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Exports in South Dakota's Agricultural Economy

Arthur B. Sogn
South Dakota State University

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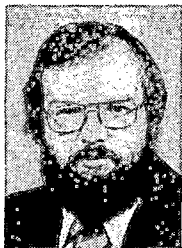


Economics Newsletter

Editor:
Donald C. Taylor

Economics Department South Dakota State University Brookings, S.D. 57007 (605) 688-4141

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Domestic Food Assistance Programs

by J. Dean Tucker
Assistant Professor
Economics Department

The current U.S. domestic food assistance programs are intended to improve the nutritional status of low income individuals and families, enhance the public understanding of proper human nutrition, and promote domestic consumption of certain agricultural commodities. The food assistance programs have evolved considerably over time, with the present programs involving: (1) the distribution of food via purchase vouchers and stamps rather than in-kind; (2) a greater emphasis on nutritional education within individual programs; (3) the replacement of state and local with national regulations on eligibility and benefits; and (4) the shifting from diet supplementation to the provision of balanced meals, especially in the child nutrition programs.

The U.S. domestic food assistance programs, as administered by the United States Department of Agriculture (USDA), cover four program areas: food supplements, nutrition, commodity distribution, and food service equipment assistance. In this paper, current domestic food assistance programs are reviewed and possible directions for these programs in the 1980's are indicated.

Food Assistance Programs

During the 1970's, total federal expenditures for all domestic food assistance programs increased from \$1.5 billion to \$10.5 billion. The largest expenditure for any one program--\$6.5 billion in 1979--was for food stamps. In 1979, more than 50 participating

units were involved in U.S. domestic food assistance programs, with the largest number of participants being in the School Lunch Program.

South Dakota citizens received \$36.2 million in Federal food assistance revenues in 1980. In this same year, 210,288 participating units in South Dakota were involved in public food assistance programs. The largest dollar amounts of South Dakota food assistance are for food supplements and nutrition. The nutrition programs involve the largest number of participants.

Food Supplements. The food supplement programs provide assistance to low income families and individuals to purchase more nutritious and larger amounts of food. The major food assistance program, enacted in 1964, is the Food Stamp Program. Only those families with less than a certain minimum income are eligible to participate in this program. In 1980, 45,813 South Dakota households were participants, receiving \$17.7 million of assistance (an annual average of \$385 per participating household).

Nutrition. The major nutrition programs cover supplemental food for women, infants, and children; reduced-price school breakfasts and lunches; special milk distribution; child-care food; and summer food service for children. To be eligible to receive these program benefits, families must have less than minimum specified income-levels and distributing institutions must meet minimum nutritional requirements. These programs provided 152,831 South Dakota participants with \$15.5 million of assistance in 1980.

Commodity Distribution. The aim of the Commodity Distribution Program is to distribute surplus perishable, nonbasic agricultural commodities, e.g., milk and butter. The primary recipients of this

program are institutions, especially schools. Through this program \$3.0 million worth of commodities were distributed in South Dakota in 1980.

Food Service Equipment Assistance.

Through the Food Service Equipment Assistance Program, schools in rural and low-income areas which lack the equipment to provide nutritious meals for their children can upgrade their equipment with a 75% federal subsidy. Under this program in 1980, \$20 million was appropriated by the U.S. Congress.

Food Assistance in the 1980's

The eligibility requirements and levels of program benefits with U.S. domestic food assistance programs are influenced directly by political factors and economic conditions. At this time, it appears that the total real dollar volume of food assistance in the U.S., especially in the Food Stamp Program, may be decreased. The Federal Office of Management and Budget is considering a 25% reduction in the food assistance programs, notably food stamps, by fiscal year 1982. The chair-

man of the Senate Agriculture Committee has gone further by proposing a 40% reduction in U.S. domestic food assistance. The Secretary of Agriculture has also concurred in a need to cut domestic food assistance programs, indicating this as one of his four major areas of budget cutting. If this reduction is to be accomplished, the eligibility requirements for participation in the food programs will likely be tightened. However, a continuation of inflation and high unemployment into the 1980's could limit the political feasibility of such changes. It is also likely that the nutritional programs, especially those involving school children, will be continued, although very recently there are indications that support for these programs could be reduced as well.

Another significant development which might appear in the 1980's is a shifting of some food assistance responsibilities from the federal to the state and local levels. Nevertheless, the federal government is likely to continue as the dominant factor in U.S. domestic food assistance programs.

1981 AGRI-BUSINESS DAY

When: Monday, March 30th

Where: Staurolite Inn, Brookings

Theme: Coping with Inflation in the 1980's

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