

Attachment 2C(1)

**Explanatory Note for Food and Nutrition Service (FNS) Report
November 5, 2010**

The U.S. Department of Agriculture (USDA), Food and Nutrition Service (FNS) is providing to the Council on Environmental Quality our Section 1609(c) report for the American Recovery and Reinvestment Act (ARRA), through the period ending September 30, 2010.

The enclosed report lists the four FNS program areas that received funding under the ARRA. Each of these areas has a unique Treasury Appropriation Fund Symbol, as required by the Act. As noted in our report, USDA Departmental Regulations implementing the National Environmental Policy Act state that FNS programs are categorically excluded as shown in Section 1.b.4.

In this report the total amount appropriated for Supplemental Nutrition Assistance Program (SNAP) dollars is \$15,976,176,196. This amount represents the amount of funds apportioned by OMB in fiscal years 2009 and 2010 for the SNAP. Appropriation amount apportioned for FY 2009 was \$5,194,657,000; appropriation amount apportioned for FY 2010 was \$10,781,519,196. Funding for SNAP benefits provided under ARRA reflects the unique manner in which the Act authorized these funds. Rather than designate a specific measurable amount to augment regular SNAP benefits, the Act increased the value of SNAP benefits by 13.6% over the June 2008 value of the Thrifty Food Plan. The increase in benefits provided by the Act was an open-ended authorization, intended to make additional funds available for use up until the gap created between the June 2008 Thrifty Food Plan and the 13.6% increase was closed. A perhaps unforeseen consequence of the wording of the legislation is that the amount of additional funds needed to close the gap created will fluctuate with changes in food costs. After passage of the ARRA food costs actually went down, which resulted in widening the gap. As a consequence, an estimate of the total amount of ARRA funds necessary to reach the "floor" established by the Act increased from around \$20 billion at the time the Act was signed into law to a current estimate of around \$58.7 billion. Future changes in the cost will continue to revise this amount downward or upward. As food costs rise, the gap will decrease; as they drop the gap will grow in size. Estimates of total funding necessary are only accurate as of the conditions that exist at the time the estimate is made.

In the last quarter of FY 2010, \$28 million in Special Supplemental Nutrition Program for Women, Infants and Children (WIC) contingency funds were re-programmed for use in the Commodity Assistance Program (CAP). As a result, obligations increased in CAP by a similar amount. Obligations for the WIC Program increased by \$2.5 million due to obligating previously recovered State grant funds. FNS's obligations increased by \$18,979,180,132 from the 6th reporting period, to a total of \$32,312,681,400.

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