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Food Stamp Increases Begin Flowing to Floridians, Providing Boost to Economy

More than 1.8 million Floridians will receive an increase in food stamps Wednesday as part of the federal economic stimulus, generating about \$380 million in economic activity in the state in the next six months, according to the Florida Center for Fiscal and Economic Policy.

“This federal money will help Floridians put food on their tables and also boost our economy during this deep recession,” said John C. Hall, executive director. The Florida Center for Fiscal and Economic Policy is a nonprofit organization providing research on state economic policies affecting low- and moderate-income Floridians and small businesses.

Food stamp benefits will go up by about \$20 to \$24 per person per month, starting April 1. All food stamp households will benefit. The Florida Department of Children and Families reported a food stamp caseload of 1,863,588 in February – 31 percent more than in February 2008.

Nationally, more than 75 percent of all food stamp recipients are in families with children and almost one-third are seniors or people with disabilities, Hall said.

The Agriculture Department estimates that every \$1 in food stamps expands the economy by \$1.84. The estimated \$34 million in additional food stamp funding in Florida in April therefore will generate about \$63 million in economic activity. The \$206 million in increased expenditures from April through September will result in a \$380 million boost to Florida’s economy, Hall said.

The food stamp increase is part of the American Recovery and Reinvestment Act, designed to stimulate the economy by bolstering consumption by individuals, businesses, and government. Experts agree that food stamps are one of the most effective forms of economic stimulus available because low-income people generally spend (rather than save) their available resources to meet basic needs such as shelter, food, and transportation.

The extra spending from the added food stamp benefits will ripple through the entire economy, Hall said. When a family uses its benefits to buy at a local store, the money helps the store pay employees and suppliers, who are able to continue making their own purchases.

Nearly nine out of ten households that receive food stamp benefits have incomes below the poverty line, Hall said. About 40 percent have incomes below half of the poverty line, which is about \$8,800 annually for a family of three.

Other Stimulus Funds Available in Florida

Hall said that other federal funds are beginning to flow into Florida from the stimulus. For example, unemployed Floridians are now receiving an extra \$25 per week in unemployment compensation.

The stimulus act also provides additional funding to states that modernize their unemployment compensation systems to cover additional groups of workers, most of whom have low incomes. The FCFEP has recommended that the Legislature make the necessary changes, which would result in an additional \$443 million in federal funding for Florida unemployed workers. Every dollar spent in unemployment benefits generates \$2.15 in economic activity, according to a U.S. Department of Labor study.

Workers also will receive a boost in their paychecks by April 1 from the \$400-per-person tax credit included in the federal stimulus legislation. The credit is available to those earning \$95,000 or less or married couples with earnings of \$190,000 or less.

In addition, the federal stimulus provides funding to the State of Florida for Medicaid, transportation and other programs. The state also is awaiting federal approval of its bid for education funding in the stimulus package. The Center has recommended that the Legislature maximize the use of those funds, along with modernizing Florida's tax structure, to close a budget gap for the fiscal year beginning July 1.

"Federal funding from the stimulus helps hundreds of thousands of Floridians directly and stimulates the state economy," Hall said. "We can also use other stimulus funding to help us fund vital services until the recession ends and modernization of our revenue system is in place," he said.