from Shelter Deduction	Average Additional Food Stamps Among those Benefitting from Shelter Deduction
Alabama	\$275	55%	86,000	\$39
Alaska	\$354	37%	5,000	\$60
Arizona	\$267	50%	48,000	\$46
Arkansas	\$257	44%	44,000	\$40
California	\$263	50%	334,000	\$40
Colorado	\$322	50%	35,000	\$49
Connecticut	\$359	49%	41,000	\$56
Delaware	\$296	48%	6,000	\$46
District of Columbia	\$190	37%	13,000	\$41
Florida	\$325	58%	241,000	\$49
Georgia	\$260	45%	103,000	\$44
Hawaii	\$259	48%	26,000	\$49
Idaho	\$294	40%	9,000	\$41
Illinois	\$293	50%	168,000	\$47
Indiana	\$283	48%	61,000	\$42
Iowa	\$277	46%	24,000	\$39
Kansas	\$298	52%	28,000	\$42
Kentucky	\$229	38%	64,000	\$36
Louisiana	\$257	49%	94,000	\$41
Maine	\$377	60%	31,000	\$57
Maryland	\$291	51%	52,000	\$49
Massachusetts	\$396	58%	64,000	\$57
Michigan	\$367	62%	168,000	\$57
Minnesota	\$295	33%	30,000	\$46
Mississippi	\$198	34%	37,000	\$30
Missouri	\$290	51%	93,000	\$42
Montana	\$344	61%	15,000	\$47
Nebraska	\$319	58%	20,000	\$45
Nevada	\$359	60%	17,000	\$54
New Hampshire	\$447	66%	12,000	\$66
New Jersey	\$347	61%	93,000	\$55
New Mexico	\$253	42%	27,000	\$42
New York	\$536	76%	545,000	\$75
North Carolina	\$261	44%	92,000	\$41
North Dakota	\$321	55%	8,000	\$50
Ohio	\$287	48%	133,000	\$46

State	Average Monthly Shelter Expense Among Food Stamp Recipients	Share of Households Benefitting from Shelter Deduction	Number of Households Benefitting from Shelter Deduction	Average Additional Food Stamps Among those Benefitting from Shelter Deduction
Oklahoma	\$259	39%	42,000	\$38
Oregon	\$286	46%	53,000	\$47
Pennsylvania	\$297	53%	187,000	\$40
Rhode Island	\$320	50%	17,000	\$54
South Carolina	\$229	48%	58,000	\$33
South Dakota	\$346	59%	10,000	\$47
Tennessee	\$247	42%	91,000	\$37
Texas	\$244	44%	216,000	\$39
Utah	\$333	55%	18,000	\$48
Vermont	\$410	61%	12,000	\$57
Virginia	\$246	42%	64,000	\$38
Washington	\$313	53%	71,000	\$51
West Virginia	\$294	55%	53,000	\$45
Wisconsin	\$337	40%	30,000	\$49
Wyoming	\$273	40%	4,000	\$42
Guam	\$211	46%	3,000	\$40
Virgin Islands	\$134	31%	2,000	\$28
U.S.	\$310	52%	3,795,000	\$49
Source: CBPP calculations using the fiscal year 2000 Food Stamp Quality Control data set.				