

Poverty and Inequality: How U.S. Food and Nutrition Programs Can Help

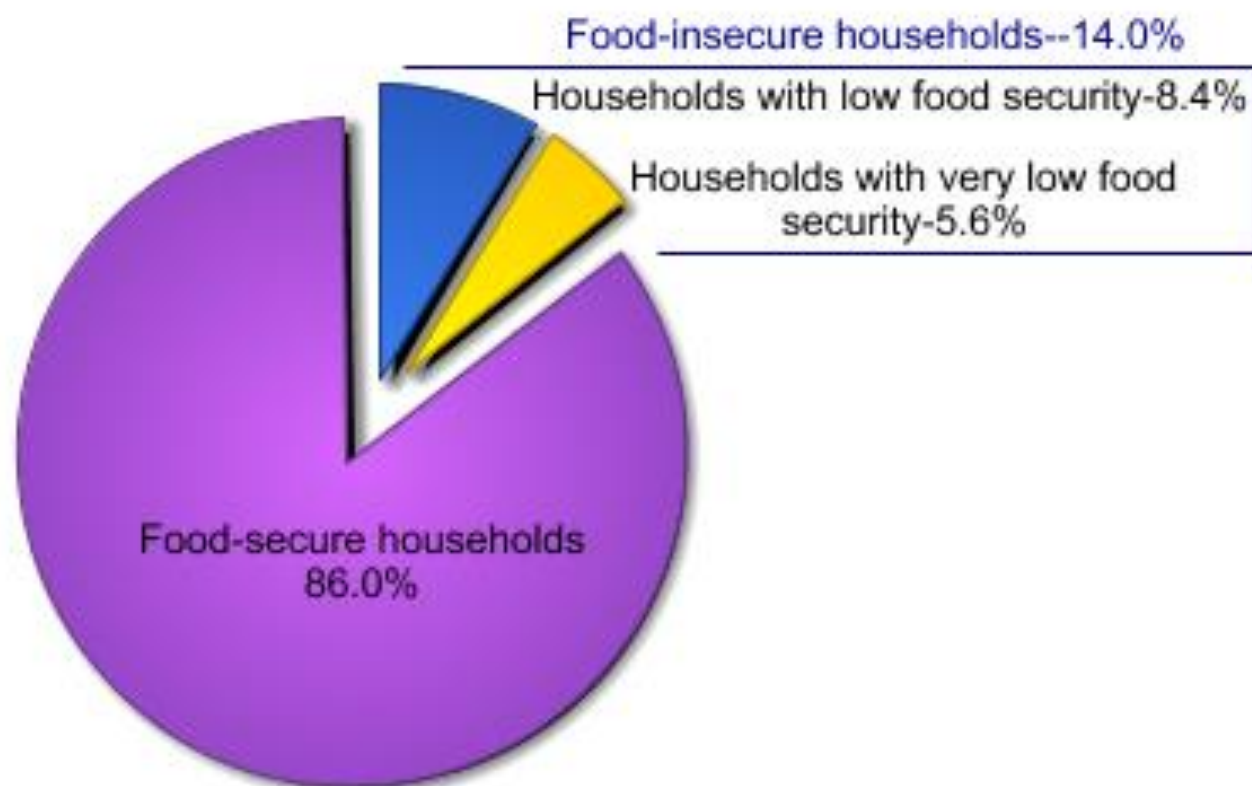
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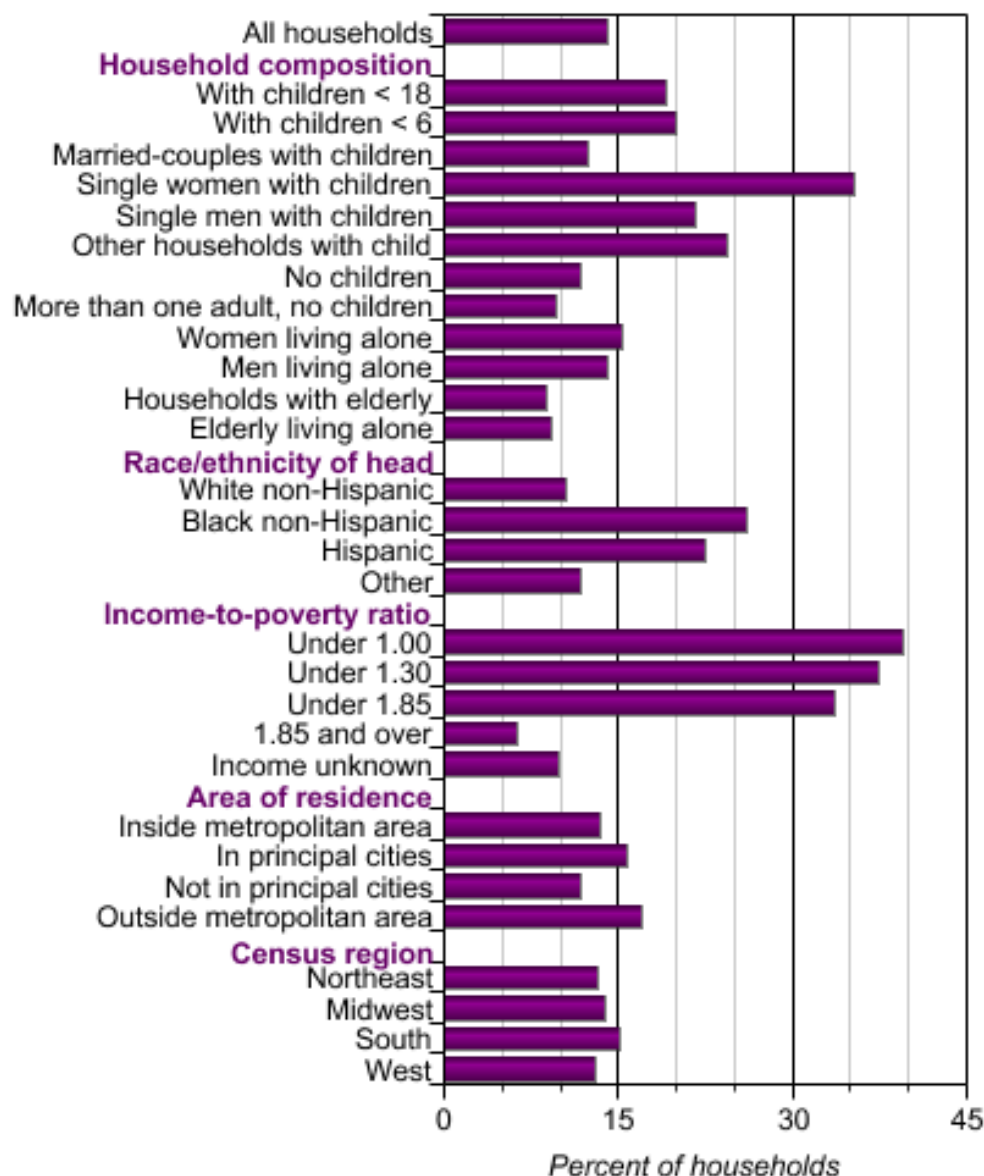
1. Food insecurity, poverty and inequality

U.S. households by food security status, 2014



Source: Calculated by ERS using data from the December 2014 Current Population Survey Food Security Supplement.

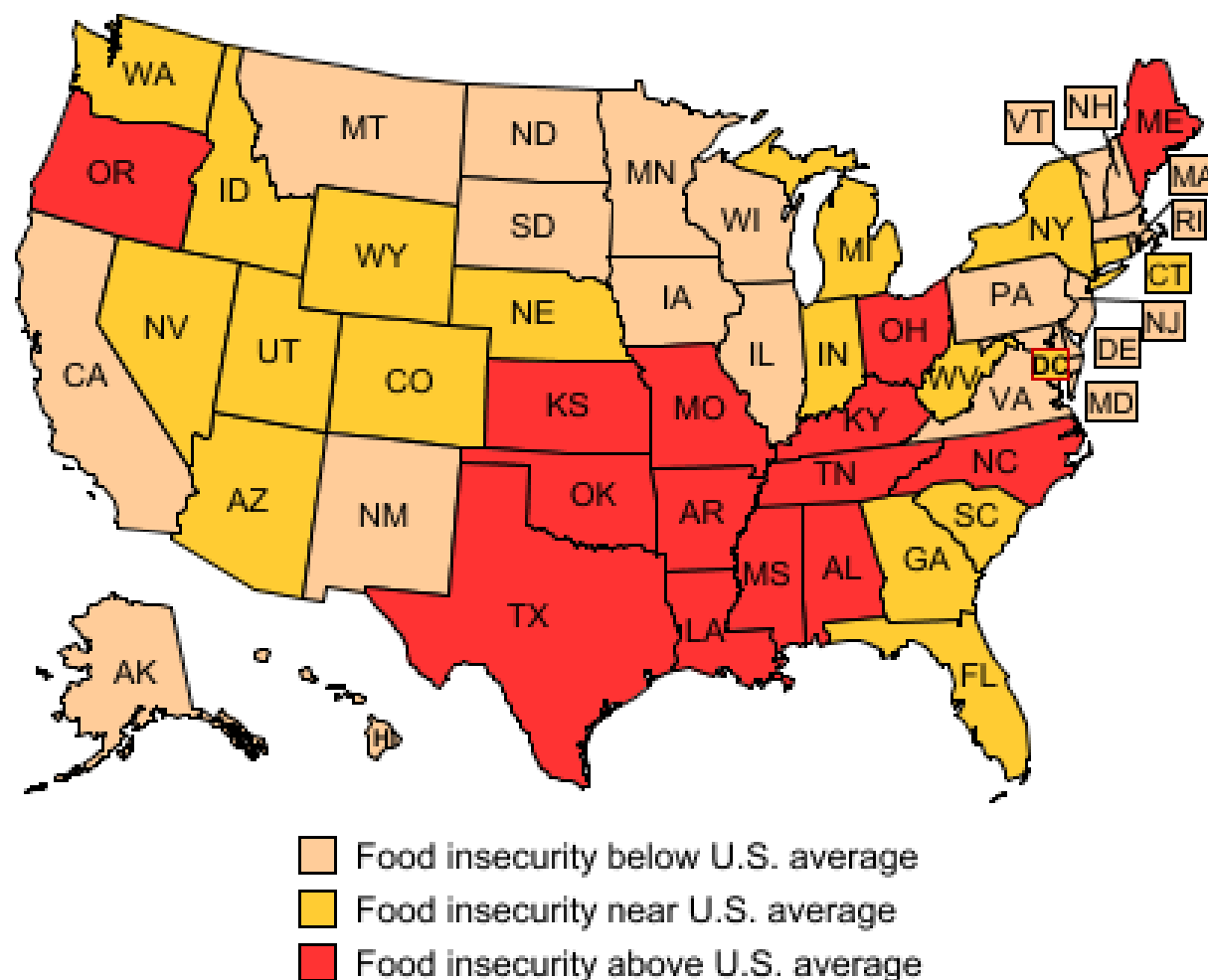
Prevalence of food insecurity, 2014



Higher rates of food insecurity among:

- Children
- African Americans
- Hispanics
- Lower income groups

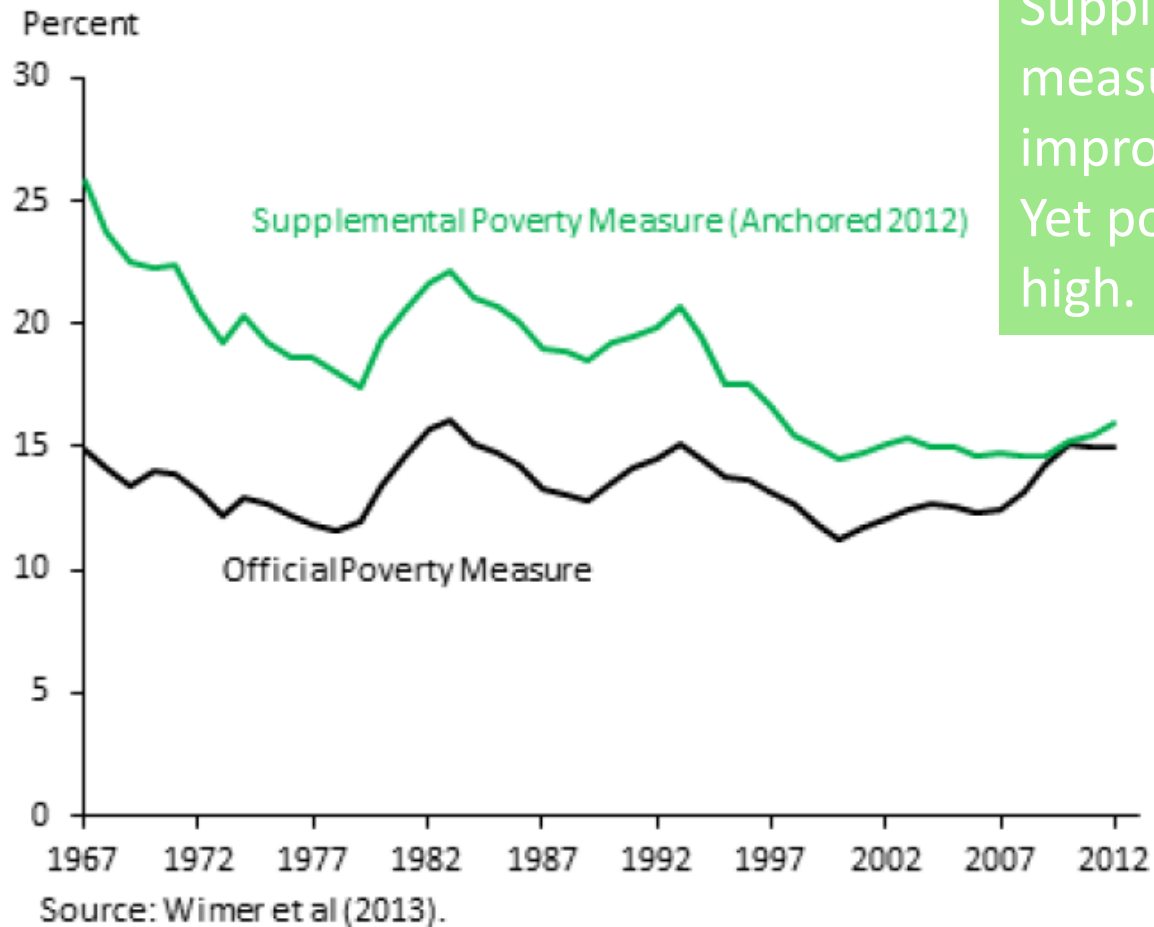
Prevalence of food insecurity, average 2012-14



Source: Calculated by ERS based on Current Population Survey Food Security Supplement data.

Figure 4

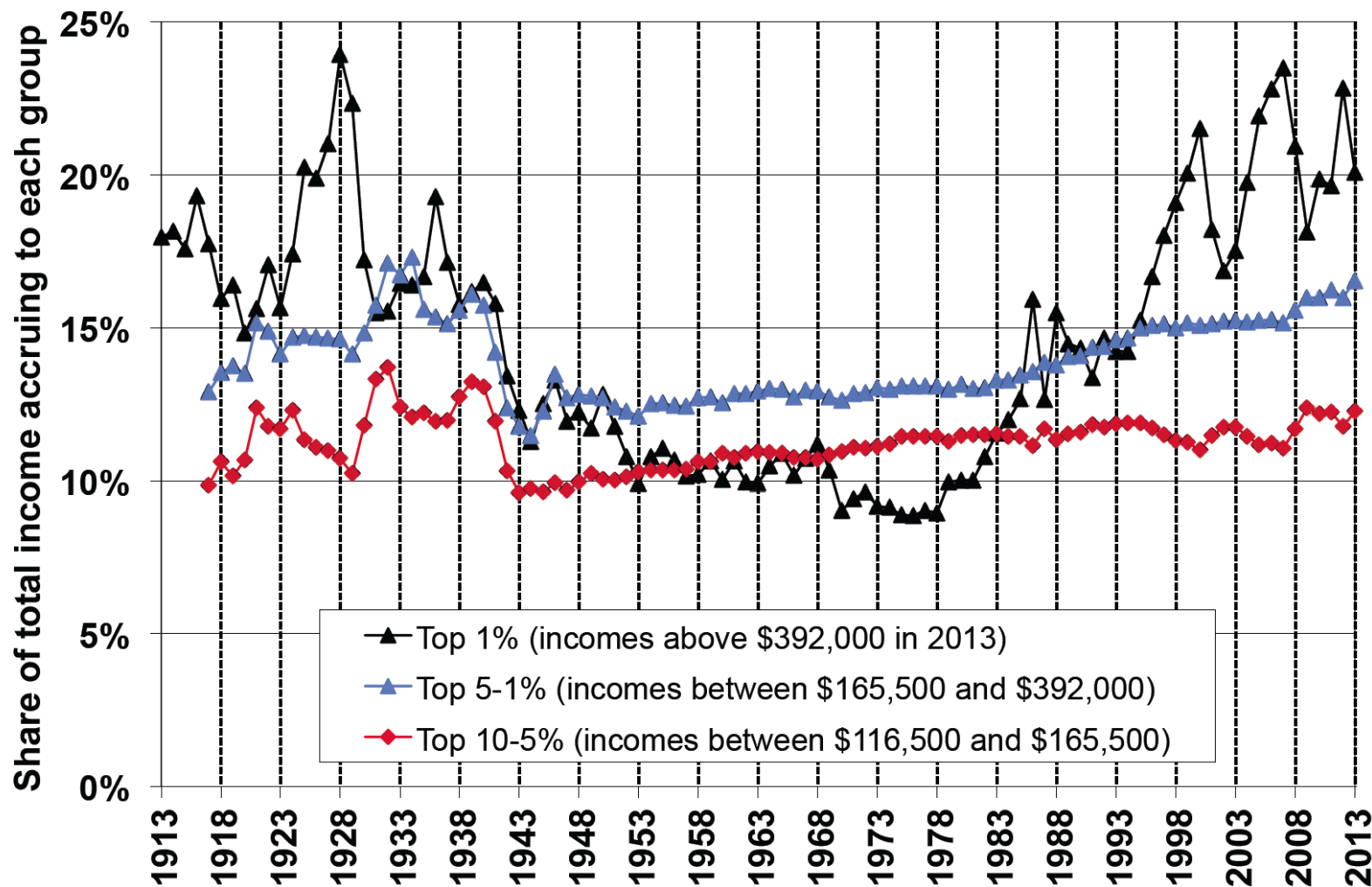
Official vs Anchored Supplemental Poverty Rates, 1967-2012



Supplemental poverty measure shows improvement. Yet poverty remains high.

Inequality: The facts for the U.S.

Decomposing the Top Decile US Income Share into 3 Groups, 1913-2013



Source: Piketty and Saez (2003) updated to 2013. Series based on pre-tax cash income including realized capital gains and excluding government transfers.

2. SNAP, the main food and nutrition program



SNAP: A snapshot (2014 averages)

- 47.5 million people in 23 million households
- Average monthly benefit \$257 per household, \$125 per person
- About \$4.20 per person per day
- Total program cost, \$70 billion dollars
- Error rates 3.2% in 2013 (mostly overpayments to eligible people)

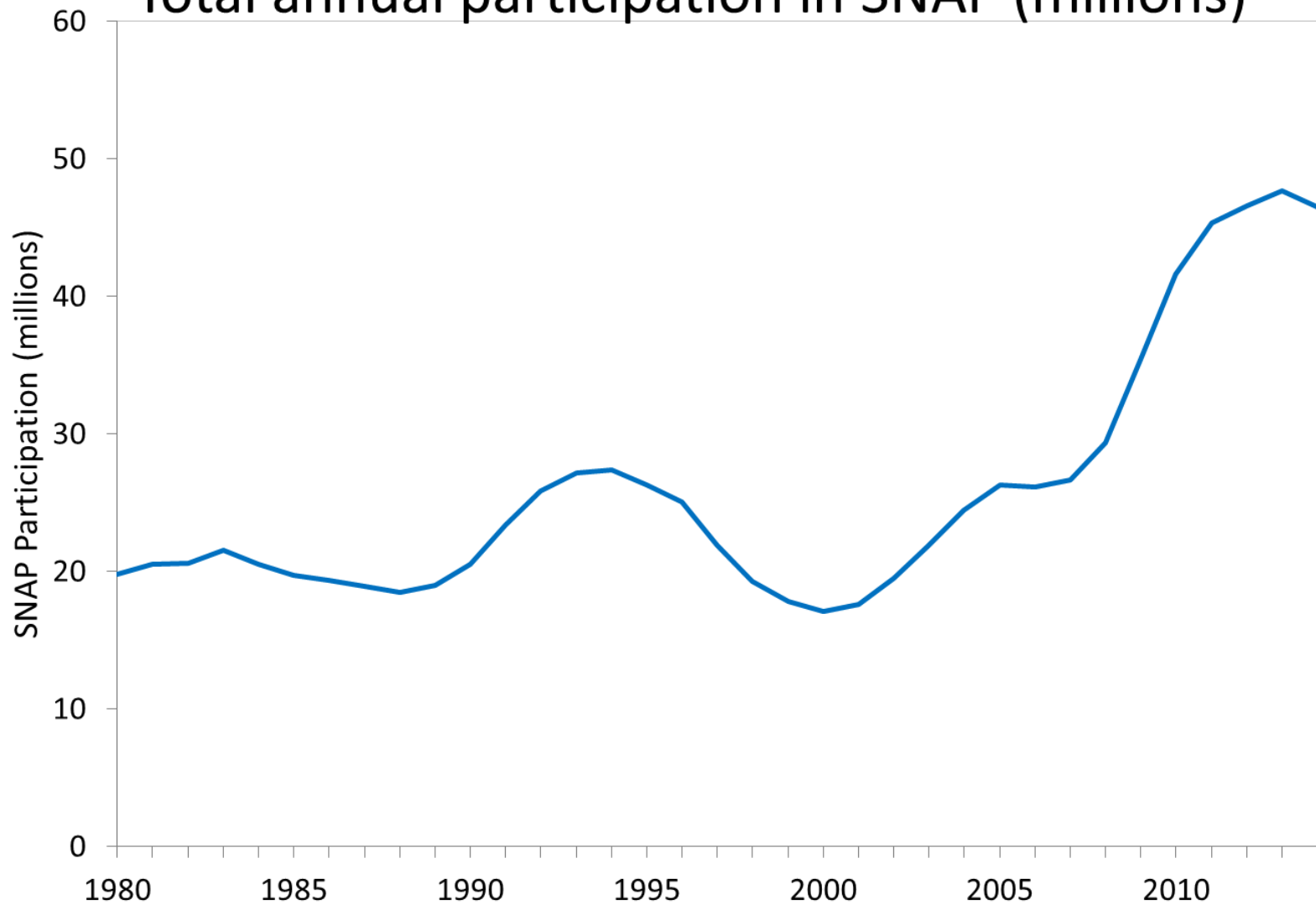
Source: 2014 data from Food and Nutrition Service, USDA

Who receives SNAP?

Characteristics of SNAP Recipients	
	2012
Share with children	45
Share female heads with children	24
Share with elderly members	17
Share no elderly, no kids, no disabled	25
Share with gross monthly income below poverty	82
Share with no cash income	20
Share with any earnings	31

Source: 2013 data from Food and Nutrition Service, USDA

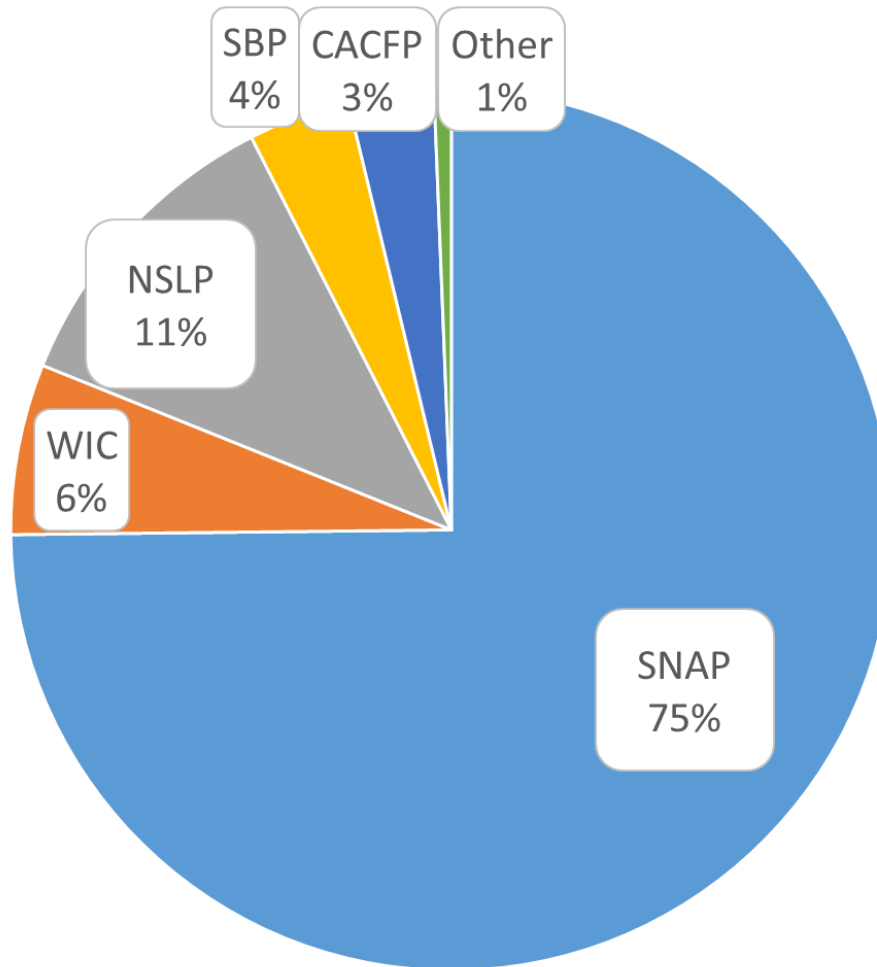
Total annual participation in SNAP (millions)



3. How does SNAP fit into the broader social safety net in the U.S.?

SNAP is the main FNS program

Share of spending by program, 2014

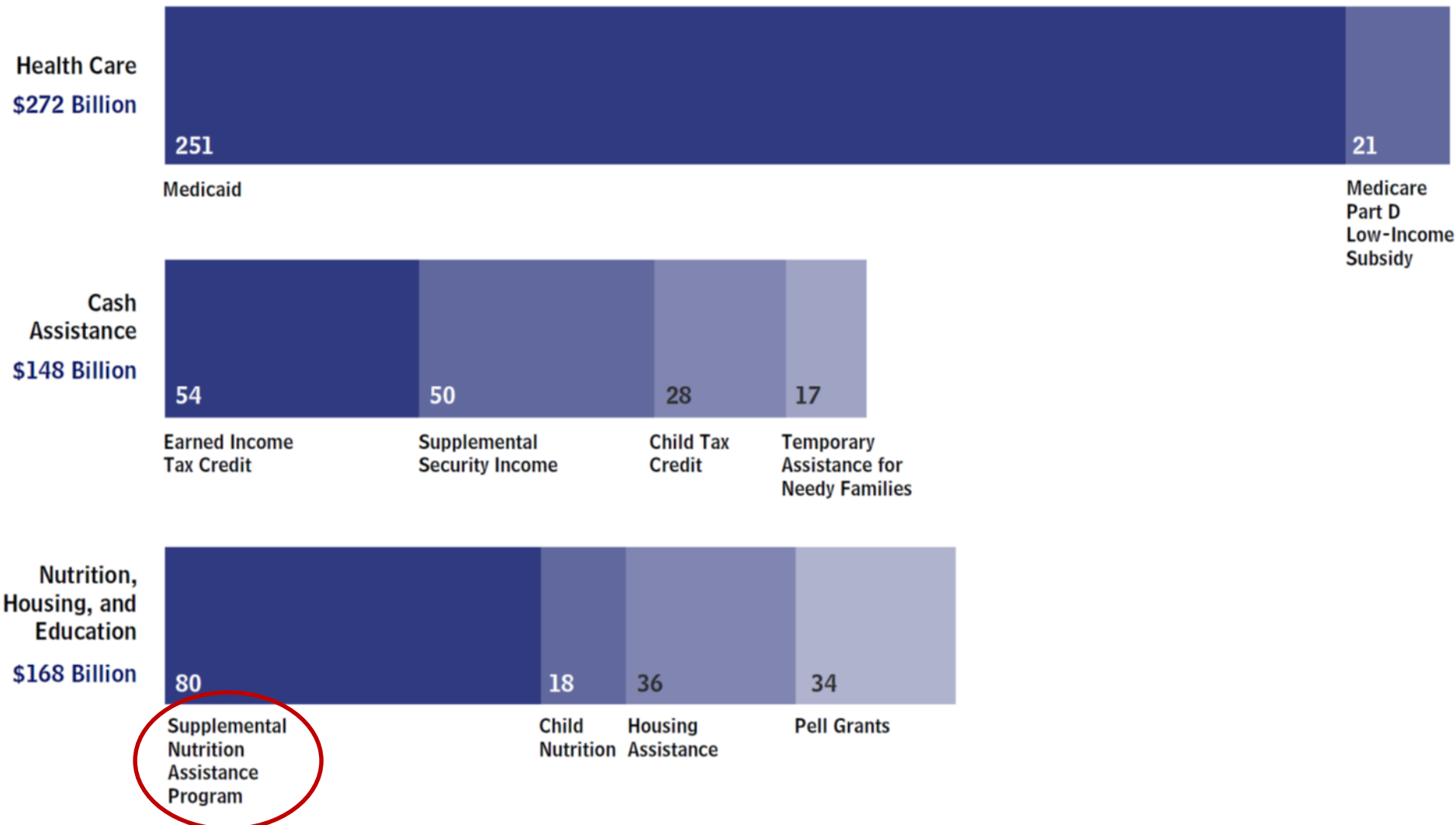


The Reach of these Programs

SNAP	14.% of total population
WIC	52% of infants 27% of children 1-4
SCHOOL BREAKFAST	40% of students, free and reduced price
SCHOOL LUNCH	21% of students, free and reduced price

Federal Spending on Selected Means-Tested Programs and Tax Credits, 2012

(Billions of dollars)

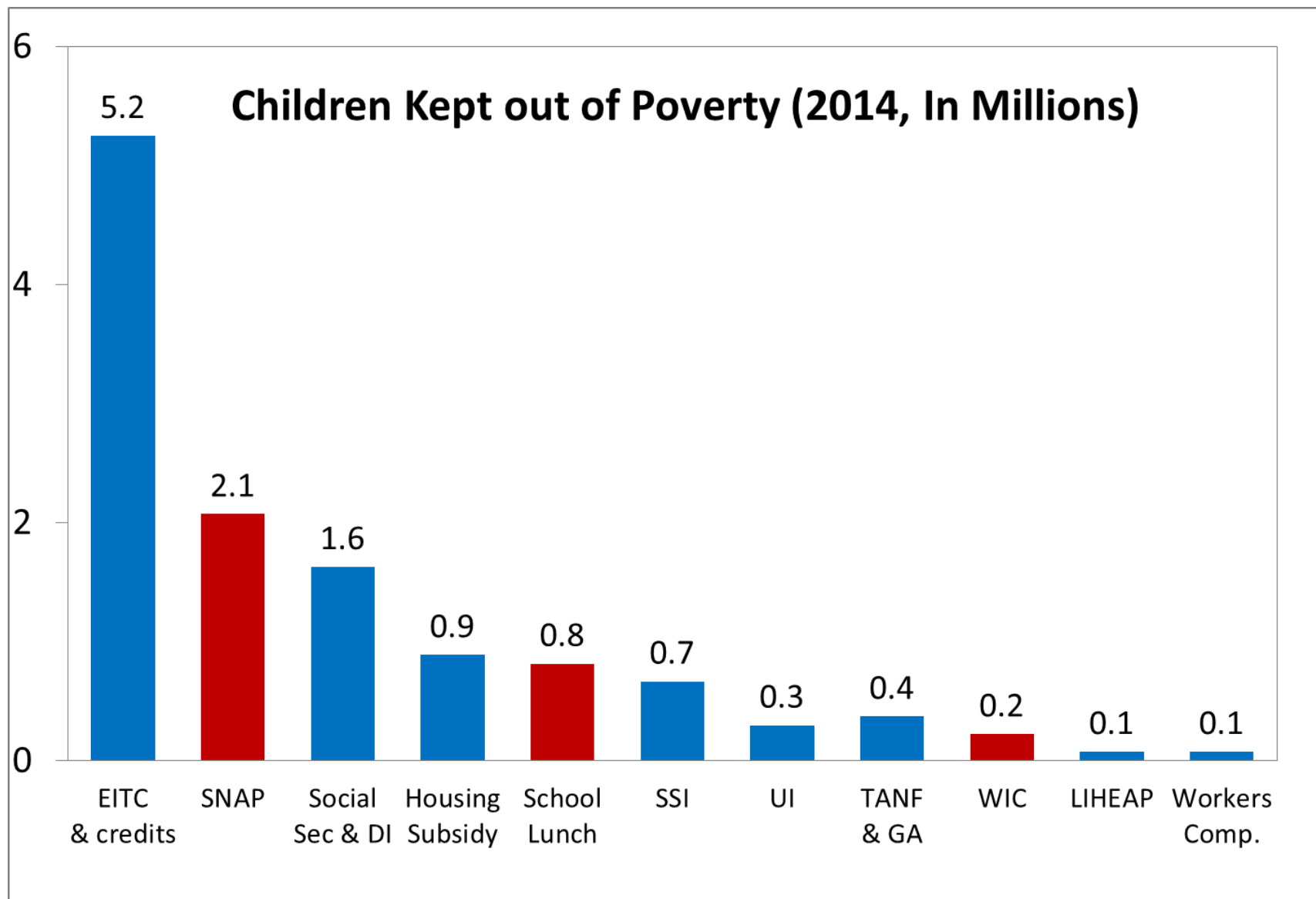


Source: Congressional Budget Office.

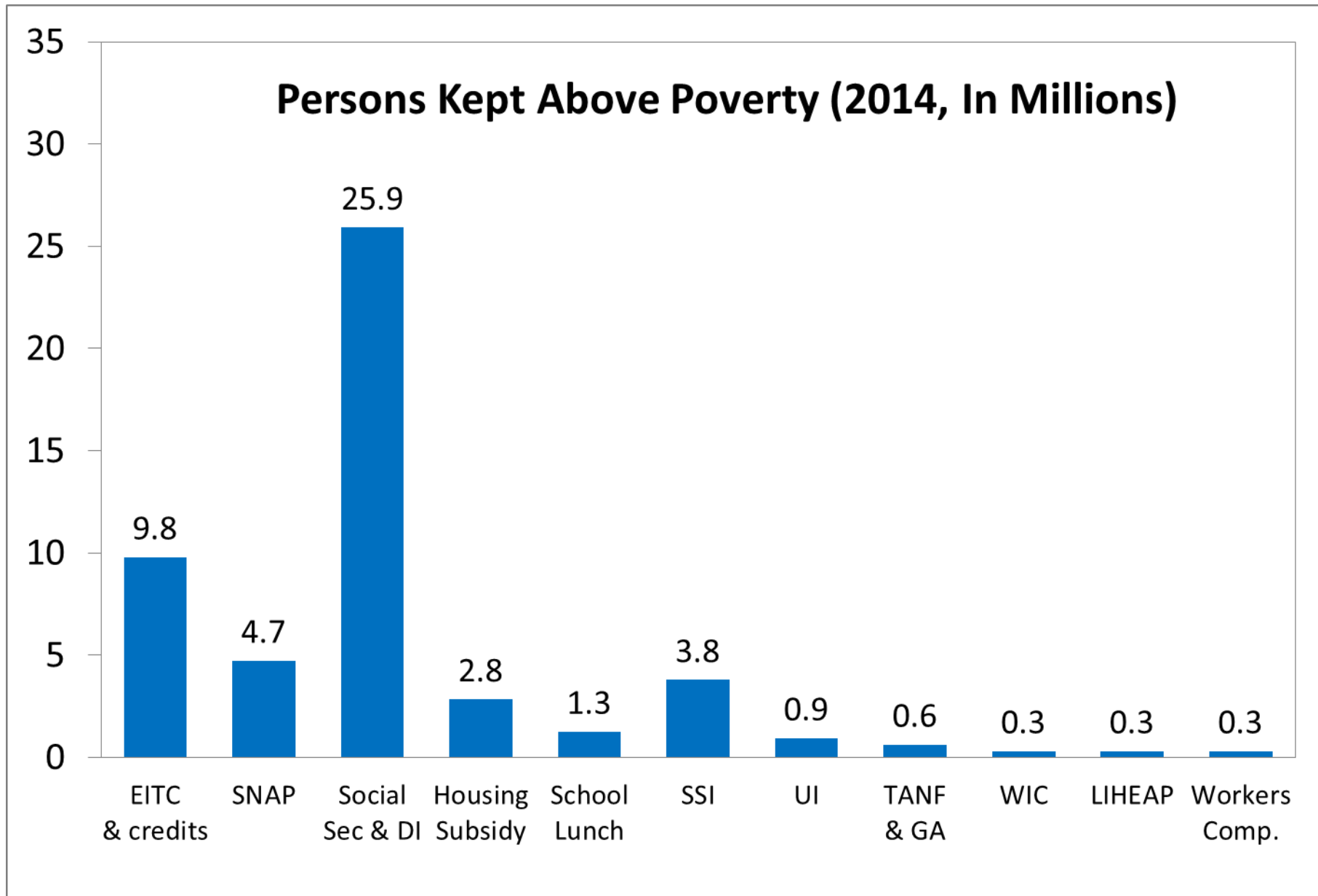
4. Why is SNAP a central element of the safety net

1. SNAP is one of the largest anti-poverty programs in the U.S.
2. It played a big role in protecting families in the Great Recession
3. In the post-welfare reform era, it is THE fundamental safety net in the U.S. for families with children

SNAP provides important anti-poverty effects



Source: Calculations based on *Supplemental Poverty Measure, 2015* (Kathleen Short), U.S. Department of Census, Current Population Report P60-254.



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SNAP is the closest thing the U.S. has to a “universal safety net”

- Eligibility is virtually universal (some restrictions for able bodied recipients without dependents)
- Eligible depends on need (income and asset requirement)
- Entitlement, not block granted, so responds to need; automatic stabilizer role

SNAP played a big role in protecting families in the Great Recession

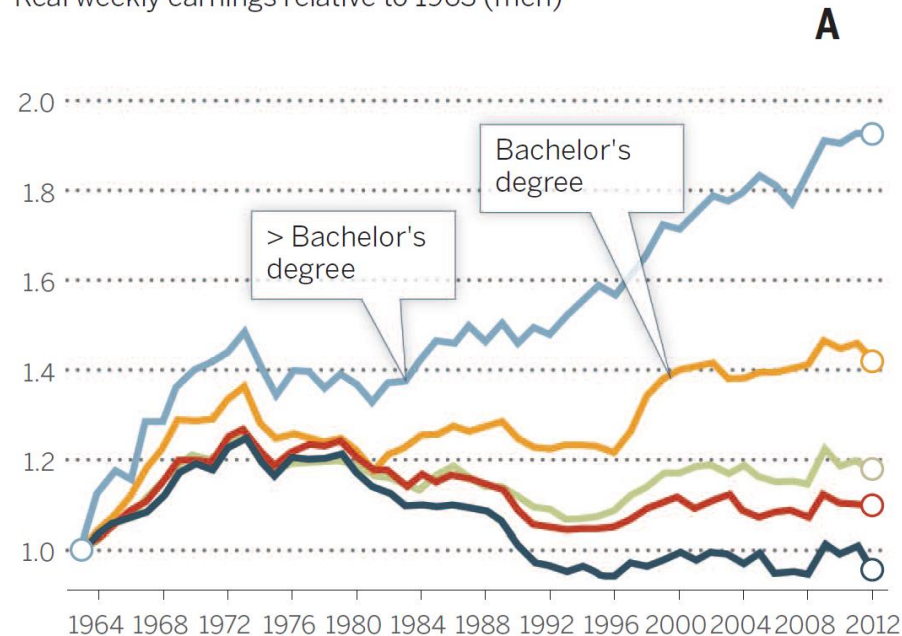
- In the depth of the Great Recession, SNAP kept 5.3 million persons or 2.4 million children from poverty

6. Why is SNAP particularly important in these times?

Wages declines, or lack of gains for less skilled workers

Changes in real wage levels of full-time U.S. workers by sex and education, 1963–2012

Real weekly earnings relative to 1963 (men)



Real weekly earnings relative to 1963 (women)

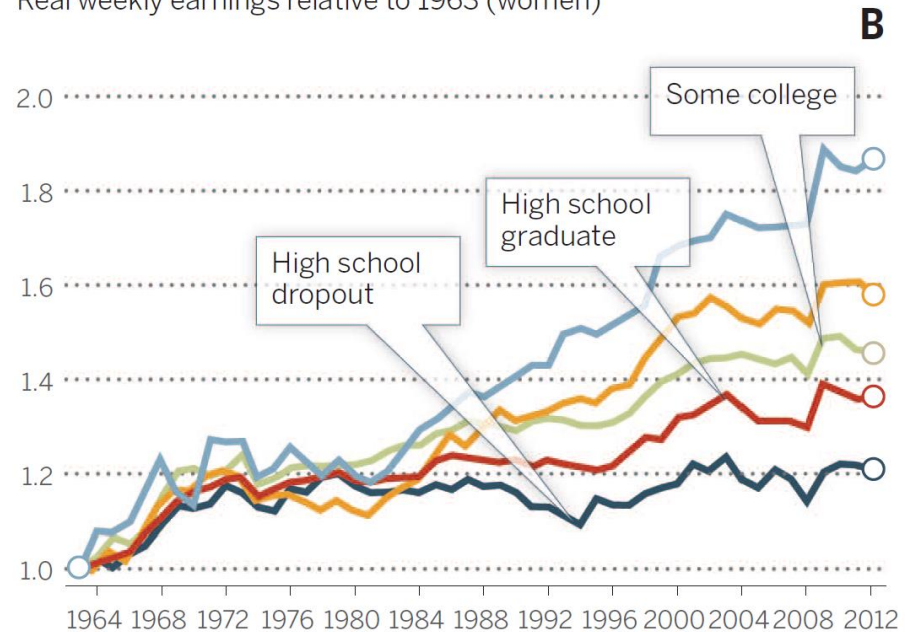


Fig. 6. Change in real wage levels of full-time workers by education, 1963–2012. (A) Male workers, (B) female workers. Data and sample construction are as in Fig. 3.

- The implication is an increasing need to supplement earnings with social safety net to maintain family income levels.
- SNAP and the Earned Income Tax Credit are central here

7. Research: Estimating the short, medium term, and long term benefits of SNAP

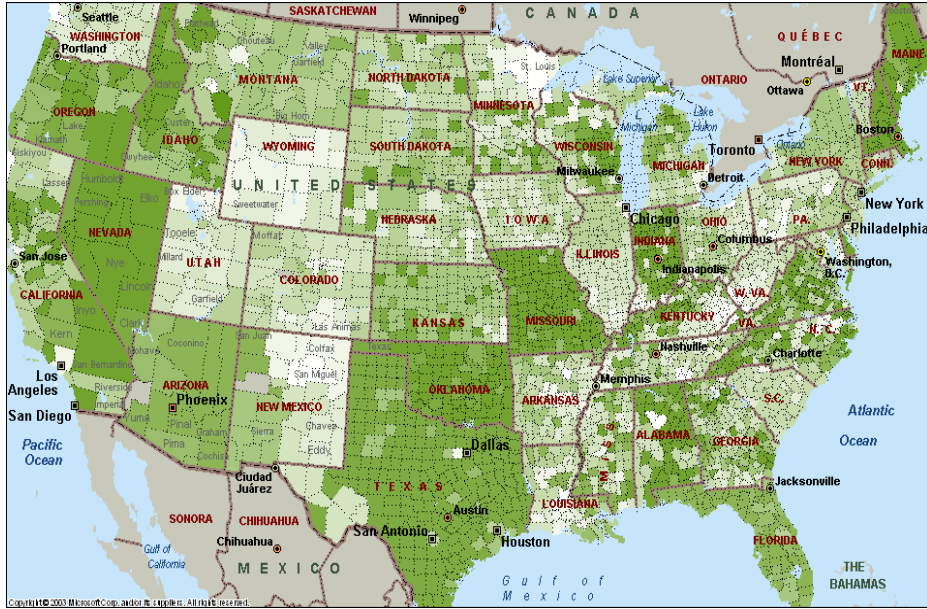
SNAP, Food Insecurity and Health

- **Reduces food insecurity** (Depolt et al. 2009; Mykerezzi & Mills 2010; Ratcliffe et al. 2011; Schmidt et al. 2013; Shaefer & Gutierrez 2013; Yen et al. 2008)
- **Child health: birth weight improved** (Almond et al. 2011); **obesity may decline** (Kreider et al. 2012; Schmeiser 2012)
- **Adult health: obesity results mixed** (Vartanian & Houser 2012; Fan 2010; Gibson 2003; Hoynes et al. 2013; Kaushal 2007)

My research on the effects of Food Stamps on health

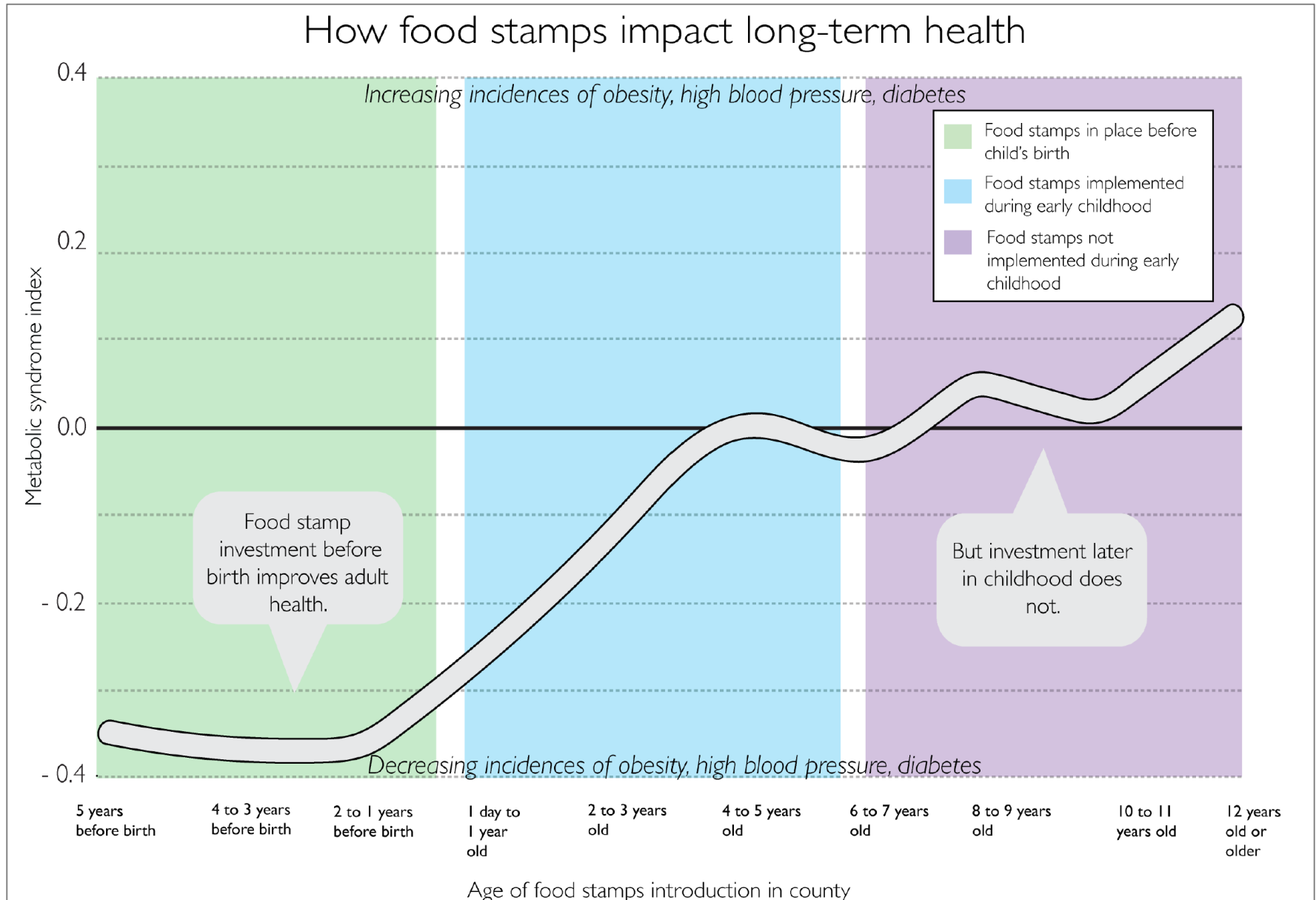
- STUDY 1: Pregnant women who have access to food stamps have healthier babies (significantly lower risk of low birth weight)
 - Reductions in LBW → better cognitive achievement and adult human capital
- STUDY 2: Access to food stamps in early childhood leads to reductions in the likelihood of metabolic syndrome (obesity, high blood pressure, diabetes) in adulthood
- Demonstrates potential for positive benefits of social safety net programs that have, to date, not been quantified. Benefit individuals and society.

“Inside the War on Poverty: The Impact of Food Stamps on Health,” Douglas Almond, Hilary Hoynes and Diane Schanzenbach
Review of Economics and Statistics 2011



- Use initial rollout of the FSP (1961-1975) to examine effects on infant health
- Main outcome = percent of births that are low birth weight
- Mother is “treated” during pregnancy with varying FSP depending on county and month-year of birth
- Vital statistics data on full census of births
- Event study model (difference-in-difference)

“Long Run Impacts of Childhood Access to the Safety Net” Hoynes, et al, *American Economic Review*, Forthcoming

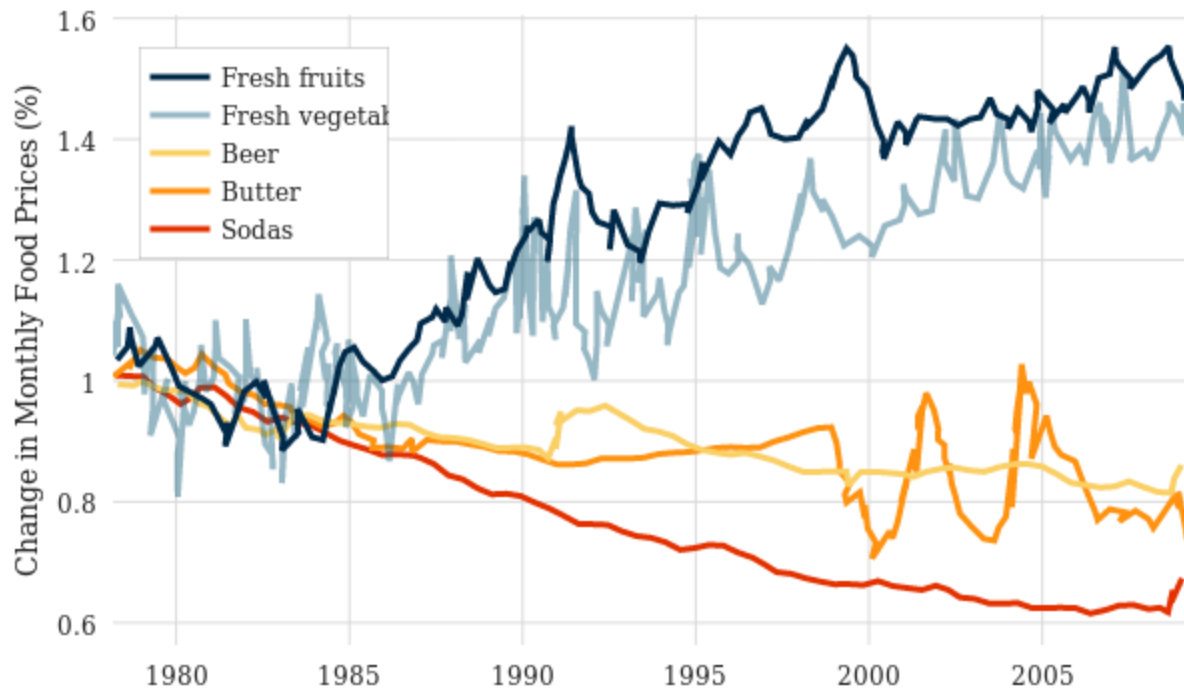


- Recent research is working to link exposure to the safety net in childhood, early life and its impact on adult health and human capital
- Important positive findings for:
 - SNAP (my work)
 - Medicaid
 - Earned Income Tax Credit

8. The future of food stamps

- There is much attention on the poor diet and health of Americans, particularly those of low socioeconomic status
- If you look at the diet of food stamp recipients, the quality is low. But this could very well represent low income and poverty rather than the effects of the program per se

The Cost of Healthy Eating



Lines show change in price of items since 1978, relative to overall inflation (Consumer Price Index). Source: Bureau of Labor Statistics

Healthy foods are much more expensive (per calorie) than unhealthy foods.

Overtime, prices of unhealthy foods have fallen relative to healthy foods.

Food Stamp policies going forward

1: *Reduce the price of healthy foods*

- Massachusetts Healthy Incentive Pilot: A 30% bonus for purchasing fruits and vegetables led to a 25% increase in consumption of healthy foods
- Bonus incentives at farmer's markets

2: *Restrict the food bundle*

- Could jeopardize the core income support features of the program

3: *Increase the price of unhealthy foods?*

- Soda Taxes? Berkeley Measure D (!!)