

Feeding Inflation

President Biden's Unlawful Food Stamp Expansion is Costing Taxpayers and Consumers Billions... **and Congress Can Stop It**



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FGA

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TheFGA.org/research/congress-could-save-repealing-bidens-unlawful-food-stamp-expansion

KEY FINDINGS



IN 2021, THE BIDEN ADMINISTRATION RUSHED THROUGH A 27 PERCENT HIKE TO FOOD STAMP BENEFITS—THE LARGEST PERMANENT INCREASE IN THE PROGRAM'S HISTORY.



MONTHLY FOOD STAMP SPENDING MORE THAN DOUBLED BETWEEN 2019 AND 2022, REACHING RECORD HIGHS.



FOOD STAMP SPENDING FUELS INFLATION, DRIVING UP GROCERY PRICES FOR ALL AMERICANS.



GROCERY PRICES HAVE RISEN BY AT LEAST 15 PERCENT DUE TO INCREASES IN FOOD STAMP SPENDING.



CONGRESS COULD SAVE TAXPAYERS MORE THAN \$193 BILLION BY REPEALING PRESIDENT BIDEN'S UNLAWFUL FOOD STAMP EXPANSION.

THE BOTTOM LINE:

CONGRESS SHOULD REPEAL PRESIDENT BIDEN'S UNLAWFUL FOOD STAMP EXPANSION AND REQUIRE CONGRESSIONAL APPROVAL FOR ALL FUTURE COSTLY EXECUTIVE ACTIONS.

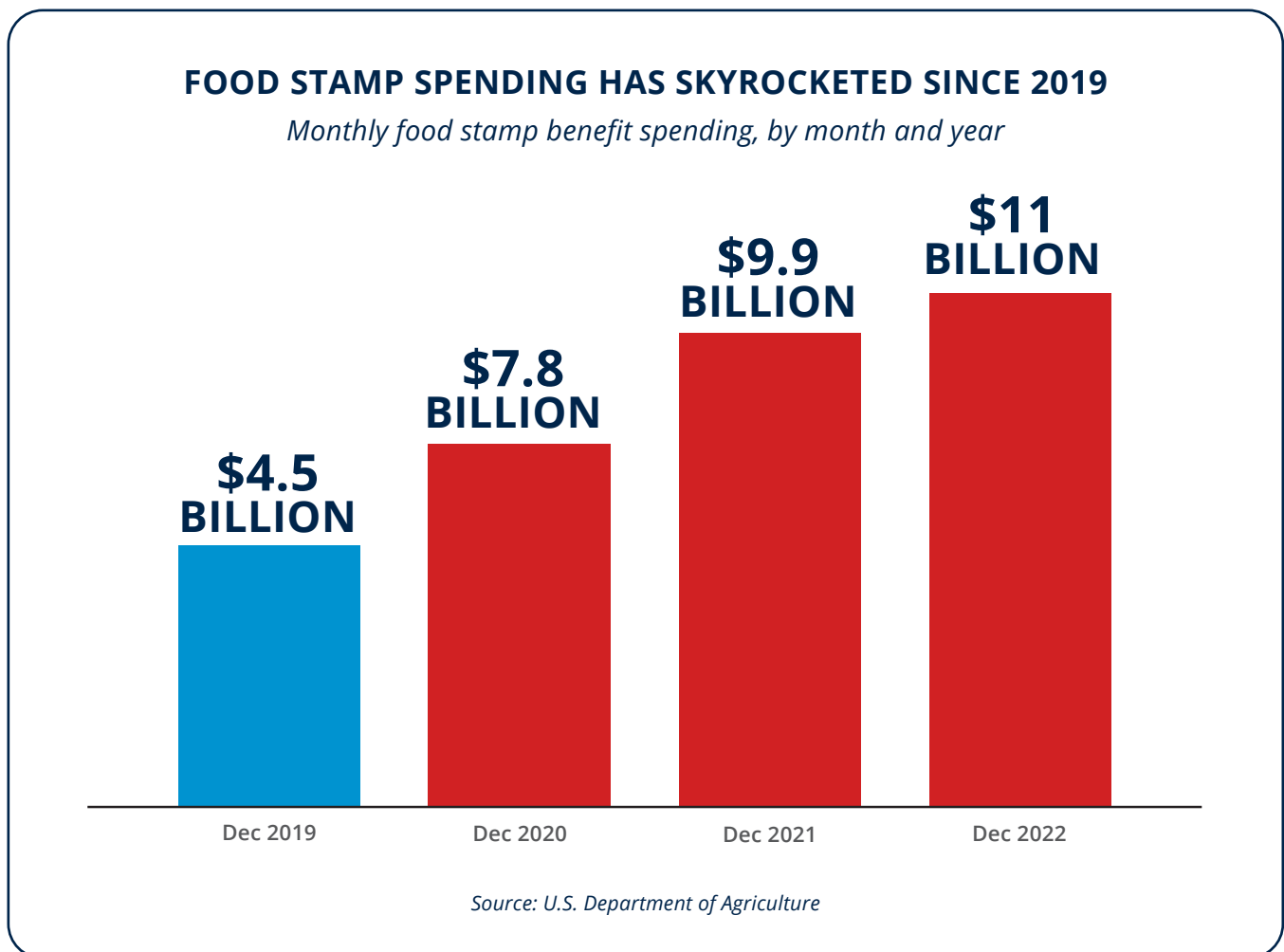
Overview

In 2021, the Biden administration rushed through the largest permanent increase in food stamp benefits since the program was created, hiking benefits by an average of 27 percent.¹ The U.S. Department of Agriculture (USDA) violated internal control standards, canceled formal peer-review processes, and even ignored its chief economist to expedite the expansion.²

This unlawful expansion—which bypassed Congress—will cost taxpayers \$250 billion over the next decade and has heavily contributed to soaring grocery prices.³ Congress should repeal President Biden’s unlawful food stamp expansion and ensure this type of executive overreach cannot happen again. In doing so, Congress could save taxpayers more than \$193 billion over the next decade.

Food stamp spending has exploded in recent years

Food stamp spending reached a record-high \$119 billion in 2022, a sixfold increase over the last two decades, with the vast majority of that growth occurring in the last three years.^{4,5} In December 2019, for example, taxpayers were spending roughly \$4.5 billion per month on food stamp benefits.⁶ But by December 2022, monthly food stamp spending had skyrocketed to nearly \$11 billion.⁷



Much of this spending increase stemmed from the federal “emergency allotment” policy—through which all households received the maximum monthly benefit, or more in some cases—while some of the increased food stamp spending is due to higher enrollment levels.⁸ **But most of the higher spending stems from permanent benefit increases driven by USDA officials.**⁹

Thankfully, the emergency allotments expired at the end of February 2023.¹⁰ But despite that expiration, food stamp spending remains elevated—sitting at \$8.6 billion in March 2023.¹¹ Worse yet, the Congressional Budget Office estimates that food stamp benefits will cost taxpayers nearly \$1.1 trillion over the next decade—a record high.¹²

President Biden’s unlawful food stamp expansion is driving skyrocketing spending

On his first day in office, President Biden appointed Stacy Dean to serve as the Deputy Under Secretary for USDA’s Food, Nutrition, and Consumer Services, the agency that oversees the food stamp program.¹³ In 2022, he nominated her for promotion to Under Secretary, though she has yet to be confirmed by the U.S. Senate.¹⁴

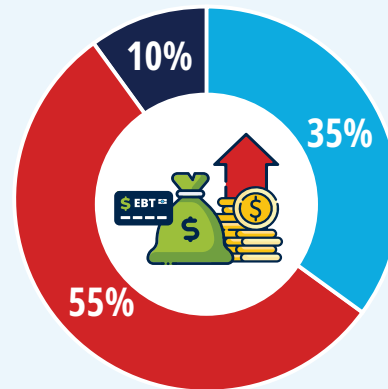
Before joining the Biden administration, Ms. Dean worked in the Clinton administration and at the far-left Center on Budget and Policy Priorities, where she spent years lobbying for food stamp expansions—including proposals to increase food stamp benefits by changing the Thrifty Food Plan.¹⁵ Having failed to get congressional approval to increase food stamp benefits, Ms. Dean and bureaucrats under her direction moved forward with a plan to unilaterally expand the program through a backdoor: reevaluating the Thrifty Food Plan.¹⁶

Ultimately, this pet project turned into the single largest food stamp expansion in the history of the program, expanding benefits by an average of 27 percent in 2022.¹⁷ This expansion will cost taxpayers up to \$250 billion over the next decade, assuming bureaucrats do not unilaterally and unlawfully expand benefits again during the next reevaluation.¹⁸

Between June 2020 and May 2021, USDA reported that the cost of the Thrifty Food Plan grew by just one percent—in line with growth for the other food cost plans.¹⁹⁻²¹ But USDA changed the Thrifty Food Plan entirely for June 2021, giving it a single-month jump of more than 21 percent—the equivalent of a 932 percent annual inflation rate.²²⁻²⁴

PERMANENT BENEFIT INCREASES HAVE DRIVEN FOOD STAMP SPENDING HIKES

Share of cost growth between December 2019 and December 2022, by cause



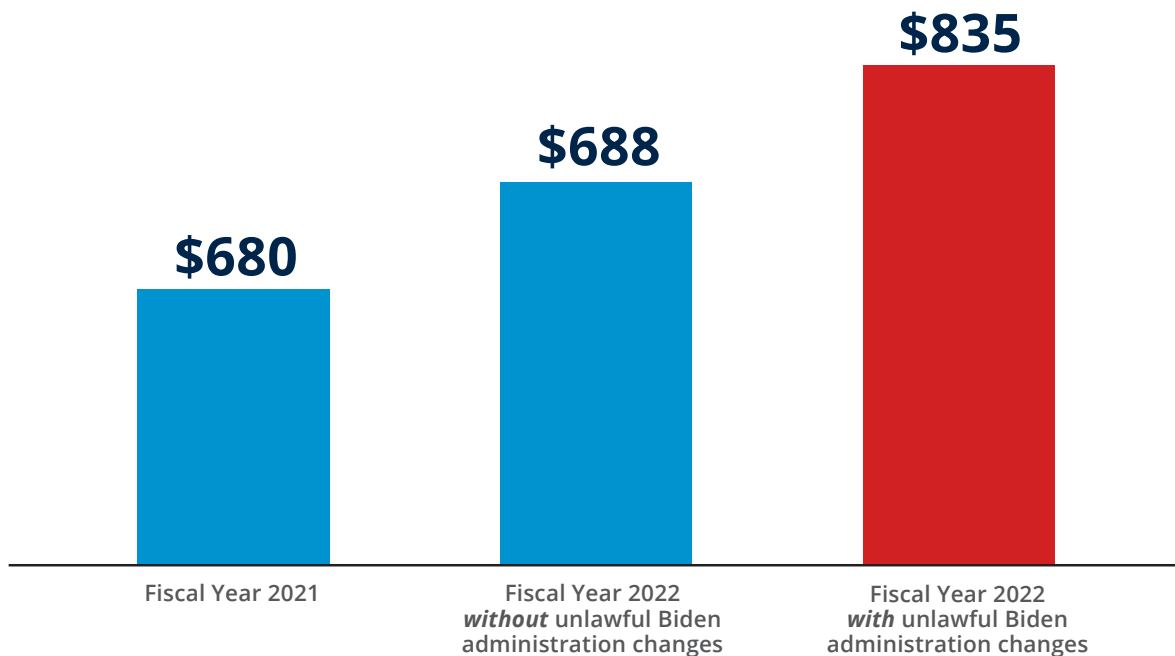
- Higher Enrollment
- Emergency Allotments
- Permanent Benefit Increases

Source: Author's calculations

Although food stamp benefits would have risen somewhat due to inflation, 95 percent of the 2021 changes were the direct result of President Biden’s unlawful changes to the Thrifty Food Plan.²⁵

PRESIDENT BIDEN’S UNLAWFUL FOOD STAMP EXPANSION ACCOUNTS FOR MOST OF THE BENEFITS HIKE

Maximum allotment for a reference family of four, by fiscal year and scenario



Source: Author's calculations

USDA cooked the books to expand food stamps

In her quest to rush through this massive welfare expansion, Ms. Dean and others in USDA leadership abandoned the department’s 45-year cost neutrality requirement, violated internal control standards, canceled formal peer-review processes, ignored the department’s chief economist, and forced the reevaluation team to cut corners and ignore best practices to meet Ms. Dean’s accelerated timeline.²⁶

Although federal law requires agencies to submit reports on proposed rule changes to Congress and the Government Accountability Office (GAO) before they become effective, USDA withheld this information and unlawfully implemented the change before Congress could review and vote on it.²⁷ By the time GAO was able to review the matter in July 2022, USDA had already paid out billions of dollars in benefit increases.²⁸

Food stamp spending increases drive up inflation

Taxpayer spending on food stamps contributes to higher inflation, leading to higher grocery prices for all. Researchers at the World Bank reviewed more than a decade of retail scanner data before and after the Great Recession to measure the impact food stamp spending has on food prices.²⁹ Their review included 2.6 million barcodes with data from more than 20,000 stores, comprising roughly half of all sales at U.S. grocery stores.³⁰

That research found that a one percent increase in per-capita food stamp benefits increased grocery store prices by 0.08 percent.³¹ Put another way: Food prices increase by one percent for every 12.5 percent increase in food stamp spending.

Between December 2019 and March 2023, food prices grew by a staggering 23 to 24 percent.³²⁻³⁵ Some grocery prices have risen even faster. The price of margarine, for example, has grown by more than 59 percent, egg prices have skyrocketed by 54 percent, and frozen vegetables now cost nearly 36 percent more than they did in 2019.³⁶⁻³⁹

Food stamp spending hikes could account for at least two-thirds of that increase.⁴⁰ Per-capita food stamp spending grew by more than 90 percent between December 2019 and March 2023—even after the pandemic-related emergency allotments expired.⁴¹⁻⁴³ After accounting for emergency allotments and pandemic EBT programs, total food stamp spending had nearly tripled while those programs were in effect.⁴⁴ This suggests food stamp spending increases fueled grocery price increases of more than 15 percent.⁴⁵⁻⁴⁶

Repealing President Biden’s unlawful food stamp expansion would save taxpayers more than \$193 billion

Food stamp spending is projected to cost taxpayers more than \$1 trillion over the next decade.⁴⁷ Rolling back President Biden’s unlawful food stamp expansion could provide significant relief for taxpayers, saving \$193 billion over that same budget window.⁴⁸⁻⁵⁰

CONGRESS COULD SAVE TAXPAYERS MORE THAN \$193 BILLION BY ROLLING BACK PRESIDENT BIDEN’S UNLAWFUL FOOD STAMP EXPANSION

BUDGET INFORMATION <i>by Fiscal Year, Billions of Dollars</i>	2024	2025	2026	2027	2026	2027	2028	2029	2029	2030	2024-2033
BASELINE TOTAL BENEFITS <i>Budget Authority</i>	109.4	111.0	109.4	110.5	109.1	108.4	108.1	108.1	111.4	111.6	1,096.9
INCREASES OR DECREASES (-) IN DIRECT SPENDING <i>Estimated Budget Authority</i>	(\$19.3)	(\$19.5)	(\$19.3)	(\$19.4)	(\$19.2)	(\$19.1)	(\$19.0)	(\$19.0)	(\$19.6)	(\$19.6)	(\$193.1)

Source: Authors' Calculations

THE BOTTOM LINE: Congress should repeal President Biden’s unlawful food stamp expansion and require congressional approval for all future costly executive actions.

Congress should repeal President Biden’s unlawful food stamp expansion and codify a statutory requirement that all Thrifty Food Plan reevaluations be cost neutral to prevent future bureaucrats from engaging in the same lawless behavior. By rolling back President Biden’s food stamp expansion, Congress could save taxpayers more than \$193 billion over the next decade. Likewise, Congress should require that bureaucrats receive congressional approval for all costly executive actions before those actions take effect.



Congress should require that bureaucrats receive congressional approval for all costly executive actions before those actions take effect.



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