# Why SNAP Matters[*]

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## 1. Food Insecurity, Poverty and the SNAP's place in the U.S. Social Safety Net

**In 2014, about 17 million households were food insecure, including 7 million with "very low" food security.** The USDA defines food insecurity to be the condition when access to adequate food is limited by a lack of income and other resources. Economic resources are an important determinant of food security; almost 40 percent of households with income below the poverty line are food insecure compared to 6.3 percent of those with income above 185 percent of poverty (Coleman-Jensen et al. 2015).

**SNAP is the central policy to help reduce food insecurity.** The Supplemental Nutrition Assistance Program (SNAP), formerly known as food stamps, is the largest of the programs aimed at reducing food insecurity. In 2014, SNAP reached 46.5 million people at a cost of $74.6 billion (USDA 2016). Other food and nutrition programs include School Lunch ($11.4 billion), WIC ($6.2 billion) and School Breakfast ($3.7 billion). SNAP is the most universal and unrestricted of the food and nutrition programs: virtually all income- and asset-eligible households are eligible. The program provides vouchers that can be used to purchase most foods at grocery stores or other authorized retailers.

The current SNAP program originated as a piloted program under President Kennedy in 1961. This led to passage of the Food Stamp Act (in 1964) where the purpose of the program was stated "to provide for improved levels of nutrition among low-income households" and "to safeguard the health and well-being of the nation's population." Following 1973 amendments to the Food Stamp Act, SNAP (then called food stamps) was available nationwide by the end of 1975. Eligibility for SNAP requires gross monthly income to fall below 130 percent of poverty. SNAP benefits provide important income support, averaging about four dollars per person per day. Most households combine cash and SNAP to buy food.

**SNAP is central in the broader social safety net, and is critical for reducing poverty.** The SNAP benefit expands households' budgets overall so that they are better able to cover food and other basic needs. Figure 1, based on calculations from the 2014 Census Supplemental Poverty

[*] This brief draws from "The Future of SNAP: Improving Nutrition Policy to Ensure Health and Food Equity," by Hilary Hoynes and Sasha Feldstein (MPP student and graduate assistant at the UC Berkeley Goldman School of Public Policy) and "U.S. Food and Nutrition Programs" by Hoynes and Schanzenbach (2015).

Measure, shows that SNAP lifts 4.7 million persons including 2.1 million children out of poverty. Fully 1.3 million children are lifted out of extreme (below 50%) poverty (CEA 2015). Figure 1 shows that after the Earned Income Tax Credit (EITC) and the Child Tax Credit (which together lift 9.8 million people including 5.2 million children out of poverty) SNAP is the largest antipoverty program for families with children in the United States.

As large as these SNAP antipoverty estimates are, they are likely an underestimate of the full effect. These poverty calculations are based on the Current Population Survey and household reporting on SNAP benefits. Recent research shows that households underreport their receipt of SNAP as well as other government transfers such as TANF and Housing Subsidies (Meyer, Mok and Sullivan 2015, Meyer and Mittag 2015). This work shows that SNAP underreporting is on the order of 40 percent. After adjusting for underreporting, in 2012 SNAP lifted 10.3 million people including 4.9 million children out of poverty, about equal to the combined effects of the EITC and Child Tax Credit (Sherman and Trisi 2015). This is illustrated in Figure 2.

**SNAP benefits support children, the elderly and working families.** Almost half of SNAP households contain a child and about three quarters include a child, elderly or disabled person (Hoynes and Schanzenbach 2015). SNAP is designed to supplement earnings in low-income households. Over the past 20 years, the share of SNAP recipients with earned income has increased substantially. Among households with children and non-elderly, non-disabled adults, more than half are working and many more are employed within a year of receipt (Rosenbaum 2013).

## 2. SNAP buffers the shock of recessions and stagnating wages

**SNAP is also the closest thing the United States has to a "universal safety net" and, as an entitlement, reacts quickly in times of need.** While some restrictions exist for able-bodied adults without children, fundamentally SNAP eligibility is only need-dependent. As an entitlement, anyone who is eligible can receive benefits without the risk of taking away resources from others, being put on a waitlist, or being turned away. This allows the program to respond quickly to changes in the labor market such as recessions or when a parent loses a job. This was never more important than in the wake and aftermath of the 2008 Great Recession; as the unemployment rate grew to almost 10 percent in 2010, SNAP expenditures per capita expanded to meet the need. In spite of this increase in SNAP during the Great Recession, administrative costs have not increased and error rates are at an all-time low (Rosenbaum 2014).

Beginning with the federal welfare reform legislation, able-bodied adults without children have faced a three-month limit on SNAP benefits. A temporary waiver on this rule was put in place during the high unemployment rates of the Great Recession. These waivers are due to expire in 2016 and many poor adults will lose SNAP eligibility.

**Demand for SNAP closely tracks overall economic conditions.** Figure 3 shows the trend in SNAP expenditures (in real per capital costs) and the U.S. unemployment rate and shows a strong countercyclical pattern (Bitler and Hoynes 2016). Focusing on the dramatic Great Recession period, Figure 4a shows, for each of the fifty states, the relationship between the severity of the Great Recession (on the x axis) and the response of SNAP (on the y axis). In states with larger increases in the unemployment rate, SNAP responded with larger increases in the program. In contrast, Figure 4b shows that TANF (which is block granted) responded little in the Great Recession and showed no evidence of expanding more in states with large unemployment increases (Bitler and Hoynes 2010).

**Wages for less skilled workers are declining over time.** Since the mid-1970s, earnings for less-skilled workers have stagnated (Autor 2014). As illustrated in Figure 5, hourly wages for men with less than a high school degree have fallen in real terms by more than 20 percent since 1973. Declines, though of a smaller degree, have occurred for men with a high school degree and for those with some college. Real wages for women with a high school degree or some college show smalls gains, though high school dropouts have seen no real increases. These factors combine to show losses or no change in real family income for the bottom 20 percent of the population (Mishel et al. 2012). This is particularly salient given the high and persistent premium paid to college educated workers (Autor 2014) and the steady gains in income held by the top one percent of taxpayers (Piketty and Saez 2003).

With lower wages, workers increasingly need to supplement their earnings to maintain family income levels. SNAP and the EITC are effective policies aimed at helping make up for the fall in family earnings.

**SNAP is one of the few programs that supplement low-income families throughout the year.** The EITC provides important source of income for families with children and has been shown to lead to increases in employment and family earnings (Hoynes and Patel 2015). However, EITC benefits are received in the form of a once-a-year tax refund. SNAP, by contrast, is received on a monthly basis and can supplement earnings throughout the year.

## 3. Making SNAP more effective: Increasing participation

**Participation is Incomplete.** Even though SNAP take-up rates are at an all-time high, participation varies widely across demographic groups and regions. The percent of eligible individuals who receive SNAP in the U.S. is 83 percent, while in California it is only 63 percent, making it one of the lowest participation states in the country (Cunnyngham 2015). People who are elderly, eligible non-citizens, or those who are working are the least likely to participate in SNAP (Eslima 2014).

Reasons for non-participation include misinformation about eligibility and benefits, poor customer service, lengthy and time-intensive application processes, poor application timeliness, administrative errors, administrative churning, and stigma (USDA 2012). Experiences from different state policies suggest ways forward including connecting enrollment with other state and federal programs and making the application process more accessible and user-friendly (online applications and repealing fingerprinting requirements) (Hoynes and Feldstein 2015).

## 4. Conclusion

For lower-income populations, SNAP serves as both a food assistance program and a critical income support program that helps individuals and families meet their basic needs. These two pillars of SNAP provide a framework for understanding how food insecurity, poor health, and poverty reinforce each other and are inextricably linked. Under the current food system, nutrition cannot be improved without the financial resources to do so. Meanwhile, food insecurity, poor health, and nutrition make it increasingly difficult for households to lift themselves out of poverty. To the extent that SNAP helps to increase the total resources that individuals have to provide for themselves and their families, SNAP is vital to low-income livelihoods.

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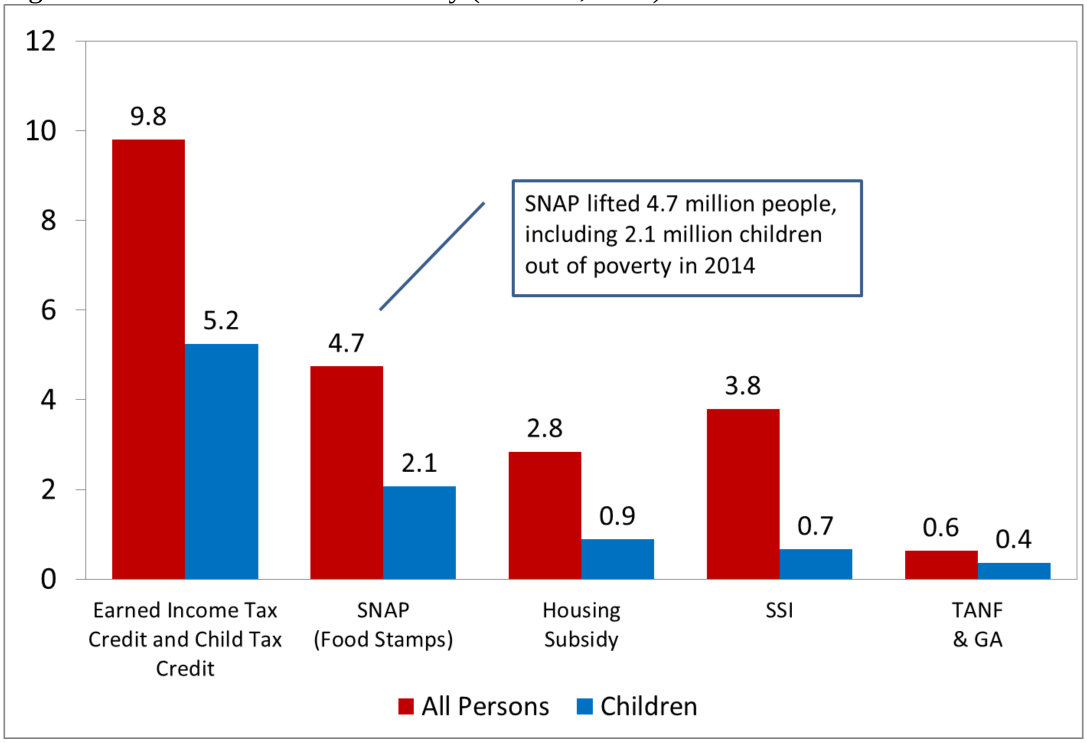
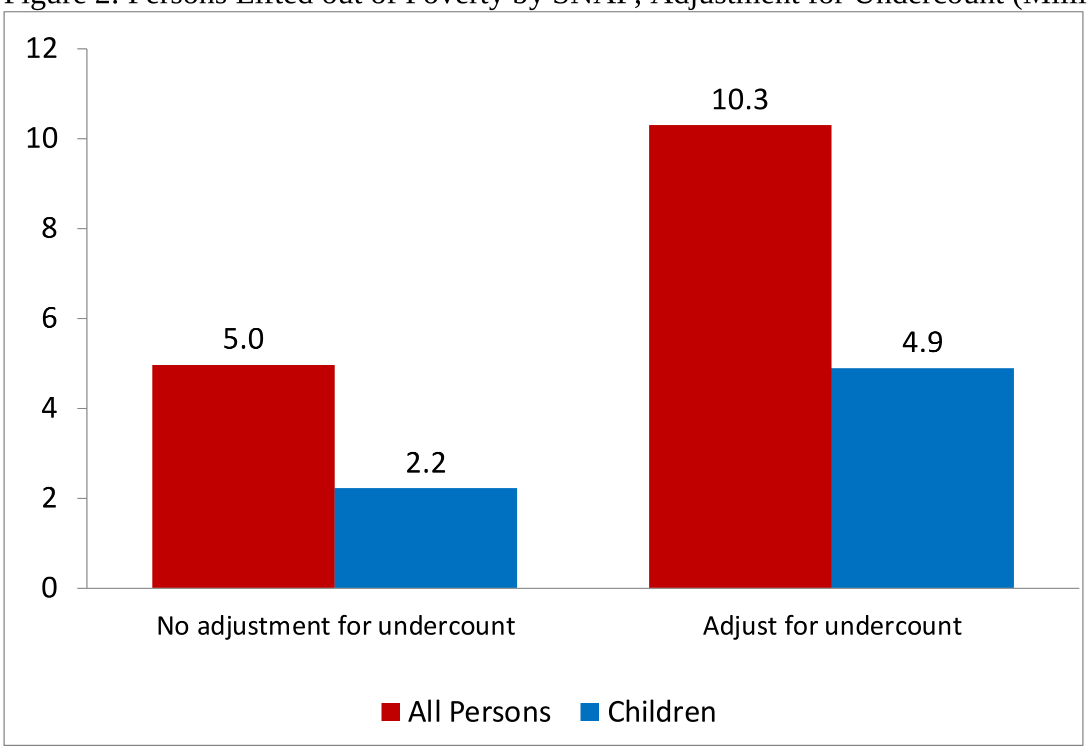
Figure 1: Persons Lifted out of Poverty (Millions, 2014)




Source: Author's tabulations of 2015 CPS and Supplemental Poverty Measure.

Figure 2: Persons Lifted out of Poverty by SNAP, Adjustment for Undercount (Millions, 2012)




Source: Author's tabulations of 2015 CPS and Supplemental Poverty Measure and Sherman and Trisi (2015).

Figure 3

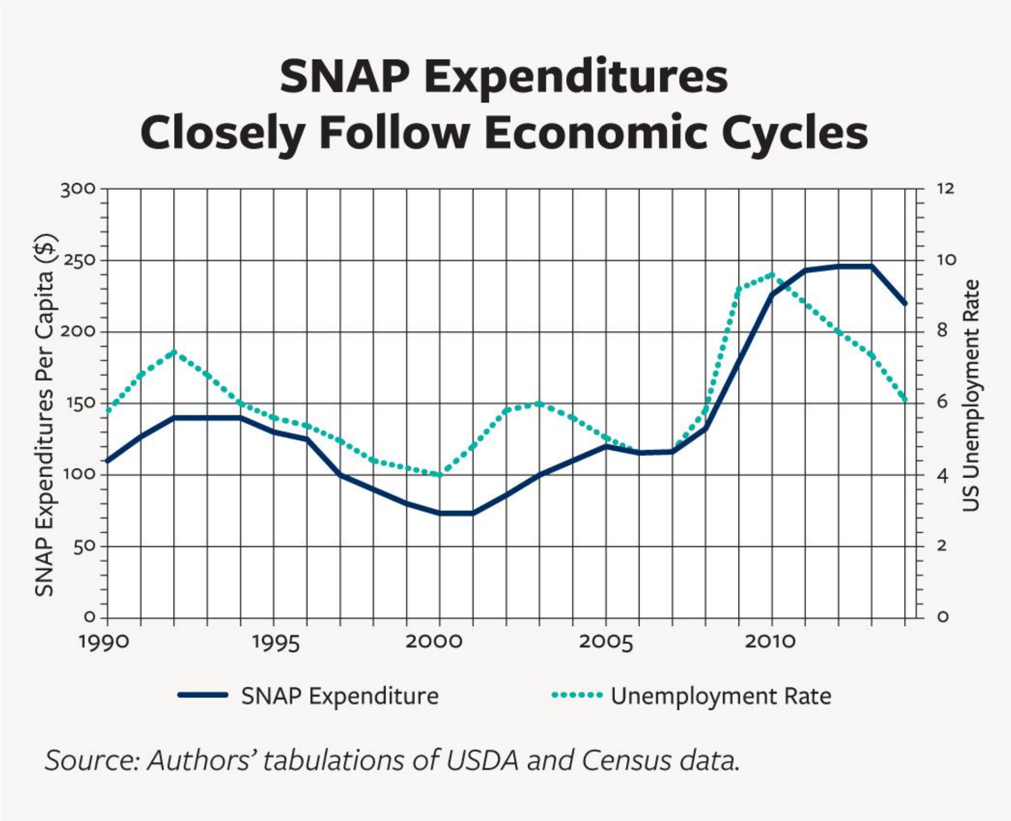
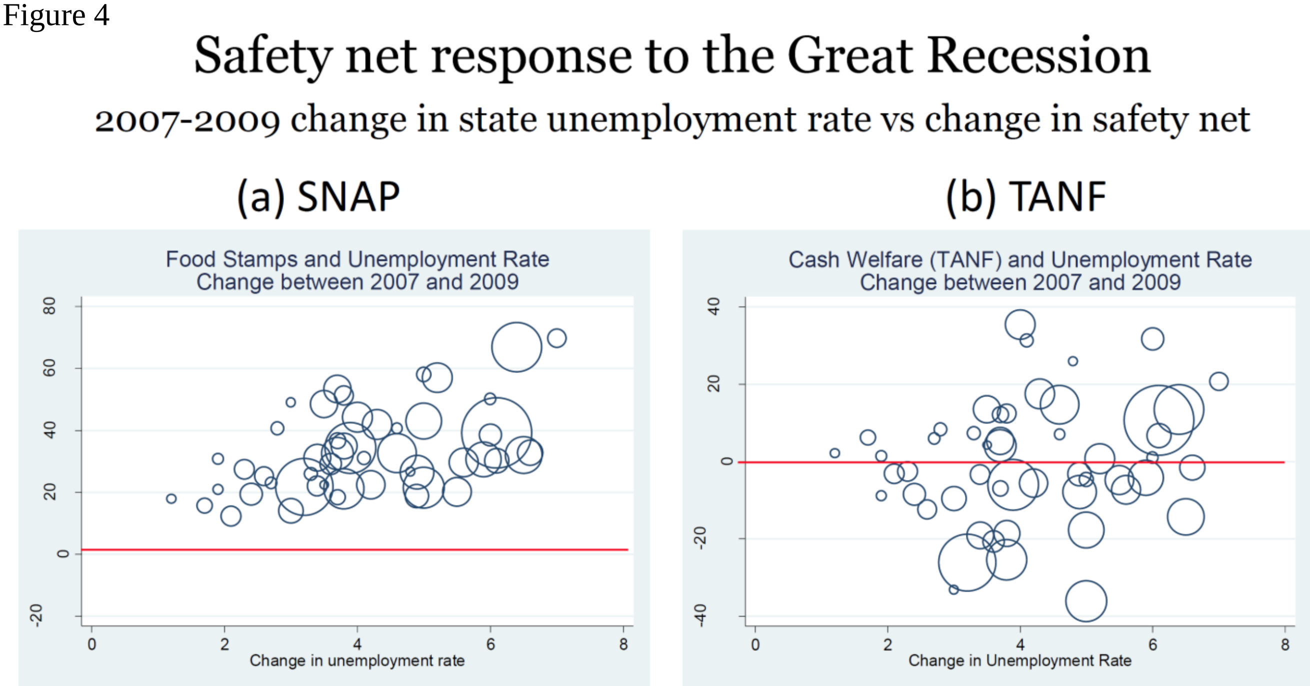
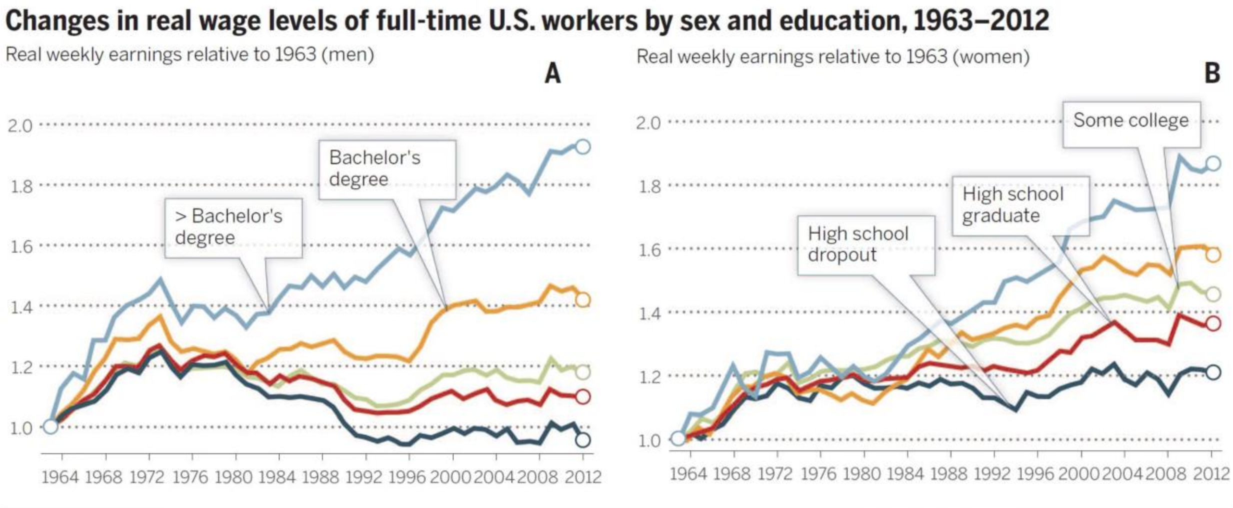



Figure 4




Source: Bitler and Hoynes, *Brookings Papers on Economic Activity* 2010.

Figure 5




Source: Autor (2014).