Recession and Recovery

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SNAP and the Recession

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On October 1, 2008, what had been the Food Stamp Program was renamed the Supplemental Nutrition Assistance Program (SNAP). The program now provides about 30 million Americans with monthly benefits, delivered electronically, that can be used to purchase food eaten at home. For most people, the eligibility tests are low incomes and low assets, but noncitizens must meet additional eligibility requirements.

In a recession, more people have incomes low enough to qualify for benefits, and some who were already eligible can receive bigger benefits, which makes them more likely to sign up. Figure l shows the link between unemployment and enrollment. Before 2003, the two rise and fall together, whether unemployment is measured by the number of people who are unemployed or by the unemployment rate. Figure 2 shows that, in each recession, the extra federal cost from additional enrollment was boosted by an increase in average benefits.

In addition to the strength of the economy, the impact of policy changes can be seen in the figures. Reagan administration cuts contributed to the drop in enrollment and spending after the 1980–82 recessions, as did welfare reform in the late 1990s. Similarly, new state policy options and administrative improvements aimed mainly at working families helped loosen the strong link between enrollment and unemployment after the 2001 recession (figure 1). What policy changes made it easier for working families juggling home, work, and school to get and keep SNAP? Disregarding the value of cars used to get to work when assessing a family's assets was one. Opening SNAP offices early, late, and on weekends was another. Making it easier for families to find the forms, fill them out, and maintain program eligibility also helped.

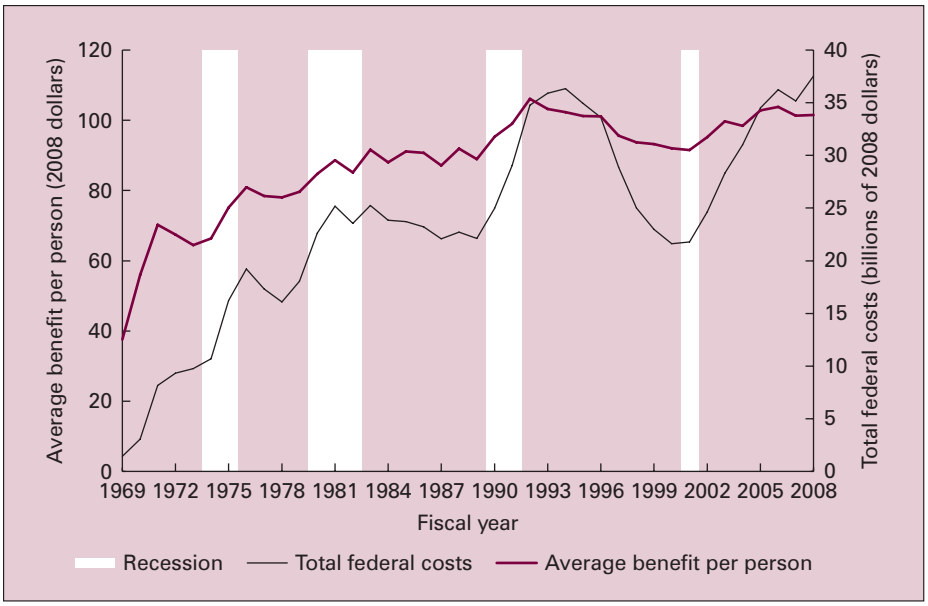
The adoption of benefits distributed electronically on SNAP debit cards also made the program more attractive to working families by reducing the visibility (and hence the stigma) of program participation. Others in line at the supermarket, who could have watched a participant count out the old paper food stamps (and judge her purchases) now see someone swipe a card and cannot tell whether it is a credit, debit, or SNAP card.

These strides aside, the current recession could reduce SNAP eligibility and enrollment among one group. Able-bodied adults without dependents (ABAWDs) are the only SNAP participants whose benefits can run out. Under the 1996 welfare reform law, unemployed people between the ages of 18 and 49 who are not disabled and live in households without children may receive benefits for only three months in a three-year period. ABAWDs are eligible for full benefits in months when they are working at least 20 hours a week, and enrollment during

FIGURE 1. Unemployment and SNAP/FSP Enrollment, 1969–2008

Sources: Food and Nutrition Service (SNAP/FSP enrollment), Bureau of Labor Statistics (unemployment, unemployment rate, Consumer Price Index, All Urban Consumers Index, food at home).

FIGURE 2. Average Benefits and Total Costs



Source: Food and Nutrition Service.

Note: Total federal costs include the full cost of benefits and about half the cost of state-level program administration.

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those months does not count against the time limit. But when unemployment rises, meeting the 20-hour requirement becomes harder, so more ABAWDs might use up their three months and become ineligible.

States can request waivers of the ABAWD time limit in areas with unemployment above 10 percent, or 20 percent higher than the national rate, and federal officials approve most such requests. For example, all ABAWDs in six states and the District of Columbia are covered by current waivers.

Overall, SNAP is well designed to offer needed assistance to families hit hard by a recession. Its importance is growing along with the share of program participants—about 40 percent currently—living in families with working members. If these families' incomes fall because of job loss or involuntary cuts in work hours, increases in SNAP benefits can help fill the gap. And cash-strapped states will not have to raise taxes or cut other programs to do so, since the federal government pays all benefit costs and about half of state SNAP-related administrative costs.

A temporary increase in SNAP benefits has also been a component of the stimulus packages proposed in both houses of Congress. As a mechanism for bringing the country out of recession, an increase in SNAP benefits would be easy to administer, well targeted to the people who need help, and quickly translated into consumer spending. One proposal would increase benefits to 20 percent above current levels. These amounts would be frozen for two years, skipping the normal annual adjustment for rising food prices and making the cost of the increase predictable from the start.[1] While they wait for Washington, state governments can change their own regulations and procedures to make it easier for working families to become and remain enrolled in the program.

Note

1. See http://www.frac.org/pdf/foodprog_econstim_signon12-16-08.pdf.

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