

## Questions and Answers

### ***What does this legislation mean for FAP participants?***

FAP recipients will receive an increase in benefits starting in April. Recipients don't have to do anything to receive the extra benefits. The increased FAP benefits will automatically be added to their Bridge card.

The increase in the monthly allotment for a household of four is \$80. The average FAP household will now receive \$294 in benefits, which is a \$46 increase in benefits.

The table below demonstrates the increase by household size.

<b>People in Household</b>	<b>Increase</b>
1	+ \$24
2	+ \$44
3	+ \$63
4	+ \$80
5	+ \$95
6	+ \$114
7	+ \$126
8	+ \$144
Each extra person	+ \$18

### ***How long will this provision be in effect?***

Each year, cost of living adjustments are calculated and new maximum benefits are set, effective Oct. 1. The maximum monthly benefit levels will not rise again until the cost of living adjustment exceeds the increase set by the American Recovery and Reinvestment Act of 2009 (ARRA). This means it may be a few years before the maximum FAP benefits are increased again.

### ***How are maximum FAP allotments usually set?***

Maximum allotments are calculated from the cost of a market basket based on the Thrifty Food Plan for varying family sizes, priced in June of each year. The maximum allotments for households larger and smaller than four people are determined using formulas that account for economies of scale. Smaller households get slightly more per person than the four-person household. Larger households get slightly less. The new maximum benefits become effective on Oct. 1 of each year.

More information on current policy for cost of living increases is available at:  
<http://www.fns.usda.gov/fsp/government/cola.htm>

### ***How will ARRA help state agencies deal with the increased caseload?***

ARRA provides \$145 million in FY 2009 and \$150 million in FY 2010 to facilitate the administrative processes nationwide. All but \$4.5 million will be allocated directly to the states. States have flexibility and a great deal of discretion regarding how they use these funds for the Food and Nutrition Program administration. States may choose how to use these funds to best support their program and their clients.

The federal government reimburses state agencies for approximately 50 percent of reasonable and allowable administrative expenses. Significantly, the funds provided by ARRA are 100 percent federal and do not require that states pay the usual 50 percent.

Plans are for the FY 2009 funds to be made available to states in March.

***How does FAP serve as an effective economic recovery initiative?***

FAP brings federal dollars into communities in the form of food benefits which are redeemed by participants at local stores, creating business for participating retailers. FAP recipients will likely spend the increased benefits quickly. Research by USDA's Economic Research Service shows that for every \$5 in new FAP benefits, \$9.20 in total economic activity is generated.

For more information on how and why the multiplier works:

<http://www.ers.usda.gov/publications/fanrr26/fanrr26-6/fanrr26-6.pdf>

***Has there ever been an adjustment like this before?***

The history of the Food Stamp Program (now known as FAP in Michigan) is long. FAP is designed to respond to fluctuations in the economy and ensure that low-income people have access to nutrition benefits during tough times. Although FAP has long been recognized as an effective economic stimulus, to our knowledge, ARRA is the first legislation to use FAP in this way.

***Is the typical FAP recipient changing?***

The basic eligibility requirements for FAP have not changed. The income limits remain the same. Anyone who applies for FAP and is determined to be eligible by the local Department of Human Service office is entitled to benefits. Eligibility for FAP is determined by the household circumstances at the time of application.

***How does FAP help people improve their eating habits?***

In many places across the country, people participating in or eligible for FAP can receive nutrition education. The goal of nutrition education efforts is to improve the likelihood that FAP participants will make healthy food choices within a limited budget and choose physically active lifestyles consistent with the current Dietary Guidelines for Americans and MyPyramid.

***I saw someone at the grocery store buying various expensive or unhealthy items. Is this what FAP benefits are supposed to be used for?***

Almost all American diets are in need of improvement. FAP recipients are no more likely than those with higher incomes to choose foods with little nutritional value.

About 70 percent of all FAP participants are expected to use some of their own money to purchase food. Nutrition education offered by FAP also seeks to help recipients make healthy food choices on a limited budget and teach efficient shopping strategies.

FNS is currently exploring how incentives can encourage participants to make healthy choices. The 2008 Farm Bill provided \$20 million to test point-of-sale incentives for healthful foods as a way of reducing obesity in low income communities. In addition, FNS has approved demonstration projects to allow farmers markets to provide incentives to FAP participants who use benefits at markets. Farmers' market incentives are funded by private initiatives.

Source: U.S. Department of Agriculture Food and Nutrition Service.