



New Mexico Fiscal Policy Project

OCTOBER 2008

THE ECONOMIC IMPACT OF INCREASING FOOD STAMP UTILIZATION BY NEW MEXICO FAMILIES

EXECUTIVE SUMMARY

Food Stamps are the nation's best defense against food insecurity and hunger. New Mexico leads the nation in food insecurity and has the third-highest rate of hunger. Some 24 percent of New Mexico children lived in food-insecure households between 2003 and 2005. Nationally, that rate was 18 percent. Increasing our participation rates in the Food Stamp Program would not only benefit those New Mexicans who do not get enough to eat, it would also benefit our state's economy.

POOR PARTICIPATION RATES

Only 62 percent of New Mexico families with children that are eligible actually receive Food Stamps. The reasons for low reciprocity rates vary:

- Mistaken belief that income or assets make them ineligible;
- Belief that application process is too cumbersome and intrusive;
- Limited literacy and/or English proficiency;
- Lack of telephone or transportation;
- Inability to provide the documentation necessary to certify eligibility;
- Perceived social stigma associated with assistance programs;

- Perception that atmosphere at the Food Stamp office is not respectful.

ECONOMIC INFUSION

If New Mexico could raise the participation rate of eligible families with children from 62 percent to 80 percent, the state economy would get an additional \$41.8 million in federal funds. This would translate to \$42.3 million in new economic activity in New Mexico and the creation of about 960 new jobs.

Because Food Stamps function as a supplement to income, they reduce the amount of cash families must budget for groceries, allowing that money to be used for the purchase of other necessities. Along with increased economic activity, full Food Stamp utilization would also result in higher local and state revenue. Even though groceries are exempt from the state's gross receipts tax, most of the other goods and services families would be able to purchase are taxed.

WHO QUALIFIES FOR FOOD STAMPS

Most New Mexicans who are disabled, elderly, or have children and gross incomes below 130 percent of the federal poverty level (FPL) are eligible for Food

Stamps.¹ Immigrants who are legal residents may qualify if they have resided in the U.S. at least five years. Undocumented immigrants are not eligible to receive Food Stamps.

WHO RECEIVES FOOD STAMPS

In January of 2008, 234,331 New Mexicans – or about 93,000 households – received Food Stamps. The vast majority of those who benefit are children, and although they live in working families, most of them also live in deep poverty:

- More than 62 percent of New Mexico households receiving Food Stamps include children;
- Those households receive more than 80 percent of all Food Stamp benefits;
- 82 percent of Food Stamp recipients in New Mexico live below the FPL;
- In New Mexico, 81 percent of Food Stamp households do not receive cash assistance such as Temporary Assistance for Needy Families (TANF);
- Food stamp cases outnumber cash TANF cases by more than 7 to 1 in New Mexico;
- 60 percent of New Mexico's Food Stamp households are Hispanic, 13.2 percent are Native American, and 23.6 percent are white non-Hispanic; and
- More than 95 percent of New Mexico's Food Stamp recipients are U.S. citizens.

HOW MUCH THEY RECEIVE

About one in five recipient households across the nation receive the maximum annual Food Stamp benefit, which is \$6,504 for a family of four:

- The typical household receives 27 percent of its monthly income in Food Stamp benefits;

- In New Mexico, Food Stamp benefits average \$233 per household per month;
- Nationally, Food Stamp benefits average \$208 per household per month; and
- 25 percent of New Mexico's food bank clients also receive Food Stamps.

RECOMMENDATIONS AND CONCLUSION

Food stamps alleviate hunger, lift thousands out of poverty, and bring millions of federal dollars into the New Mexico economy at virtually no cost to New Mexico taxpayers. Yet under-utilization of the Food Stamp program means many of its benefits go unrealized. New Mexico should reduce the barriers families confront in attempting to access this vital entitlement program and increase the proportion of eligible families to 80 percent. We recommend:

- Changing the public perception of Food Stamps as “welfare” by recasting the program as a service that provides needed nutrition to children in working families;
- Simplifying the Food Stamp application to the fifth-grade reading level and shortening it to two pages;
- Lengthening the Food Stamp certification period;
- Publicizing the changes in the Food Stamp program;
- Making phone interviews possible and setting up a call center;
- Reducing worker case load; and
- Standardizing implementation and reporting rules, and re-certification requirements.

The full report is available online at www.nmvoices.org/fiscalpolicyproject.htm. The Fiscal Policy Project is a program of New Mexico Voices for Children.

¹About \$17,172 for a family of three in 2007.