

SNAP's Role in the Great Recession and Beyond

Sheila Zedlewski, Elaine Waxman, and Craig Gundersen
July 2012

During the Great Recession, millions of Americans turned to the Supplemental Nutrition Assistance Program (SNAP) to help pay for food. SNAP, formerly known as food stamps, responded to the downturn as it was designed to, easing hunger and expanding to meet greater need. But as the participation rate and costs rose, the program came under greater public scrutiny. A range of recent proposals that would substantially change SNAP indicates a real need for facts about the program's impact and recent growth.

In June 2012, the Urban Institute and Feeding America convened a roundtable of experts, advocates, and government officials to discuss SNAP's role during the Great Recession and beyond, and its impact on poverty, food insecurity, and health. Kevin Concannon, U.S. Department of Agriculture (USDA) under secretary for food, nutrition and consumer services, opened the discussion by providing background on the program. "SNAP has served as the foundation of America's national nutrition safety net," Concannon said. "It's the first line of defense against hunger."

In 2012, more than 46 million people received SNAP benefits—a 76 percent increase since the recession began in 2007 (Zedlewski and Huber 2012). Eligibility is based on income and is not limited to families with children or to the elderly, as many safety net programs are. The federal government pays for benefits—nearly \$72 billion worth in 2011—and shares administrative costs with the states. Most SNAP participants are children (47 percent in FY 2010), people with disabilities (20 percent), or the elderly (8 percent). Nearly 41 percent of all SNAP participants lived in households that had earnings.

As Concannon pointed out, SNAP does more than combat hunger. It is an antipoverty program, a work support, a promoter of health and nutrition, and an automatic stabilizer in recessions—filling in the gaps that other safety net programs leave behind.

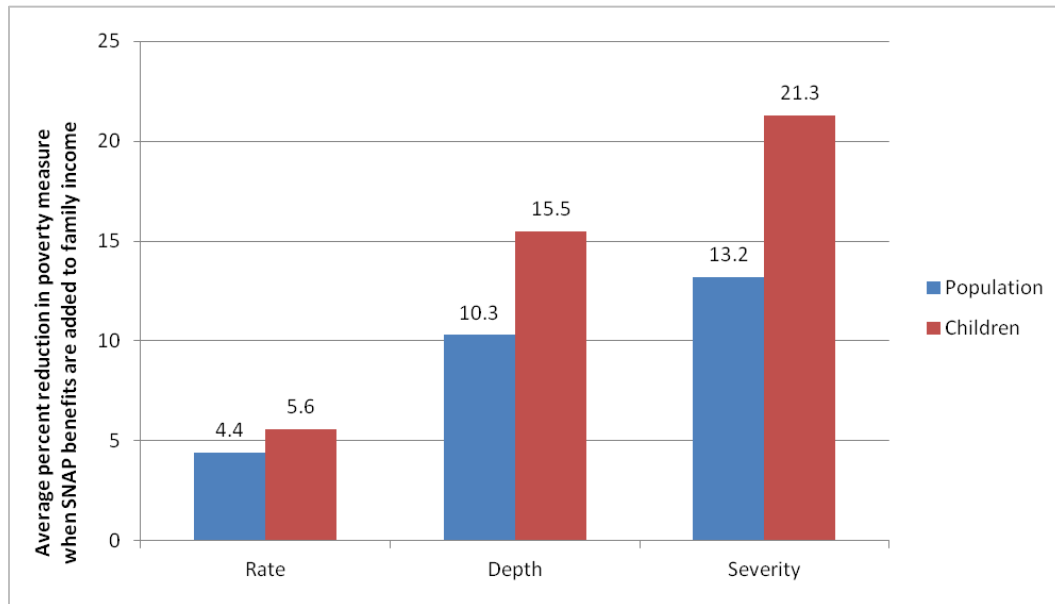
SNAP's impact

Food-insecure households have difficulty meeting basic food needs. In 2010, about 14.5 percent of all households were food insecure, including 5.4 percent who had very low food security (USDA 2012). Caroline Ratcliffe of the Urban Institute found that SNAP reduces the likelihood of being food insecure by 30 percent and having very low food security by 20 percent. Other studies have found a 20 to 50 percent reduction, she said.

Christian Gregory of the USDA's Economic Research Service noted that higher food prices increased the probability of being food insecure, pointing out the importance of considering where families live and how food prices differ by region. Except in Alaska and Hawaii, SNAP benefits are not indexed to local prices, and any move toward such adjustments would be technically difficult and politically sensitive.

SNAP benefits led to an average annual drop of 4.4 percent in the prevalence of poverty from 2000 to 2009 and reduced the child poverty rate by about 5.6 percent over the same period (Tiehen et al. 2012). But these measures only tell part of the story. Dean Jolliffe of the World Bank presented further evidence of SNAP's antipoverty effects by measuring the depth and severity of poverty (figure 1).

Figure 1. SNAP benefits reduced the depth and severity much more than rate of poverty



Source: USDA, Economic Research Service analysis using Current Population Survey Annual Social and Economic Supplement.

For some families, SNAP alone isn't enough to pull them out of poverty, but benefits can still improve their incomes and well-being, Jolliffe said. He and his coauthors used two measures that capture the depth and severity of poverty, both functions of how far families' incomes are below the official poverty level. They found that SNAP led to an average annual decline of 10.3 percent in the depth of poverty overall and 15.5 percent in the depth of child poverty from 2000 to 2009. SNAP also reduced the severity of poverty—a measure that gives slightly more weight to the poorest of the poor, as these households need help the most. Poverty severity fell by 13.2 percent and child poverty severity by 21.3 percent from 2000 to 2009.

These effects were especially strong in 2009 when the American Recovery and Reinvestment Act (ARRA) boosted SNAP benefit levels and expanded eligibility for unemployed adults without children. Looking at SNAP's effect on all three measures over time shows a steady and slight increase, suggesting that the program has become more effective and better at targeting families in need, Jolliffe said.

SNAP's place in the safety net

SNAP's role in the safety net has grown over the past few decades, making it particularly vulnerable to budget attacks, participants said. During the recession, it filled in where Temporary Assistance for Needy Families (TANF) and other programs fell short. "TANF today... is a sideshow in our antipoverty efforts in America," James Ziliak of the University of Kentucky said. "SNAP has certainly stepped up to the plate ... It's proven to be a key automatic stabilizer for this nation that's assisting not only the poor, but the near poor."

Ron Haskins, of the Brookings Institution, and other participants said that SNAP also functions as an important work support, making up for wages too low to push families out of poverty. Haskins also pointed out that SNAP's work-support function has been advanced by both political parties. And, the program has been expanded in farm bills under Republican and Democratic presidents.

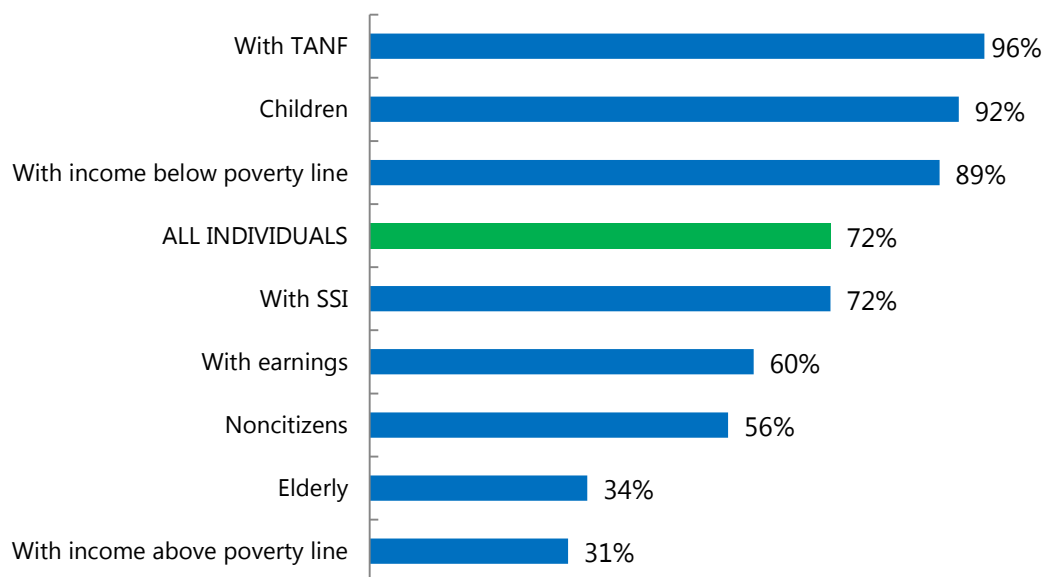
In addition, SNAP is the only program not restricted to certain categories of poor households, making it the only program nondisabled, nonelderly, childless adults can count on, said Elizabeth Lower-Basch of the Center for Law and Social Policy. The earned income tax credit lifts more families out of poverty than SNAP does, but SNAP is better at reaching the poorest households. ARRA provided expansions for both programs during the recession, boosting their ability to help families, while programs with capped funding did not respond as well to changing needs.

Growth

As unemployment rose during the Great Recession, more people became eligible for SNAP benefits and more eligible people began participating. In FY 2009, the participation rate—the percentage of eligible individuals who actually sign up—hit 72 percent, up from a low of 54 percent in 2002 (Leftin et al. 2011).

Participation rates varied by states and by recipient groups. Carole Trippe of Mathematica Policy Research reported that children were much more likely to participate than the elderly (92 percent vs. 34 percent of the eligible population in 2009), and those with incomes below the poverty level had a higher participation rate than those with incomes above the poverty level (89 percent compared with 31 percent) (figure 2).

Figure 2. How do individual participation rates vary by subgroup?



Sources: FY 2009 SNAP QC data and 2008 and 2009 CPS ASEC data; Leftin et al. (2011).

Notes: Subgroups may overlap. Noncitizens usually are only eligible if they are documented children or documented adults who have lived in the United States for at least five years.

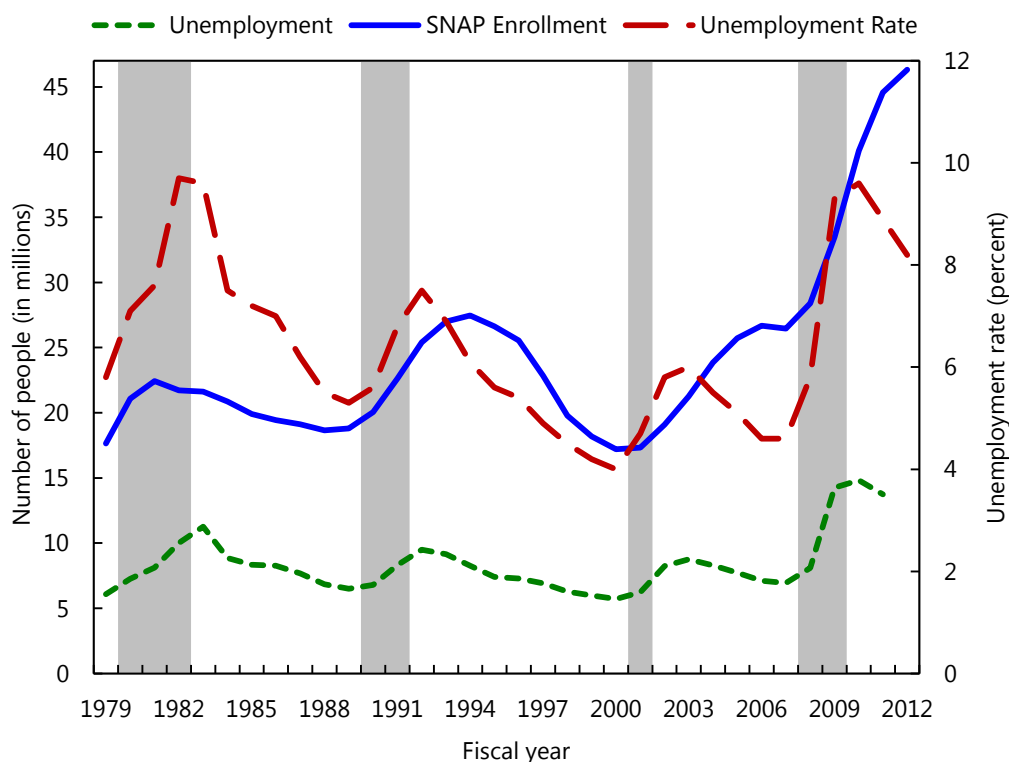
Since 2008, the fastest-growing group in SNAP's caseload has been able-bodied adults without dependents, said David Ribar of the University of North Carolina at Greensboro. This group had been limited to three months of benefits in a 36-month period unless they worked or were in a work program for at least 20 hours a week, but ARRA lifted their work restrictions from April 2009 through September 2010 in response to high unemployment during the recession. In FY 2008, about 1.1 million able-bodied adults without dependents received SNAP benefits. In FY 2009, when the time limits were first suspended, the caseload for this group rose 60 percent to 1.7 million adults. The next year, the caseload shot up another 233 percent to 3.9 million adults.

Ribar also looked at the length of time able-bodied adults without dependents stayed on SNAP in select counties that maintained time limits, compared with counties in the same state that did away with them. In counties with time limits, able-bodied adults without dependents left the program at a faster rate right around the three- to four-month mark when time limits took effect.

Economic conditions versus policy changes

Steve Carlson of the USDA’s Food and Nutrition Service said that SNAP’s enrollment rate largely follows the unemployment rate with two exceptions: a period in the early 1980s when program participation did not keep up with skyrocketing unemployment, and rising participation from 2004 to 2007 when unemployment was relatively low (figure 3).

Figure 3. Unemployment and SNAP/FSP Enrollment, 1979–2012



Sources: Food and Nutrition Service (SNAP/FSP enrollment), Bureau of Labor Statistics (unemployment, unemployment rate), National Bureau of Economic Research (recessions, indicated by shaded bars).

But the economy isn’t the only thing driving participation—policy changes can also affect SNAP’s caseload. For example, as Margaret Andrews of the USDA’s Economic Research Service explained, the 2002 Farm Bill and other legislation in the early 2000s simplified reporting requirements, lengthened certification periods, and expanded eligibility. The bill also restored benefits to legal immigrants. These changes, Andrews said, may have contributed to caseload growth even while unemployment was falling.

Carlson also noted that SNAP goes through cycles of expansion as the political environment shifts—growing when the primary concern is ensuring program access and adequate benefits to needy families, contracting as concerns turn to rising costs, and then expanding again to restore benefits.

Secondary health benefits

Food insecurity is more than a social welfare issue, it's a public health problem, Elaine Waxman of Feeding America said, opening the discussion about SNAP's effects on health and nutrition. Food insecurity can lead to serious health problems, such as diabetes, high blood pressure, and cardiovascular disease.

Hilary Seligman from the University of California, San Francisco, discussed the connections between SNAP, food insecurity, and diabetes—the prevention and maintenance of which is closely related to food. Food insecurity may cause diabetes as the body adapts to cycles of bingeing and fasting, she said. And diabetes can lead to food insecurity when the cost of medications and treatment sap family resources.

While researchers do not know how many SNAP recipients have diabetes, Seligman said the percentage is likely high, as diabetes rates in the general population are high and the disease disproportionately affects low-income households and ethnic minorities—the same groups who tend to be food insecure and receive SNAP. Surveys interviewing people waiting in line at food banks have found diabetes rates of 30 to 50 percent. While SNAP is not an anti-diabetes program, Seligman said, alleviating hunger has public health benefits.

There is a perception in some circles that SNAP leads to poor health outcomes and, in particular, to obesity. Craig Gundersen of the University of Illinois argued that this perception has become the latest way to stigmatize recipients, but research does not support the claim. Gundersen and his colleagues found that SNAP led to *reductions* of at least 5.3 percentage points in childhood obesity (Kreider et al. forthcoming). Another study found no relationship between SNAP and obesity among adults. Gundersen also pointed out that stress contributes to obesity in the United States—and not being able to put food on the table can certainly cause stress. By that token, SNAP can lower stress by helping people feed themselves and their families.

Gundersen stressed that SNAP's central goal is alleviating food insecurity—a goal it meets—so any changes made to the program should be evaluated on whether they interfere with achieving that goal. He argued that New York's proposal for a waiver to ban soft drink purchases with SNAP benefits, for example (a waiver the USDA denied), further stigmatizes SNAP recipients and unfairly singles them out. Moreover, based on past research in other assistance programs, restrictions would curb participation, affecting the program's ability to reach needy households.

Other participants noted that one of SNAP's goals in its authorizing legislation is to safeguard the health and well-being of the nation's population by raising levels of nutrition among low-income households. Carlson clarified that the USDA denied New York's request because of concerns that the scale and scope of the proposed demonstration was too large and complex; the proposed evaluation design inadequate to ensure meaningful and credible results; and the proposed approach inconsistent with the department's long-standing tradition of promoting positive, incentive-based ways to encourage healthy eating. The USDA is encouraging nutritious options through pilot programs giving recipients discounts for fresh fruits and vegetables. Ribar suggested offering a slightly more generous SNAP plan tied to healthier food choices, while continuing to offer an unrestricted plan.

SNAP also spends about \$375 million in nutrition education programs, Carlson said, adding that households need the "knowledge, motivation, and skills necessary to make ... behavioral changes" and an environment that makes it easy to make the healthy choice. Other participants agreed, stressing that obesity is a societal public health problem, not just a problem specifically among SNAP recipients, so the solutions, as well, go beyond one program's reach.

Service delivery innovation

While SNAP is a national program with nearly uniform rules about eligibility and benefits, how those benefits are delivered varies dramatically by state, said Stacy Dean of the Center on Budget and Policy Priorities. Studying state and local agencies, Dean found differences in office efficiency and customer service, waiting periods for benefits, and options for where and how to apply. The local agency's vision of SNAP's role in the safety net often drove the design of the administrative process, Dean said.

Over the past decade, states have simplified and modernized SNAP. In particular, states have streamlined the application process; made use of new technology; partnered with community groups; and reduced fraud, trafficking, and payment errors.

Nearly all states have simplified or reduced households' reporting requirements. Most states received waivers allowing them to conduct certification interviews by phone instead of in person. Some states improved access to benefits by stationing workers at sites other than the local welfare office and by allowing recipients to sign up for multiple programs with one application. Many states have also opened call centers, offered online applications, and started data-sharing systems between agencies to modernize the administrative process (Rowe et al. 2010).

Jonathan Schwabish of the Congressional Budget Office reported that only one state offered online applications in 2002. By 2010, 26 states allowed participants to sign up online or download paper applications. Schwabish found that states with online applications had a per capita participation rate 5 to 6 percentage points higher than states without online applications. As one participant pointed out, though, the implementation of online applications may coincide with other changes, such as opening call centers, that may also explain greater enrollment.

In addition, many states have partnered with businesses and nonprofits to conduct outreach for SNAP, improving access to the program by helping households sign up for benefits and navigate the system. Ann Morse of the National Conference of State Legislatures gave an overview of the group's Hunger Partnership, which is a collaboration between state legislators and private and nonprofit sectors to find low-cost ways to combat hunger, including encouraging SNAP enrollment.

Not all states, however, have made changes to modernize their programs. Concannon said he was concerned about the considerable variability among states in running a federally funded program. He noted that some states have not made changes to simplify access and some have policies that deter enrollment, such as fingerprinting or requiring participants to reapply if they move across county lines.

Larry Goolsby of the American Public Human Services Association said that while states agree SNAP responded well during the recession to reach people in need, they still need more flexibility in designing the administrative process. States are under tremendous pressure from growing caseloads and shrinking budgets. While SNAP benefits are fully funded, the administrative costs of running the program are shared, with slightly more picked up by the states, Goolsby said.

Fraud and trafficking reductions

Even as SNAP has expanded, states have improved their payment accuracy rates and reduced trafficking and fraud. Several participants noted that just one story of abuse—such as the case of the Michigan lottery winner using SNAP—colors the public perception of a program that is, on the whole, run efficiently. In FY 2010, the combined overpayment and underpayment rate was 3.8 percent, down from roughly 10 percent in the 1990s when caseloads were lower, Ziliak said. Richard Mantovani of ICF

International said that trafficking—selling SNAP benefits for cash—has fallen considerably since 1995. In 2008, only 1 percent of all benefits issued were trafficked, an estimated \$330 million annually.

Supermarkets and large retailers redeem 87 percent of SNAP benefits and have very low rates of trafficking—roughly 0.5 percent (USDA 2012). These large stores have systems in place to prevent fraud and abuse, Mantovani said. Smaller, privately owned stores may not have such systems and have higher rates of trafficking from 13 to 16 percent.

While no formal studies have been conducted, Mantovani credits the decline to enhanced oversight and the switch to electronic benefit transfer cards. Concannon added that anti-trafficking efforts involve data mining to track strange redemption patterns at stores. The federal government focuses on stopping stores from trafficking, so Concannon is encouraging states to get more involved in investigating individuals; for example, by taking a close look at households with multiple requests for new cards. Some participants cautioned against going after individuals because SNAP recipients who sell their benefits for cash do so out of necessity—often to pay for medications or basic needs—not for profit.

Family coping strategies

How do families cope with financial hardship, and what role does SNAP play? Thomas DeLeire of the University of Wisconsin–Madison said that families cope with drops in income by cutting back on most nonfood spending. Families will also eat out less and buy less meat, fresh fruits, and vegetables. Studies suggest that families make trade-offs among basics to get by, noted DeLeire. In some cases they forgo health insurance to buy food or eat less to afford heat in their homes. In a survey of health trade-offs, Mariana Chilton of Drexel University found that some families go without medication or doctors' visits to pay for food—and that participation in SNAP is related to a 30 percent reduction in those trade-offs.

James Weill of the Food Research and Action Council raised the concern that monthly SNAP benefits are too low to ensure healthy, adequate food for the full month. Ziliak cited a report suggesting that 80 percent of SNAP benefits are used up within two weeks (USDA 2012). One participant noted that SNAP benefits are an income supplement and are not meant to pay for a full month of food in households with some income. Other participants said that many recipients with some income can't make up the gap after SNAP benefits run out, particularly those who live in high-rent areas or who have medical or other costs not considered in SNAP's benefit determination.

SNAP recipients who run out of benefits may turn to food pantries. Rob Santos of the Urban Institute said food pantries are increasingly being used as a regular supplement for food rather than as an emergency source. Among food pantry users who receive SNAP benefits, 58 percent were frequent or recurring users—meaning they used food pantries at least six months or more in a year (Echevarria et al. 2011).

Looking ahead

SNAP's rapid growth in response to the recession and the current focus on deficit reduction has put the program in danger of cutbacks. Before making changes to the program, policymakers should consider many of the research and facts discussed during this roundtable about SNAP's role during the recession; its place in the safety net; its impact on food insecurity, poverty, and health; and the needs of the families that rely on SNAP benefits.

References

- Echevarria, Samuel, Robert Santos, Elaine Waxman, Emily Engelhard, and Theresa Del Vecchio. 2011. "Food Banks: Hunger's New Staple." Chicago, IL: Feeding America.
- Kreider, Brent, John Pepper, Craig Gundersen, and Dean Jolliffe. Forthcoming. "Identifying the Effects of SNAP (Food Stamps) on Child Health Outcomes when Participation Is Endogenous and Misreported." *Journal of the American Statistical Association*.
- Leftin, Joshua, Esa Eslami, and Mark Strayer. 2011. "Trends in Supplemental Nutrition Assistance Program Participation Rates: Fiscal Year 2002 to Fiscal Year 2009." Washington, DC: Mathematica Policy Research.
- Rowe, Gretchen, Sam Hall, Carolyn O'Brien, Nancy Pindus, and Robin Koralek. 2010. "Enhancing Supplemental Nutrition Assistance Program (SNAP) Certification: SNAP Modernization Efforts." Washington, DC: The Urban Institute.
- Tiehen, Laura, Dean Jolliffe, and Craig Gundersen. 2012. "Alleviating Poverty in the United States: The Critical Role of SNAP Benefits." Washington, DC: Economic Research Service, USDA.
- U.S. Department of Agriculture (USDA). 2012. "Building a Healthy America: A Profile of the Supplemental Nutrition Assistance Program." Washington, DC: USDA.
- Zedlewski, Sheila, and Erika Huber. 2012. "Supplemental Nutrition Assistance Counters High Unemployment." Washington, DC: The Urban Institute.

Roundtable participants

- | | |
|--|--|
| Greg Acs, <i>Urban Institute</i> | Elizabeth Lower-Basch, <i>Center for Law and Social Policy</i> |
| Margaret Andrews, <i>Economic Research Service, USDA</i> | Richard Mantovani, <i>ICF International</i> |
| Steve Carlson, <i>Food and Nutrition Service, USDA</i> | Ann Morse, <i>National Conference of State Legislatures</i> |
| Mariana Chilton, <i>Drexel University</i> | Eric Olsen, <i>Feeding America</i> |
| Kevin Concannon, <i>USDA</i> | Caroline Ratcliffe, <i>Urban Institute</i> |
| Stacy Dean, <i>Center on Budget and Policy Priorities</i> | David Ribar, <i>University of North Carolina at Greensboro</i> |
| Jason Deparle, <i>New York Times</i> | Rob Santos, <i>Urban Institute</i> |
| Thomas DeLeire, <i>University of Wisconsin–Madison</i> | Jonathan Schwabish, <i>Congressional Budget Office</i> |
| Larry Goolsby, <i>American Public Human Services Association</i> | Hilary Seligman, <i>University of California, San Francisco</i> |
| Christian Gregory, <i>Economic Research Service, USDA</i> | Carole Trippe, <i>Mathematica Policy Research</i> |
| Craig Gundersen, <i>University of Illinois</i> | Elaine Waxman, <i>Feeding America</i> |
| Ron Haskins, <i>Brookings Institution</i> | Emily Wengrovius, <i>National Conference of State Legislatures</i> |
| Aisha Hunter, <i>Annie E. Casey Foundation</i> | Jim Weill, <i>Food Research and Action Center</i> |
| Dean Jolliffe, <i>World Bank</i> | Sheila Zedlewski, <i>Urban Institute</i> |
| Kathy Larin, <i>U.S. Government Accountability Office</i> | James Ziliak, <i>University of Kentucky</i> |
| Chauncy Lennon, <i>Ford Foundation</i> | |

The roundtable, cosponsored by the Urban Institute and Feeding America, was supported through a grant from the Howard G. Buffett Foundation. This brief was drafted by Serena Lei. The views expressed are those of the authors and do not necessarily reflect those of the Urban Institute, Feeding America, their boards or sponsors, or the organizations represented by roundtable participants.

Copyright © 2012. The Urban Institute. Permission is granted for reproduction of this document, with attribution to the Urban Institute.