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

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Hilary Hoynes
Goldman School of Public Policy, Department of Economics, and Haas Institute for a Fair and Inclusive Society
1. Food insecurity, poverty and inequality
U.S. households by food security status, 2014

- Food-secure households: 86.0%
- Food-insecure households: 14.0%
- Households with low food security: 8.4%
- Households with very low food security: 5.6%

Higher rates of food insecurity among:
- Children
- African Americans
- Hispanics
- Lower income groups

Prevalence of food insecurity, average 2012-14

Food insecurity below U.S. average
Food insecurity near U.S. average
Food insecurity above U.S. average

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

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?

<table>
<thead>
<tr>
<th>Characteristics of SNAP Recipients</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share with children</td>
<td>45</td>
</tr>
<tr>
<td>Share female heads with children</td>
<td>24</td>
</tr>
<tr>
<td>Share with elderly members</td>
<td>17</td>
</tr>
<tr>
<td>Share no elderly, no kids, no disabled</td>
<td>25</td>
</tr>
<tr>
<td>Share with gross monthly income below poverty</td>
<td>82</td>
</tr>
<tr>
<td>Share with no cash income</td>
<td>20</td>
</tr>
<tr>
<td>Share with any earnings</td>
<td>31</td>
</tr>
</tbody>
</table>

Source: 2013 data from Food and Nutrition Service, USDA
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

- SNAP: 75%
- NSLP: 11%
- WIC: 6%
- SBP: 4%
- CACFP: 3%
- Other: 1%
# The Reach of these Programs

<table>
<thead>
<tr>
<th>Program</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>SNAP</td>
<td>14.% of total population</td>
</tr>
<tr>
<td>WIC</td>
<td>52% of infants</td>
</tr>
<tr>
<td></td>
<td>27% of children 1-4</td>
</tr>
<tr>
<td>SCHOOL BREAKFAST</td>
<td>40% of students, free and reduced price</td>
</tr>
<tr>
<td>SCHOOL LUNCH</td>
<td>21% of students, free and reduced price</td>
</tr>
</tbody>
</table>
Federal Spending on Selected Means-Tested Programs and Tax Credits, 2012

(Billions of dollars)

Health Care
$272 Billion

- Medicaid: 251
- Medicare Part D Low-Income Subsidy: 21

Cash Assistance
$148 Billion

- Earned Income Tax Credit: 54
- Supplemental Security Income: 50
- Child Tax Credit: 28
- Temporary Assistance for Needy Families: 17

Nutrition, Housing, and Education
$168 Billion

- Supplemental Nutrition Assistance Program: 80
- Child Nutrition: 18
- Housing Assistance: 36
- Pell Grants: 34

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

Children Kept out of Poverty (2014, In Millions)

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)

> Bachelor's degree

Some college

High school dropout

High school graduate

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.

David Autor, Science.
• 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; Mykerezi & 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 $\rightarrow$ 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”

How food stamps impact long-term health

*Increasing incidences of obesity, high blood pressure, diabetes*

- Food stamps in place before child’s birth
- Food stamps implemented during early childhood
- Food stamps not implemented during early childhood

*Decreasing incidences of obesity, high blood pressure, diabetes*

Food stamp investment before birth improves adult health.

But investment later in childhood does not.

Age of food stamps introduction in county

5 years before birth | 4 to 3 years before birth | 2 to 1 years before birth | 1 day to 1 year old | 2 to 3 years old | 4 to 5 years old | 6 to 7 years old | 8 to 9 years old | 10 to 11 years old | 12 years old or older
• 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
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 (!!)