

THE  
ALMANAC  
OF  
HUNGER  
AND  
POVERTY

— IN AMERICA —

2007

AMERICA'S SECOND HARVEST - THE NATION'S FOOD BANK  
NETWORK'S COMPREHENSIVE GUIDE TO NATIONAL AND  
STATE FACTS ON HUNGER AND POVERTY

Sponsored by:



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# THE ALMANAC OF HUNGER AND POVERTY IN AMERICA 2007

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A COMPREHENSIVE GUIDE TO  
NATIONAL AND STATE FACTS ON  
HUNGER AND POVERTY

A PROJECT OF  
AMERICA'S SECOND HARVEST—  
THE NATION'S FOOD BANK NETWORK  
RESEARCH AND ANALYSIS DEPARTMENT

## FOREWORD BY VICKI ESCARRA AND JOHN TYSON

Dear Friends,

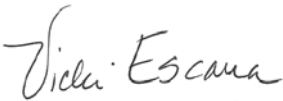
We are excited to present you with a copy of *The Almanac of Hunger and Poverty in America 2007*, the premier resource for national and state facts affecting low-income Americans as well as information on our Network of Member food banks and food-rescue organizations and their charitable agencies. This publication will serve as the definitive go-to guide for anti-hunger advocates both nationally and locally, lawmakers and their staffs, and the media.

Last year, we released the inaugural 2006 edition of the *Almanac* at a Hunger Awareness Day event in Washington, DC. The response was incredible. Legislators communicated to us how useful it was to have, at their fingertips, access to statistics on federal nutrition programs in their home states. People in the anti-hunger arena praised the readable, useful format. Network Members immediately wanted more copies to share with their media contacts.

It's hard to build on such a momentous success, but we believe we have. We have expanded the wealth of data contained herein with the inclusion of Member-specific service data from *Hunger in America 2006*, the America's Second Harvest Network's groundbreaking study on emergency food recipients and the charities that serve them. Peppared throughout, you'll find more data on federal nutrition programs and a new section on state-specific programs. We've also made the contents more user-friendly with the inclusion of a "dashboard" section in the state pages that quickly shows how that state ranks compared to other states in key indicators.

All of these improvements are designed to bring us closer to our ultimate goal of a hunger-free America by arming all of us with an invaluable tool to educate and inform.

Tyson Foods, Inc. has kindly underwritten the publication of the *Almanac*, which is in addition to the wonderful work they do to help the America's Second Harvest Network achieve its mission through the donation of millions of pounds of much-needed, nutritious protein products. The *Almanac* is an excellent example of the collaborative spirit needed among public and private entities to ultimately end hunger.



Vicki Escarra  
President and CEO  
America's Second Harvest –  
The Nation's Food Bank Network



John Tyson  
Chairman  
Tyson Foods, Inc.

## STATEMENT OF SPONSORSHIP



At Tyson Foods, we are fortunate to be able to keep our doors open by selling food to those who can afford it. We're continually humbled by those who keep their doors open to give to those who can't afford it. We at Tyson offer our gratitude and respect to the people who devote their time, energy and resources to the fight to end hunger. We're committed to contributing positively to that fight.

Tyson Foods is the proud sponsor of the the America's Second Harvest Network's *The Almanac of Hunger and Poverty in America 2007* which will help fill a void in the hunger-relief community by providing a source for all hunger and poverty-related data; and it will take us one step closer to ending hunger in America.

## ACKNOWLEDGEMENTS AND CREDITS

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To order additional copies of the *The Almanac of Hunger and Poverty in America 2007*, please contact:

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## ABOUT THIS ALMANAC

The Research and Analysis department, in partnership with the Government Relations and Public Policy department of America's Second Harvest—The Nation's Food Bank Network, is pleased to present this state of *The Almanac of Hunger and Poverty in America 2007*, the second and expanded edition of what we hope will become an annual publication of the nation's most comprehensive guide to national and state facts on domestic hunger and poverty. We hope this reference guide, with its unique combination of original research from the America's Second Harvest Network along with current statistics from a multitude of government and private sources, will become the most powerful tool needed to understand the causes and consequences of hunger in our communities and in our country. More importantly, we hope that the *Almanac* becomes a vital instrument in fostering the debate on how we can reduce and ultimately end hunger in America.

The *Almanac* is broken down in to five major sections, each representing a different function of the text:

**SECTION I – ABOUT AMERICA'S SECOND HARVEST—THE NATION'S FOOD BANK NETWORK** features the past and present work of our organization, including the many programs and initiatives that have made the America's Second Harvest Network a leader in the fight against domestic hunger. In addition, you will find a glossary of commonly used terms in the universe of hunger-relief and, new to this year's edition, a summary of federal hunger-related legislative activities. As you will likely note throughout this publication, the America's Second Harvest Network does so much more than move food—research and policy are crucial activities within our organization towards our mission of ending hunger.

**SECTION II – FEDERAL NUTRITION PROGRAMS** provides insightful portrayals of the programs that are so vital to the more than 25 million Americans we serve. Incorporating historical accounts with contemporary program activities and challenges, this section will provide readers with a firm foundation from which we hope will develop even more public support on the benefits of these critical federal programs.

**SECTION III – NATIONAL STATISTICS ON HUNGER AND POVERTY IN AMERICA** contains a statistical snapshot of the current state of hunger and poverty in America. Unique to this section are the tables ranking each state relative to all others in the key indicators of hunger and poverty in America. This piece of the *Almanac* also provides readers with the national-level data that is reflected in your state in Section IV for easy comparison.

**SECTION IV – STATE STATISTICS ON HUNGER AND POVERTY IN AMERICA** compiles even more data and features than our celebrated 2006 edition. You will find a detailed map illustrating the Congressional Districts and Counties served by the Network Members in your state, an exhaustive list of demographic and program information on the residents, as well as comprehensive figures on the operations of each Member of our Network that make the *Almanac of Hunger and Poverty in America* such a unique publication. New to this year's edition is the Comparative Dashboard. The Dashboard is meant to be a visual tool that quickly communicates to the reader your state's ranking in comparison to all others among the six most important indicators of hunger and poverty.

**SECTION V – RESOURCES** not only includes citations of the works used throughout the publication, but also showcases important materials required of an anti-hunger advocate, including U.S. Census Bureau Poverty Thresholds, Poverty Guidelines from the U.S. Department of Health and Human Services and the Food Stamp Program Eligibility Cap Chart.



SECTION I

ABOUT

AMERICA'S SECOND HARVEST—

THE NATION'S FOOD BANK

NETWORK

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## ABOUT AMERICA'S SECOND HARVEST— THE NATION'S FOOD BANK NETWORK

America's Second Harvest—The Nation's Food Bank Network is the largest charitable domestic hunger-relief organization in the country with a Network of more than 200 Member food banks and food-rescue organizations serving all 50 states, the District of Columbia and Puerto Rico. The America's Second Harvest Network secures and distributes more than 2 billion pounds of donated food and grocery products annually and supports approximately 50,000 local charitable agencies operating more than 94,000 programs including food pantries, soup kitchens, emergency shelters, after-school programs and Kids Cafes. Each year, the America's Second Harvest Network provides food assistance to more than 25 million hungry people in the United States, including 9 million children and nearly 3 million seniors.

Through our system of Member food banks and food-rescue organizations, and the agencies they serve, the America's Second Harvest Network secures and distributes food and grocery products to people in need. Network Members also work to increase public awareness of domestic hunger and advocate for policies that benefit hungry people in the United States.

Food banks serve people in need by securing and storing surplus food and distributing it through their own network of local service agencies. Food-rescue organizations often operate within a shorter timeframe, picking up and delivering perishable foods on a single run. A number of America's Second Harvest Network Members secure and distribute food in their local community through both of these methods.

The America's Second Harvest Network works with more than 500 national grocery and food manufacturers as well as retailers to secure surplus food and grocery products. In FY 2006, an estimated 1.48 billion pounds of privately donated food flowed from the food and grocery industry to feed needy people.

## HISTORY

The America's Second Harvest Network was founded in 1979, but the concept of food banking began in 1967 when a chance meeting between John van Hengel and a desperate mother in Arizona spawned a revolutionary idea in battling hunger. As John, a retired business man and soup kitchen volunteer, watched this woman rummage through grocery store garbage bins to feed her children, she explained to him that there should be a place where, instead of being thrown out and wasted, this food could be stored and then accessed when people needed it, similar to the way banks "store" money for future use. It occurred to him that here existed the opportunity to simultaneously alleviate two challenges: surplus food and hunger.

John van Hengel solicited help from local grocery stores, asking them to donate surplus food rather than dumping it. He then took a small loan to purchase an abandoned building, with the idea of creating a central location or warehouse where donated goods could be inspected, sorted and stored, and then distributed to local social service agencies who were feeding needy people. Thus, John van Hengel created the modern-day concept of food banking: a central source for food donations and distribution to a wide range of local charitable agencies that feed the hungry.

In the years following John van Hengel's establishment of the St. Mary's Food Bank, the operation grew and word of its success spread to other states. In 1976, van Hengel accepted a grant of \$45,000 from the Community Service Administration of California to develop more food banks. In 1979, the organization expanded to include the solicitation of national food donations and formally incorporated the existing network of food banks as Second Harvest, a biblical reference that appeals to landowners and farmers to leave a second harvest for the poor and the strangers in their midst.

In the early years of Second Harvest, under John van Hengel's leadership, the organization consulted with cities nationwide interested in starting their own food banks. Soon, the organization became the clearinghouse for large donations from national corporations. Second Harvest also developed food bank standards for storage capacity, quality control and management. By 1982, federal funding was discontinued and Second Harvest increased its pursuit of alternative sources of financial support.

The Second Harvest national office was moved from Phoenix, Arizona to Chicago, Illinois in 1984. The organization continued to grow in the number of food banks and the volume of donated food each year. The concept and practice of food banking was accepted and embraced by the food manufacturing industry, grocery industry and social service providers responsible for feeding the hungry.

In 1999, the name of the organization was officially changed to America's Second Harvest with a new focused goal on ending hunger in America. In March of 2000, America's Second Harvest merged with Foodchain, the nation's largest food-rescue organization, producing the most comprehensive and efficient charitable food-rescue

and food distribution organization in the country. In order to provide better national alignment for a cohesive food bank Network, the name changed a second time in 2005 to America's Second Harvest—The Nation's Food Bank Network.

## NATIONAL PROGRAMS AND INITIATIVES

### KIDS CAFE®

Kids Cafe is the nation's largest charitable meal service and nutrition education program exclusively for children at risk of hunger. The primary mission of the Kids Cafe program is to provide nutritious meals to hungry children at safe, accessible sites.

America's Second Harvest Network Members partner with existing community organizations to form Kids Cafes. For example, Boys and Girls Clubs, churches and community centers have been anchors in their local communities and key to reaching low-income children. Kids Cafe is more than a child-feeding program, it is a place where children learn about nutrition and enjoy educational and recreational activities.

Currently, there are more than 1,600 Kids Cafe sites operating in 43 states and the District of Columbia. The majority of Kids Cafes are located in urban areas and serve an average of 52 children per site. More than half of the children served are between the ages of five and ten years old.

### BACKPACK PROGRAM™

The Backpack Program is designed to meet the needs of hungry children at times when free or reduced-priced school lunches are not available, such as weekends and school vacations. The program provides backpacks filled with food that children take home on weekends. The food is child-friendly, nonperishable, easily-consumed and vitamin fortified. Backpacks are discreetly distributed to children on the last day before the weekend or holiday vacation.

The Backpack Program concept was developed at the Arkansas Rice Depot in Little Rock after a school nurse asked for help because hungry students were coming to her with stomach aches and dizziness. The local food bank began to provide the school children with groceries in non-descript backpacks to carry home. In addition to providing nutritious food to school children in need, some Backpack Programs provide extra food for younger siblings at home and others operate during the summer months when children are out of school and have limited access to free or reduced-priced meals.

Reports on the Backpack Program indicate that there are more than 110 America's Second Harvest Network Members operating Backpack Programs in 39 states and Washington, D.C. Nationally, Network Members distribute as many as 35,000 backpacks each week. This program is the fastest growing national program within our Network. Within the last year, the program has experienced close to 100% growth.

### COMMUNITY KITCHEN®

The Community Kitchen program provides culinary job training to low-income men and women to prepare them for careers in the food service industry. During their training, students also develop valuable life and professional skills including goal establishment, résumé writing, interviewing skills, conflict management and budgeting to help them gain and sustain employment after graduation. As the students work to achieve their own self-sufficiency, they also serve their communities, producing millions of nutritious meals for a variety of social service agency feeding programs such as Kids Cafes, youth and senior centers, shelters and community dining rooms.

The Community Kitchen program is an innovative, exciting and cost-efficient way to train the underemployed and unemployed, create nutritious meals, and generate public support for people working towards self-sufficiency. There are currently 28 Community Kitchen programs in operation. Nationwide, the program has over 1,200 participants each year and, of those who graduate, 74% are employed within one month.

### NATIONAL FRESH PRODUCE PROGRAM

To increase the Network's capacity to handle fresh foods, America's Second Harvest has established the National Fresh Produce Program. This program, formerly known as the Fresh Foods Initiative, has grown substantially over the past few years and has become the number one category of food that we track.

The program offers a comprehensive array of services built around securing and distributing fresh produce throughout the America's Second Harvest Network. One aspect of the program called Value Added Processing enables Network Members to accept and distribute bulk produce donations in manageable, portion-sized packaging most commonly found in supermarkets and other retail outlets. The program has the capability of

accepting huge donations from our nation's farmers and growers and can quickly distribute these donations through our Network. This is possible through Rapid Food Distribution grants and refrigerated transportation subsidies that lower costs of transporting perishable foods. Store pick-up programs also offer a way for Network Members to pick up food donations directly from retailers. The National Fresh Produce Program has distributed over 300 million pounds of fresh produce in the past 5 years fresh produce that would have otherwise gone to waste. Thanks to this program, more nutritious foods are being distributed to hungry people through our Network than ever before.

## SEAFOOD INITIATIVE

The Seafood Initiative program is a long-term partnership between the seafood industry and the America's Second Harvest Network. Developed by SeaShare, Inc., this initiative generates new volumes of high-protein seafood for low-income families in communities across the country.

Donations of protein-rich foods are relatively scarce and most in demand by the America's Second Harvest Network Members. The Seafood Initiative brings a high quality, highly nutritious source of protein that is vital to the health of those served by Network Members. America's Second Harvest's goal is to distribute manufactured, packaged goods that are in a ready-to-use form. The Seafood Initiative subsidizes the cost of processing fish into manageable portions and useable forms, minimizes the transportation costs of moving this product to food banks and reduces warehousing costs for storing quantities of fish.

SeaShare, [www.seashare.org](http://www.seashare.org), is our partner and link to the seafood industry. Through its innovative programs, SeaShare donates millions of pounds of high quality, nutritious seafood to Network Members nationwide. SeaShare's relationship with the seafood industry provides an avenue for the America's Second Harvest Network to communicate its needs for these valuable protein products.

In 1993, SeaShare led the effort to amend fishery management regulations in Alaska – the largest fishery in the country – to allow the retention of bycatch for distribution through hunger-relief agencies. The success of these efforts won national recognition and was lauded on network television as well as the *New York Times*, *People Magazine*, and Oprah. With broad seafood industry support and input, SeaShare began developing additional seafood donation programs, tailored to the capabilities of various individual seafood companies and industry groups. Today, we provide a variety of seafood to hungry Americans including but not limited to catfish, canned salmon, fish sticks, frozen salmon steaks and halibut.

Our "Day of Fish" education initiative has helped both hunger-relief agencies and households to become more comfortable with handling and preparing seafood. This is accomplished through interactive training workshops with Network Members and their member agencies. The workshops provide information to attendees about the nutritional value of the fish, recipes and meal planning, and food safety and handling methods. This program is subsidized by the America's Second Harvest national office and is provided at no cost to Network Members.

### FAST FACTS:

- In 2006, the Seafood Initiative provided more than 13 million servings of high quality protein to needy Americans.
- We have provided over 40 educational events through the "Day of Fish" program to hunger-relief agencies served by Network Members.

## DISASTER RELIEF

The America's Second Harvest Network provides relief supplies to emergency feeding centers serving disaster victims operated by organizations like the American Red Cross, The Southern Baptists and the Salvation Army, in addition to our Network Members who continue to supply the local agencies they normally serve during times of disaster.

The America's Second Harvest Network was first involved with disaster relief in 1989 following Hurricane Hugo and the Loma Prieta earthquake that struck San Francisco and the Central California Coast. Since then, the America's Second Harvest Network has taken an active role in recovery efforts following major disasters and is a member of the National Voluntary Organizations Active in Disaster (NVOAD) and the International Association of Emergency Managers (IAEM). In response to the 2005 hurricane season, the America's Second Harvest Network provided food and grocery products valued at more than \$100 million to victims of Hurricanes Katrina, Rita and Wilma in the Gulf Coast states.

## RELIEF FLEET™

The America's Second Harvest Network spends millions of dollars on interstate transportation each year. The cost of transportation often prohibits food banks and food-rescue organizations from being able to accept a food donation. Relief Fleet works to lower transportation costs by soliciting free or deeply discounted freight for donated loads for all Network Members. Through Relief Fleet, transportation companies and companies with private fleets, contact the

America's Second Harvest national office and offer empty trailer space that could be used to transport donations. Donation pick-up and delivery are then matched with travel routes and proximity to a local Network Member that can accommodate the donation. In FY 2006, 24 million pounds, or 1,025 total shipments, of donated food were distributed free-of-charge to 144 Network Members through Relief Fleet.

## RESEARCH FUNCTIONS

### HUNGER STUDY

*Hunger in America 2006: A Report on Emergency Food Distribution in the United States in 2005*

The America's Second Harvest Network seeks not only to alleviate hunger in the immediate through distribution of food and grocery products to people in need, but also to solve the problem of hunger in the long-term through public education and advocating changes to programs and policies that support low-income Americans. Integral to long-term efforts is our series of four thorough, in-depth studies of the America's Second Harvest Network charitable food distribution system that have been conducted since 1993. *Hunger in America 2006*, the largest study of domestic hunger ever conducted, paints a profile of who is in need, how the need is met, and by whom. *Hunger in America 2006* chronicles the nature and incidence of demand for emergency food assistance, which in turn helps charitable feeding organizations better address the burgeoning need through program development and refinement. The results also better inform the public policy debate so that federal nutrition programs can better target consumers.

*Hunger in America 2006* is the result of a partnership between the America's Second Harvest Network and Mathematica Policy Research, Inc. (MPR), a social policy research firm based in Princeton, NJ. MPR is widely recognized for its leading studies on some of society's most pressing social problems. The America's Second Harvest Network contracted with MPR to work with the 156 voluntary Member food bank and food-rescue organization participants who agreed to collect data in their communities.

All aspects of the study were overseen by an independent review team called the Technical Advisory Group (TAG). The TAG is comprised of noted social scientists, including demographers, nutritionists, academics, and statisticians, who reviewed everything from the survey instruments to the analysis plan to the final results. Their impartial, critical eyes ensured that the end product is statistically valid, accurate, and adherent to the highest standards in survey research.

There are two main data sources for *Hunger in America 2006*: the client data and the agency data, which were collected in early 2005. The client data was amassed through face-to-face interviews with randomly selected recipients at emergency feeding sites across the country. Over 52,000 individuals offered to share their stories with us, including the circumstances of what led them to the pantry, kitchen or shelter at which they were interviewed. Their generosity makes it possible for us to better understand who seeks emergency food assistance and why. Secondly, we also asked participating Network Members to mail a survey to each one of their member agencies, yielding over 30,000 responses nationwide. The agency surveys provide information on the services available to low-income Americans, their needs, and their stability. The 2005 data collection instruments were based on the questionnaires used in the 2001 study, revised to reflect the 2001 data collection experience and the needs of the America's Second Harvest Network.

The results of the study are disconcerting: more than 25 million Americans—including 9 million children and nearly 3 million seniors—receive emergency food assistance each year from the America's Second Harvest Network. About 70% of the clients seeking emergency food assistance are living below the federal poverty line, and nearly 40% have at least one adult working in their household. Seventy percent of clients are living in food insecure households and 33% of those clients reported experiencing hunger.

The findings detail the many difficult choices our clients have to make. More than 40% of the clients served report having to choose between paying for utilities or heating fuel and food; 35% had to choose between paying for rent or a mortgage and food; 32% report having to choose between paying for medical bills and food.

Volunteers and faith-based organizations are the lifeline of America's emergency food distribution system. More than 65% of food pantries and 40% of soup kitchens rely entirely on volunteers and have no paid staff. As many as 90% of food pantries, 86% of soup kitchens and 71% of shelters in the America's Second Harvest Network use volunteers. Additionally, nearly 75% of pantries, 65% of soup kitchens, and 45% of emergency shelters are run by faith-based agencies affiliated with churches, mosques, synagogues and other religious organizations.

The research is widely utilized beyond the America's Second Harvest Network. Past studies have been used and cited by government, business, academia, the media and the nonprofit sector. The study findings have been cited as authoritative research by the White House Office of Faith-Based and Community Initiatives, House and

Senate Budget Committees, House and Senate Agriculture Committees, and the Senate Finance and House Ways and Means Committee in various public events and legislative hearings over the last few years. Researchers from across the political spectrum – from The Heritage Foundation to the Urban Institute – have cited our study as an authoritative source on the subject of hunger in America.

For more information on *Hunger in America 2006* and to download the full report, please visit the hunger study website at [www.hungerinamerica.org](http://www.hungerinamerica.org).

## KATRINA

### *Katrina & Rita Aftermath: The Impact on Emergency Food Distribution and Clients*

Knowing that Hurricanes Katrina and Rita had significantly altered the landscape of the Network as well as the face of demand for food assistance, America's Second Harvest sought to quantify such changes. Contracting with noted Chicago-based research firm Leo J. Shapiro & Associates, America's Second Harvest devised a plan to interview clients at food pantries, soup kitchens, and shelters to learn more about the circumstances that led them to seek emergency food assistance and better understand their needs, and to survey provider agencies and food bank representatives to assess how the hurricanes affected service delivery. The end result is an assessment of the impact of Katrina and Rita on charitable food assistance delivery that will enable the America's Second Harvest Network to be even more effective in responding to future disasters.

The primary data sources from which this report draws include<sup>1</sup>:

- Face-to-face interviews with 702 clients of pantries, kitchens, and shelters served by America's Second Harvest Network Members in Tier 1 and Tier 2<sup>2</sup> conducted in November and early December.
- Interviews with directors of 28 of the 39 America's Second Harvest Network Members serving Tier 1 and Tier 2 areas. All four Members in Tier 1 participated in the survey.

### Hunger, Poverty, and Demand for Emergency Food Assistance

Many of those affected by the hurricanes were already the country's most vulnerable citizens. More than 1 million people, or nearly one fifth of the population directly affected by the hurricane lived in poverty.<sup>3</sup> In New Orleans, nearly 50,000 residents lived in neighborhoods where the poverty rate exceeded 40%.<sup>4</sup>

**Clients:** Poor families are vulnerable to disaster, whether it be natural or otherwise. Our study confirmed the statement and found that emergency food applicants were in fact often the poorest of the poor. Households receiving food assistance after Katrina were much needier than households living in Tiers 1-2 as a whole - and were therefore not reflective of the population. Those seeking emergency food assistance had median incomes of \$26,000 compared to \$42,000 for the total area. Among households receiving food assistance, 21% report having household income below \$10,000 – more than twice the percentage found throughout the area (9%).

While many people who sought emergency food assistance were already seasoned clients, surprisingly, many were not. In fact, newcomers account for a healthy percentage of the overall service delivery. Of those receiving food assistance after the hurricanes, about 28% were already receiving food assistance prior to the hurricanes. This indicates that the number of food recipients more than tripled as a result of the hurricanes throughout the affected area.

Because so many people were forced to turn to new means to meet their nutritional needs, overall demand was shockingly high. In areas affected by the hurricanes (Tiers 1 and 2 combined), one of every nine households received food assistance. In total, about 2.3 million households, or 6.4 million people, received food assistance from pantries, kitchens, and shelters.<sup>5</sup>

The increase in demand for emergency food resulting from the hurricanes was much sharper in Tier 1 than Tier 2. In Tier 1, about 13% of post-Katrina food recipients were already receiving food pre-Katrina, indicating a seven-fold increase in food recipients. In Tier 2, 37% received food pre- and post-Katrina, suggesting that food recipients more than doubled.

<sup>1</sup>Agency survey data is not reflected in this summary.

<sup>2</sup>America's Second Harvest has designated the area hardest hit by Hurricane Katrina as "Tier 1." This area consists of central and southern Louisiana and a strip of the Gulf Coast encompassing parts of Alabama, Mississippi, and the tip of the Florida panhandle. This area contains approximately 5.6 million people in 2.1 million households. The New Orleans Metropolitan Area accounts for nearly one-fourth of the Tier 1 population. "Tier 2" refers to areas affected less directly, but still significantly, by Katrina with some parts affected by Rita or Wilma as well. The Tier 2 area includes the portions of Louisiana, Alabama, and Mississippi not included in Tier 1 plus substantial portions of Texas, Arkansas, Tennessee, Georgia, and Florida, and a bit of South Carolina. The Tier 2 area contains about 49.3 million people in 18.6 million households.

<sup>3</sup>Essential Facts about the Victims of Hurricane Katrina," Center on Budget and Policy Priorities, September 2005.

<sup>4</sup>"Katrina's Window: Confronting Concentrated Poverty Across America," The Brookings Institute, October 2005.

<sup>5</sup>The incidence of receiving food assistance was much higher in Tier 1 than Tier 2 (35% vs. 8%). Because the population in Tier 2 is much larger than in Tier 1, the majority – about two-thirds – of those who received food assistance were in Tier 2 (68%).

The drastic spike in demand lasted approximately two months. At the end of October when interviewing began, more than three-fourths (77%) of the new food recipients no longer needed the help. At the same time, nearly as many "new" (post-Katrina) food recipients were receiving food assistance at the end of November as at the end of October.

Many clients still turn to charity to make ends meet. Of those still reliant upon pantries, kitchens, and shelters, two-thirds (65%) were already receiving food assistance prior to Hurricane Katrina.

Children were disproportionately represented in food lines. Households receiving food assistance were more likely to have a child age 12 or younger than all area households (31% vs. 26%).

Additionally, African Americans, already disproportionately affected by poverty, were also disproportionately affected by the hurricanes. At emergency food sites, nearly two in five households (39%) that received food assistance were African American, compared to one in five (20%) living in the Tier 1-2 area overall. This partly reflects the high percentage of African Americans (33%) living in the Tier 1 area, which was hardest hit by the hurricanes.

**Service Providers:** While the consumer surveys measure the number of unique households and individuals who received food assistance since Katrina, interviews with Network Member directors provide a sense of how much the demand for food assistance increased in terms of volume. Half of the Network Members interviewed had an estimate of the percentage increase in the volume of food they distributed after Katrina.

In Tier 1, three of the four Network Members provided percentage increase estimates. Two reported a three-fold increase in pounds distributed since Katrina. The other Tier 1 Network Member reported a ten-fold increase at the peak of the relief effort, tapering off to a 75% increase currently. While recovery efforts continue, many things have not yet returned to normal, including emergency food distribution services.

In Tier 2, eleven Network Members estimated the percentage increase in food distribution following Katrina. In Texas, Alabama and Arkansas, estimates ranged between a 40% increase and a 100% increase in food distributed, with an average increase of about 60%. In Florida, Georgia, and Tennessee, estimates ranged between no change and a 10% increase in pounds distributed, with an average between 4% and 5%.

Entering December, the number of America's Second Harvest Network food recipients in Tiers 1 and 2 remained about 50% above the pre-Katrina level. Clearly, although demand may have decreased in recent weeks, charitable feeding agencies are continuing to see higher than usual levels of demand for service.

The hurricanes truly impacted many agencies' strength and viability. Among pantries, kitchens, and shelters served by America's Second Harvest Network Network Members, 8% to 12% were found to be no longer in operation following the hurricanes. Most of these were in Tier 1, where 34% to 44% of these programs were closed. Four percent to 6% were deemed closed in Tier 2.<sup>6</sup>

Among people who reported receiving food assistance prior to Katrina, 41% reported that the place where they received food was no longer in operation (66% in Tier 1, 36% in Tier 2).

Network Members and agencies, however, adapted as best as possible with new agencies and sites, both temporary and permanent. Interviews with Network Member directors in Tiers 1 and 2 indicate the extent to which they began supplying food to new agencies and how many are temporary as opposed to permanent food providers. The four Tier 1 Network Members reported serving a total of 280 new agencies of which 240 (86%) were temporary disaster-relief programs. The 40 new agencies expected to continue in operation are in the service areas of two of these four Tier 1 Network Members and represent a 5% increase in agencies served, prior to subtracting agencies that have closed due to hurricane damage and other problems.

**Service Delivery:** In spite of insurmountable odds, including physical damage, evacuation of personnel and lost resources, Network Members and agencies did a remarkable job in meeting need. At pantries, kitchens and shelters served by the America's Second Harvest Network, most clients who had received food there both before and after Katrina reported that the amount of food available to them there continued without change (73%); 16% reported a decrease and 7% an increase in food availability, with 4% unsure whether there had been a change. Declines in food availability were reported by 33% in Tier 1 and 14% in Tier 2.

## NETWORK ACTIVITY REPORT (NAR)

Every year, the America's Second Harvest Network collects data from Members on their operations. The results provide a picture of our Network's capabilities, resources and activities.

The Network Activity Report (NAR) comprises information in several sections, including operational statistics, financial reports, performance indicators, and Member profiles. More than 60 different reports provide detail on almost every facet of food bank operations. Distribution of the NAR Executive Summary is primarily to Members of the America's Second Harvest Network; however, the reports are available upon request.

<sup>6</sup>The low end of the range reflects programs confirmed as closed, while the high end includes programs that could not be reached after numerous attempts.

In addition to the Network Activity Report, the America's Second Harvest national office also publishes internally the Compensation and Benefits Report, which tabulates Network averages in terms of Human Resources benefits, as well as salary crosstab analyses of 41 different job types at the Member level.

Although the accuracy of the data within is ultimately the responsibility of each Network Member, during the data collection period, vigorous validation activities were undertaken. After each Member submitted their data, national office staff at America's Second Harvest prepared a report detailing every data item submitted by that Member, and then reviewed that report for any missing or anomalous data. Instances of missing or anomalous data were highlighted in yellow on the report. At this point, the reports were mailed to each individual Member, asking them to complete missing sections, correct anomalous data, and review the entire report for accuracy. Before returning the completed report, three members of senior management staff at the Member site (Executive Director, Chief Financial Officer, and Network Activity Report Coordinator) were asked to sign a statement certifying that they reviewed their data for accuracy and that the data contained within the report were in fact accurate. Signed validation reports are on file at the America's Second Harvest national office.

#### **KIDS CAFE DATA COLLECTION**

Data on Kids Cafe activities are collected on a quarterly basis, using an online questionnaire designed for this purpose. Openings and closings of Kids Cafes, number of children served, types of meals and/or snacks served, including food components, as well as other operational variables, can be analyzed by month.

#### **NATIONAL PUBLIC OPINION POLLING**

Each year, the America's Second Harvest Network commissions an annual public opinion tracking study of hunger in America. These studies uncover the American public's nuanced views on the hunger problem and how best to solve it. Since 2002, the Network has commissioned six public opinion surveys. These surveys were conducted individually by leading public opinion strategists Bill McLaughlin and Leo J. Shapiro and Associates. They consisted of four national tracking polls, two by McLaughlin and two by Shapiro and Associates. In 2002, McLaughlin also conducted a survey of New Hampshire and Iowa primary voters. These surveys have provided the foundation for early trend analysis on the electorate's evolving view of hunger in America.

Voters overwhelmingly support the fight to end hunger, and that support is strengthening. In 2005, a substantial 63.3% of those polled considered hunger a major problem in our country; a 2% increase from the previous year. Similarly, in 2005, 47.9% of those polled said that the hunger problem in America has gotten worse, a dramatic 10.1% increase from when this question was first asked in 2002.

In addition, support for Congressional candidates who work to end hunger is high. A substantial 75.6% of those polled in 2005 stated that they would be more supportive of a congressional candidate who wants to make reducing hunger a higher priority in Congress. While 76.3% of those polled in 2005 would be more supportive of a candidate who would increase funds so that school lunch programs would be available all year, an increase of 2.6% from the previous year. This stands in stark contrast to the meager 7.6% of those polled in 2005 that would be more supportive of a candidate who favored cutting food assistance programs in an effort to reduce the deficit, a decrease of 2.2% from the previous year.

Voters also believe reducing hunger will improve other societal problems, such as rising health care costs or child learning. An overwhelming 91% of those polled in 2005 believe that improving nutrition programs will help low-income children learn in school. While 77.2% of those polled in 2005 believe relieving hunger will reduce the cost of health care.

This data is sure to evolve as the American public becomes more aware of the hunger problem and the issue of hunger cements as a mainstay of debate in the public forum.

## **GOVERNMENT RELATIONS AND PUBLIC POLICY FUNCTIONS**

The Public Policy and Government Relations department actively advocates at the federal and state levels of government on behalf of legislation and policy initiatives to end hunger in America.

#### **FOOD ASSISTANCE PROGRAM ADVOCACY**

The Public Policy and Government Relations department serves an important advocacy role for Network Members, agencies and needy people by working with federal and state government to strengthen and expand the food assistance safety net. The department works collaboratively with other advocacy organizations on issues of shared interest and represents the Network in advocating for effective public sector assistance to low-income people.

For instance, the Illinois “Express Stamps” outreach pilot project, launched in October 2006, is to increase food stamp enrollment among currently nonparticipating low-income individuals. The pilot involves collaboration among the department, the Northern Illinois Food Bank, Illinois Department of Human Services and the USDA Food and Nutrition Service. The project also involves the close partnership of pantries of the Northern Illinois Food Bank as well as volunteers.

Through the Express Stamps project, an applicant will establish an application without contact with the state but instead through the pantry. In Express Stamps, food pantry clients in Illinois who do not currently participate in the Food Stamp Program are invited and encouraged to participate in an application process during their visit to selected pantries. The pantry client may complete an online food stamp application using a laptop computer and with the assistance of a trained volunteer. The application is then immediately transferred to the state via wireless internet technology. The state’s system then determines applicant eligibility and household benefit levels. If eligible, the client leaves the pantry with their inactive electronic benefits transfer (EBT) card and further instructions. The client then places a simple phone call to the state at his or her convenience, and within two days, the EBT card is activated. At that time, the client will be able to use the EBT card for participation in the Food Stamp Program. The state then mails the client a “pin pack” and further instructions and information on the program. Within 45 days, the client may then visit the local food stamp benefits office for a verification of eligibility, and the client will be fully enrolled.

Program evaluation will occur throughout the lifespan of the project and efforts are underway to expand the project from the four pantries where it currently operates to more sites throughout the State of Illinois.

## **FEDERAL FUNDING AND NATIONAL REPRESENTATION**

The Public Policy and Government Relations department advocates for and pursues specific funding requests and regulatory changes, and represents the Network on matters of public policy before government and academic forums. The department provides an important public awareness and education role through Congressional testimony, advocacy and speaking engagements.

## **COMMODITY PROCUREMENT**

The Public Policy and Government Relations department is responsible for procuring federal commodities for Network Members and their agencies, with a special emphasis and expertise in The Emergency Food Assistance Program (TEFAP). Commodities are procured through the annual Federal appropriations process, periodic program reauthorizations, and through direct lobbying of USDA. The department provides technical assistance, problem solving and general advocacy for Network Members in all areas of TEFAP distribution and activity and serves as a national leader in the area of Federal commodities, representing the Network at all levels of government.

## **GOVERNMENT RELATIONS ASSISTANCE**

The Public Policy and Government Relations department proposes and drafts legislation, analyzes policies and programs, and advocates on behalf of America’s Second Harvest Network Members and Member issues before governmental bodies.

## **NETWORK EDUCATION AND ENRICHMENT**

The Public Policy and Government Relations department sponsors an annual National Anti-Hunger Policy Conference with the Food Research and Action Center (FRAC) and the National CACFP Forum, as well as numerous workshops throughout the year. The department raises awareness around the issue of hunger, and elevates the role and work of the Network in food assistance policy. It also works with Network Members in the establishment of state associations.

## **PROBLEM SOLVING AND TECHNICAL ASSISTANCE**

The Public Policy and Government Relations department provides comprehensive problem solving and technical assistance to Network Members in all areas of government policy and regulation. The department has specific expertise in USDA programs with an emphasis on commodity programs, food safety issues and federal program outreach activities.

# GLOSSARY OF TERMS

## BASIC DEFINITIONS

**Food Security:** Access by all people at all times to enough food for an active, healthy life. Food security includes at a minimum: 1) the ready availability of nutritionally adequate and safe foods and 2) an assured ability to acquire acceptable foods in socially acceptable ways (e.g., without resorting to emergency food supplies, scavenging, stealing, or other coping strategies).<sup>7</sup>

**Food Insecurity (low and very low food security):** The availability of nutritionally adequate and safe foods or the ability to acquire acceptable foods in socially acceptable ways is limited or uncertain. Food insecurity as measured in the United States refers to the social and economic problem of lack of food due to resource or other constraints, not voluntary fasting or dieting or because of illness or for other reasons. Although lack of economic resources is the most common constraint, food insecurity can also be experienced when food is available and accessible but cannot be used because of physical or other constraints, such as limited physical functioning by elderly people or those with disabilities.

**Very Low Food Security (food insecurity with hunger):** Food insecurity in the household reached levels of severity great enough that one or more household members were hungry at least some time during the year because they could not afford enough food

**Hunger:** “The uneasy or painful sensation caused by a lack of food, the recurrent and involuntary lack of access to food. Hunger may produce malnutrition over time. . . . Hunger . . . is a potential, although not necessary, consequence of food insecurity.” Unlike food insecurity, which is a household-level concept, hunger is an individual-level concept.<sup>8</sup>

## OVERVIEW OF THE AMERICA'S SECOND HARVEST NETWORK

The America's Second Harvest Network's 206 certified Network Members are regularly monitored by America's Second Harvest national office staff and food industry professionals to ensure compliance with acceptable food handling, storage, and distribution standards and practices. America's Second Harvest Network Members distribute food and grocery products to charitable organizations in their specified areas, as shown on the following page.

Within this system, a number of different types of charitable organizations and programs provide food, directly or indirectly, to needy clients. However, there is no uniform use of terms identifying the essential nature of the organizations. Hunger-relief organizations are usually grassroots responses to local needs. As such, they frequently differ throughout the country and use different terminology. For clarity, the terms used in this report are defined as follows:

**Network Member:** A Network Member (or “Member”) is an organization that operates as a food bank or food-rescue organization that has met all standards of admission into the America's Second Harvest Network.

**Food Bank:** A food bank is a charitable nonprofit organization that solicits, receives, inventories, stores and distributes donated food and grocery products to charitable agencies that directly serve needy clients. These agencies include churches and qualifying nonprofit [Internal Revenue Code 501(c) (3) charitable organizations.

**Subsidiary Distribution Organization (SDO):** SDOs, smaller food banks or larger agencies allied with affiliated food banks, are private, nonprofit, charitable organizations providing important community services. Although some are agencies, all SDOs distribute part of their food to other charities for direct distribution to clients.

**Food-Rescue Organization (FRO):** FROs are nonprofit organizations that obtain mainly prepared and perishable food products from food service organizations, such as restaurants, hospitals, caterers, and cafeterias, and from distributors of fresh fruits and vegetables and distribute to agencies that serve clients.

## GLOSSARY OF TERMS FOR AGENCY TYPE

**Agencies and Food Programs:** America's Second Harvest Network Members distribute food to qualifying charitable agencies, most of which provide food directly to needy clients through food programs. Some agencies operate single-type and single-site food programs, while others operate food programs at multiple sites and sometimes operate several types of food programs.

<sup>7</sup>“Core Indicators of Nutritional State for Difficult-to-Sample Populations.” *Journal of Nutrition*, vol. 120, no. 11S, November 1990.

<sup>8</sup>“Food Insecurity and Hunger in the United States: An Assessment of the Measure (2006).” Committee on National Statistics, Division of Behavioral and Social Sciences and Education.

There are two general categories of food programs that America's Second Harvest Network Members serve: emergency and non-emergency. Emergency food programs include food pantries, soup kitchens, and shelters. Their clients typically need short-term or emergency assistance.

**Emergency Food Pantries/Box**, also called "Food Shelves," distribute non-prepared foods and other grocery products to needy clients, who then prepare and use these items where they live. Food is distributed on a short-term or emergency basis until clients are able to meet their food needs. An agency that picks up boxed food from the food bank to distribute to its clients was included as a food pantry. Excluded from this category is any agency that does not directly distribute food to clients or distributes bulk food only on a basis other than emergency need (such as U.S. Department of Agriculture [USDA] commodities to all people over age 60). On the other hand, a food bank distributing food directly to clients, including clients referred from another agency, qualified as a food pantry.

**Emergency Soup Kitchens** provide prepared meals served at the kitchen to needy clients who do not reside on the premises. In some instances, kitchens may also provide lighter meals or snacks, such as sandwiches, for clients to take with them when the kitchen is closed.

**Emergency Shelters** provide shelter and serve one or more meals a day on a short-term basis to low-income clients in need. Shelter may be the primary or secondary purpose of the service. Examples include homeless shelters, shelters with substance abuse programs, and transitional shelters such as those for battered women.

**Non-emergency Organizations** refer to any programs that have a primary purpose other than emergency food distribution but also distribute food. Examples include day care programs, senior congregate-feeding programs, and summer camps.

**Residential:** A program that provides shelter services and serves one or more meals a day on a long-term extended basis to low-income clients in need until they no longer need the service. Examples include mental health/mental retardation group homes or juvenile probation group homes.

**Day Care (child or adult):** A program that provides at least one of the following types of services:

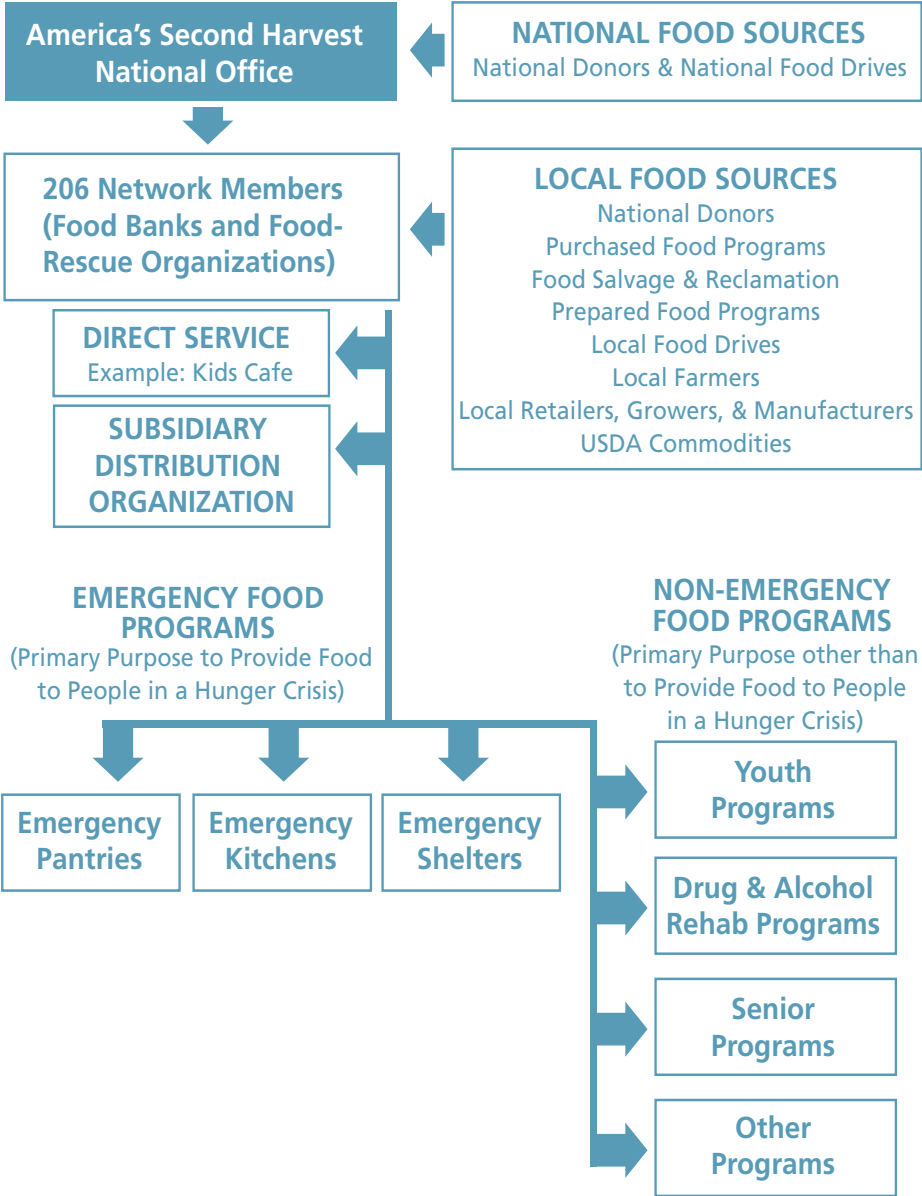
- **Child Care Centers.** Public or private nonprofit child care centers, Head Start programs, and for-profit centers which are licensed or approved to provide day care and may serve meals and snacks to infants and children through CACFP.
- **Family Day Care Homes.** CACFP provides reimbursement for meals and snacks served to small groups of children receiving nonresidential day care in licensed or approved private homes. A family or group day care home must sign an agreement with a sponsoring organization to participate in CACFP. The sponsoring organization organizes training, conducts monitoring, and helps with planning menus and filling out reimbursement forms.
- **After-school Care Programs.** Community-based programs that offer enrichment activities for at-risk children and teenagers, after the regular school day ends, can provide free snacks through CACFP. Reimbursable suppers are also available to children in eligible after-school care programs in seven States: Delaware, Illinois, Michigan, Missouri, New York, Oregon and Pennsylvania.
- **Homeless Shelters.** Emergency shelters which provide residential and food services to homeless families may participate in CACFP. Unlike most other CACFP facilities, a shelter does not have to be licensed to provide day care.
- **Adult Day Care Centers.** Public, private nonprofit, and some for-profit adult day care facilities which provide structured, comprehensive services to functionally impaired, nonresident adults may participate in CACFP.

**Senior:** Senior congregate feeding programs serving primarily low-income people are included in this category as well as senior center congregate feeding programs serving primarily middle- or upper-income people.

**Rehabilitation Centers:** An agency specializing in rehabilitation services ranging from vocational training to life skills improvement. This includes residential and outpatient programs that provide rehabilitation services and nutritious meals to people struggling with substance abuse and those with mental and/or physical disabilities. Many rehabilitation centers provide food packages for clients and their families in addition to job training, empowerment clinics and social service referrals for clients and their families.

**Youth Programs:** Summer camps, official Summer Food Service Programs. Youth programs also include programs for runaway youth and youth considered "at risk" where snacks or afternoon meals are served.

# FLOW OF FOOD



**Multi-Service:** A multi-service agency is one which has multiple programs, often at multiple different sites, all operating simultaneously. The types of programs include any of the other categories on this list.

**Other examples:** An agency that screens clients and refers them to another agency or food bank to pick up non-prepared foods. An agency that distributes bulk food on a basis other than emergency need (such as USDA commodities to all persons over age 60).

## GLOSSARY OF TERMS DEFINING NETWORK MEMBER PROGRAMS

**Basic Food Banking:** A charitable organization that solicits, receives, inventories, and stores donated food and grocery products pursuant to grocery industry and appropriate regulatory standards. These products are distributed primarily to charitable human service agencies, which, in turn, provide the products directly to needy clients through various programs.

**Pantry/Shopping:** A Member allows agencies and/or individuals to select products directly from a display area, such as found in retail grocery stores, and check those products out for distribution at their charitable human service agency.

**Prepared Foods (Food Rescue):** Member program which generally picks up leftover products from restaurants, commissaries, hotels, and the like, and distributes the food to charitable human service agencies.

**Fresh Produce:** Member program which generally picks up produce products from growers, retail stores, grocery distribution centers, and local shippers. Member has adequate cooler capacity for produce storage.

**Fish:** Member program which accommodates the storage and distribution of frozen fish.

**Repack Bulk:** The process of removing a product from one large container (such as a tote) and repackaging it into another, smaller container. Member has appropriate equipment and containers to prepare and handle repacking.

**Brown Bag:** A program that provides boxes or bags of food to needy families. The food is usually distributed to families on an as-needed basis, but some programs provide a regular supply of supplemental food to poor families/ senior citizens via formally organized Brown Bag Clubs.

**Kids Cafe®:** America's Second Harvest's national feeding program developed exclusively for needy children, and administered by a Member or agency.

**BackPack Program™:** A national program in which food is distributed to children and other at-risk populations already packaged in take-home bags for use over the weekend or at other times when feeding programs are not in operation.

**Community Kitchen®:** A national training program which provides culinary and job-skills training to unemployed or underemployed low-income men and women and assist them with job placement. Training is in food safety and sanitation, using a recognized curriculum, and offers the opportunity to take the local health department or ServSafe® certification exam. Food prepared in the program is used to feed the needy with meals prepared by the students.

**Mobile Pantry:** Program run by many Members in which food is loaded onto one of the Member's trucks and is taken to a site for distribution to the needy from the truck itself, from tables set up around the truck, etc.

**Reclamation:** Often operated by or for retail grocery companies, a facility through which all of that chain's returns and damaged product are handled. Each product is scanned to identify manufacturer and product value. Manufacturers are billed for credits on these products and will either pick the product up, request that it be dumped, or release it for donation.

**Salvage:** Processing of product that has been damaged either at the warehouse or retail level. Such product typically passes through reclamation centers. Member has capacity to sort, sanitize and repack such products.

**Purchase Program:** Purchase of food and nonfood by a Member to supplement product available through donations.

**TEFAP Distribution:** A federal program that provides food commodities at no cost to low-income Americans in need of short-term hunger-relief. TEFAP serves the agricultural community by distributing surplus commodities purchased by the USDA from farmers and other producers. TEFAP was created in 1981 with the name "Temporary Emergency Food Assistance Program".

**CSFP Distribution:** A federal program that targets specific at-risk populations. CSFP works to improve the health of low-income pregnant and breastfeeding women, other mothers up to one year postpartum, infants, children up to age six, and elderly people at least 60 years of age.

**Nutrition Education:** Supplementary education on food pyramids, basic cooking skills, shopping techniques, food safety and other topics designed to help clients improve their general nutrition.

**After-School Programs (non Kids Cafe):** Community-based programs that offer enrichment activities for at-risk children and teenagers, after the regular school day ends, can provide free snacks through CACFP. Reimbursable suppers are also available to children in eligible after-school care programs in seven States--Delaware, Illinois, Michigan, Missouri, New York, Oregon, and Pennsylvania.

**Non-Food Distribution (clothing, household goods, etc.):** Non-food products are distributed primarily to charitable human service agencies, which, in turn, provide the products directly to needy clients through various programs.

**Job Training:** A program that provides skills training in order to move more people toward self-sufficiency.

**Legal Assistance:** Free or low-cost legal advice, counseling, or trial services.

**Short-Term Financial Assistance:** Cash or voucher provision to address an immediate financial need.

**Eligibility Counseling for Govt. Programs (WIC, food stamps, etc.):** Service that provides information on available government programs, eligibility criteria, and direction as to how to access services.

**Direct Service:** Programs administered by the Member which directly serves the individual by providing food and grocery products and/or client support services (such as mentioned above), at the Member location, rather than at one of the associated charitable human service agencies.

## LEGISLATIVE LANDSCAPE

### FARM BILL 2007

A farm bill is a collection of new laws and amendments to longstanding laws that sets the overall direction of federal agriculture, nutrition, forestry, and related policies for a specified number of years. Most omnibus farm bills have a 5-7 year life span. These laws make changes (usually temporary) to existing laws or create new programs in response to the economic and political conditions of the time. If the temporary provisions of a farm bill expire, programs revert to the requirements of permanent laws, many of which are anachronistic and largely unworkable (particularly farm commodity programs) or, in the case of programs not permanently authorized (e.g., Food Stamps, TEFAP, CSFP), their funding authority may end.

Many of the provisions of the 2002 Farm Bill (Farm Security and Rural Investment Act of 2002, P.L. 107-171) will expire after 2007. Thus, some action is expected on farm legislation in the 110th Congress.

The 2002 Farm Bill has ten titles:

- Title I – Commodity Programs
- Title II – Conservation
- Title III – Trade
- Title IV – Nutrition Programs
- Title V – Credit
- Title VI – Rural Development
- Title VII – Research and Related Matters
- Title VIII – Forestry
- Title IX – Energy
- Title X – Miscellaneous

The focus of traditional farm bills are farm subsidies and price supports; however, they also have a dramatic impact on the ability of charitable food providers to reach low-income families and individuals. The nutrition title of the farm bill has a direct impact on the recipients of federal nutrition programs specifically through the rewriting and reauthorization of the Food Stamp Program, Commodity Supplemental Food Program (CSFP), The Emergency Food Assistance Program (TEFAP), and the Food Distribution Program on Indian Reservations (FDPIR), as well as related food assistance programs and projects. These federal nutrition programs, which are critical tools in the fight against hunger, are impacted less directly, but no less importantly, by farm support programs that purchase commodities for donation to domestic food programs.

With the exception of the CSFP and the storage and distribution cost component of TEFAP, all farm bill domestic nutrition assistance programs are treated as mandatory entitlements for budget purposes. Altogether they made up a significant portion -- approximately \$34 billion -- of the USDA's budget in FY 2005.

## **TRANSPORTATION TAX CREDIT**

While the food donation provision in Internal Revenue Code Section 170(e)(3) helps provide economic incentive for food donors, unfortunately many times the hidden costs associated with food donation exceed the benefits. The "donate or dump" dilemma is one faced by many food donors, ranchers, small businesses and corporations. One of the major costs associated with donating food is that of transportation.

Under current tax law, when a company donates an in-kind good such as food to a food bank, they are eligible to receive a deduction for contributions of food inventory under Sec. 170(e)(3) of the Internal Revenue Code. Congress created the deduction in the Tax Reform Act of 1976 to provide a special incentive for the donation of food and other in-kind goods to charities that serve the ill, the needy or infants. The deduction allows a company to deduct the cost (or basis) of the donated product and up to ½ the mark-up of the product's fair market value (FMV), not to exceed twice the cost.

There is currently no favorable federal tax treatment that assists in the transportation of donated food inventory. This, combined with the current limited food donation provision under Section 170(e)(3), can be an insurmountable hurdle to companies wanting to donate excess food inventory.

In the 108th Congress, Senator Elizabeth Dole (R-NC) introduced the Hunger Relief Trucking Tax Credit Act (S. 2494). The legislation was designed to spur private donations of food to thousands of local hunger-relief charities across the nation through equitable changes to the tax code. The legislation would allow a tax credit for the cost of transporting food to assist hunger-relief efforts of certain charitable organizations. While the legislation garnered several co-sponsors in the Senate, it did not receive consideration by the tax writing committees. At the start of the 109th Congress, Senator Dole reintroduced the proposal as S. 283, and Representative James McGovern (D-MA) followed in the House with H.R. 1954. The legislation was estimated by the Joint Committee on Taxation to cost \$55 million over ten years.

The Dole/McGovern legislation would provide a tax credit for the transport of donated food inventory for the needy. The bill would provide a \$.25/mile tax credit for the cost of transporting food to a 501(c)(3) organization. Under the bill, the credit would be allowed when a taxpayer uses a "qualified" truck with a capacity of not less than 1,760 cubic square feet, if the truck is owned, leased or operated by the taxpayer and is ordinarily used for hauling property in the course of business. To receive the credit, the taxpayer must not be compensated for moving the donated food and must use at least 50% of the hauling capacity to move the donation.

In providing a tax credit for the transport of donated food inventory, the Hunger Relief Trucking Tax Credit Act would allow businesses to recoup transport costs associated with donating food inventory. America's Second Harvest – The Nation's Food Bank Network estimates that in 2005, Members spent over \$18 million in transportation costs associated with moving donated food inventory to food pantries, soup kitchens and other local anti-hunger charities.

## **AGRICULTURAL APPROPRIATIONS**

Federal food and nutrition programs are funded under annual agriculture appropriations laws. Funding is divided between mandatory and discretionary programs. Mandatory programs are those in which the amount of funding is determined by an authorizing statute that establishes a benefit that is guaranteed to every eligible applicant, with no limit on benefits or participation. Appropriators have little or no control over how much is spent on mandatory programs. This is driven by economic or other uncontrollable forces affecting eligibility and benefits. Food stamps and school lunch programs are two examples of mandatory spending programs. Mandatory programs make up the largest proportion of the Food and Nutrition Service budget.

Funding for discretionary programs is controlled by annual appropriations. That is, the beneficiaries and benefits of a discretionary program are not guaranteed by statute, but rather determined by how much is appropriated for the program. In general, appropriators may fund discretionary programs at whatever level they choose, although they may not exceed an authorization level if it is set in the authorizing statute. They can, however, fund such a program at a lower amount than is authorized, or not fund it at all. Discretionary programs in

Food and Nutrition Programs include the Special Supplemental Nutrition Program for Women, Infants and Children (WIC), the Commodity Supplemental Food Program (CSFP), and a portion of funding for The Emergency Food Assistance Program (TEFAP).

Normally, appropriators look to the previous year funding level of a discretionary program when deciding on spending for it in the coming year. This serves as a baseline for measuring new discretionary spending, and is used by House and Senate Budget Committees in determining the overall spending targets they will set for discretionary spending in their respective chambers' budget resolutions.

Under Congressional budget procedures, House and Senate Budget Resolutions set targets for spending that, if exceeded, may trigger reconciliation instructions to committees to cut funding (in the case of discretionary programs), or makes changes to authorizing laws that lessen program costs (in the case of mandatory programs). Budget resolutions have no force in law, but rather serve as guides to spending that can be enforced by congressional budget procedures (e.g., by holding back consideration of bills that exceed budget targets). These budget rules can be waived and often are.

On December 9, 2006, the President signed the third continuing appropriations resolution (P.L. 109-383) for FY 2007 since the beginning of the fiscal year on October 1, 2006. This legislation funds through February 15, 2007, the programs in nine separate appropriations bills that were not completed before the adjournment of the 109th Congress.

Among the legislation incorporated into the short-term Continuing Resolution (CR) are appropriations for the U.S. Department of Agriculture (USDA), which include funding for food and nutrition programs. The continuing appropriations law calls for funding discretionary programs at the lowest of: (1) FY 2006 funding, (2) Senate-passed FY 2007 funding, or (3) the House passed funding for FY 2007. This means that discretionary nutrition programs like the Commodity Supplemental Food Program (CSFP), The Emergency Food Assistance Program (TEFAP) and the Special Supplemental Nutrition Program for Women, Infants and Children (WIC) will be funded at their FY 2006 level. This does not include the "emergency" disaster funding (\$4 million for CSFP and \$6 million for TEFAP) added under an emergency supplemental passed earlier for Gulf Region hurricane relief.

This short term continuing resolution leaves it up to the 110th Congress to decide on the full year funding level for food and nutrition programs in FY 2007. Early reports from House and Senate leaders indicate that rather than re-legislating each of the nine unfinished FY 2007 appropriations bills, the new Congress will enact a continuing resolution for the duration of FY 2007. This legislation will incorporate funding for all of the programs left unfunded after February 15 under the previous continuing resolution.

Appropriations Committee chairs, Senator Byrd and Representative Obey, have indicated that some adjustments to the previous CR will be made to address important policy priorities without defining these priorities. Presumably there will be some additional funding but it is not clear where this will go. Generally, appropriation subcommittees submit requests to the full Committee for additional funding. This process may be somewhat constrained for the FY 2007 full year legislation, because many in the leadership are anxious to wrap up this legislation quickly so they can move onto the next budget and annual appropriations bills.

Among the issues for FY 2007 funding of nutrition programs is the shortage of commodities and funds to maintain the CSFP caseload. If the funding level for this program in FY 2007 is kept at the FY 2006 level of \$108.3 million (rather than the \$118.3 million approved by the House passed FY 2007 agriculture appropriation) it will be insufficient to meet the higher costs of the program. The higher costs are due primarily to declining USDA commodity inventories and donations, rising fuel, transportation and food costs, and overall inflation.

The frozen funding level will mean significant reductions in CSFP caseload and participation, and will primarily affect needy seniors (who make up the largest proportion of CSFP) because the law requires that needy mothers and children be given first priority for service.

Failure to continue the \$4 million in funding for the 24,500 caseload slots added as part of the Katrina emergency relief package will also mean the loss of these slots and removal of all of these participants from the program. Most of those losing program benefits will be in Texas, where 19,000 caseload slots were added in 2006 to help relocated hurricane victims.

The FY 2006 funding freeze and absence of continued Katrina relief funding in FY 2007 will also affect The Emergency Food Assistance Program (TEFAP), which received an additional \$6 million in commodities to help with food relief efforts in the Gulf Region. The freeze on funding and loss of Gulf region emergency assistance will add to the stress already being encountered by food pantries, soup kitchens and other emergency feeding agencies because of declining USDA commodity donations, rising fuel, energy, and transportation costs, and overall inflation.

Finally, if the Congress approves a freeze on funding for these programs at the FY 2006 level, it will establish baseline spending levels that will make it more difficult to achieve funding increases in FY 2008 that are sufficient to recapture the losses experienced in FY 2007.

#### **GOOD SAMARITAN HUNGER RELIEF TAX INCENTIVE ACT (GOOD SAM ACT)**

With the passage of the Tax Reform Act of 1976 (Public Law 94-455), Congress sought to enhance charitable giving by providing an enhanced deduction for contributions of food inventory (Internal Revenue Code Section 170(e)(3)).

The contribution must be made to a qualified 501(c)(3) organization for the care of the ill, needy, or infants. For qualified contributions, C corporations could deduct the basis (cost) of the item donated plus ½ of the fair market value appreciation [Note: Fair Market Value appreciation is calculated by deducting the basis (cost) of the item from the Fair Market Value that it would be sold at in the private market]. The amount to be deducted must not exceed twice basis (cost).

The enhanced food donation provision has been popular among corporations giving in-kind donations. A survey of giving among the 50 most generous corporations in 1999 found that giving as a percentage of profits is higher among food companies than other corporate givers on the list.<sup>9</sup> In-kind donations of food played a large part in increasing charitable giving for food related corporations. According to the survey, the vast majority of all of the companies with greater in-kind giving than cash took advantage of the enhanced donation deduction.

Despite the statistical evidence that corporations are participating in the food donation deduction, disputes with the IRS over what constitutes fair market value of unsaleable food continue. In a well known dispute with Lucky Stores, the IRS ruled that the retail value of donated four day old bread was half the normal retail price since the industry practice was to discount four day old bread for sale. The Tax Court subsequently ruled that that the value of surplus bread inventory donated to a charitable organization was the same as the full retail value of the bread.<sup>10</sup> The Tax Court ruling contradicts regulations issued by the IRS and has led to uncertainty among some food donors.

In the wake of Hurricane Katrina in 2005, Congress temporarily extended the special enhanced food donation provision to all business taxpayers—not just C corporations—in the Katrina Tax Relief Act of 2005 (Public Law 109-73). The provision expired at the end of 2005. In 2006, Congress passed the Pension Protection Act of 2006 (Public Law 109-280), which again temporarily extended the food donation deduction to all business taxpayers for food donated in 2006 and 2007.

The extension of the food donation provision to all business taxpayers is estimated by the Congressional Joint Committee on Taxation to result in an additional \$250 million of food donated in 2006 and 2007, which, America's Second Harvest calculates, will provide approximately 130 million new meals to hungry Americans. The food donation calculation can be determined by adding the taxpayer's basis (cost to produce the item) to half of the fair market value appreciation. A donation of bread that has a fair market value of \$10 and a basis of \$4 would result in a deduction of \$7 (\$4 basis + \$3 (FMV appreciation is \$6)).

On February 27, 2007, Senators Richard Lugar (R-IN) and Blanche Lincoln (D-AR) introduced bipartisan legislation, the "Good Samaritan Hunger Relief Tax Incentive Extension Act," (S. 689) which would permanently expand the food donation provision to ALL business taxpayers and would allow donors to deduct the full fair market value of food donated. The proposal would also codify the Lucky Stores Tax Court ruling that allows the donor, with substantiation, to determine the fair market value of his/her food donation. This bill has enjoyed strong bipartisan support in the Congress and was included in the last six of President George Bush's annual budget requests. America's Second Harvest will work to enact the remaining provisions of the Good Samaritan Hunger Relief Tax Incentive Extension Act in the 110th Congress.

<sup>9</sup>Tamra Rave, Sally Schultheiss, and Sarah Bright. "The 50 Companies That Gave the Most." *Worth*, vol.9, no. 11 (Dec./Jan. 2001), pp. 106-111, 114-115.

<sup>10</sup>Lucky Stores, Inc. v. Commissioner, 105 T.C. 420 (1995).