SNAP Matters: How Food Stamps Affect Health and Well Being

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Webinar begins at 2:00 p.m. CST/3:00 P.M. EST
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Four new policy briefs
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1. The Basics of SNAP Food Assistance
2. SNAP Trends and Antipoverty Impacts
3. SNAP, Food Security, and Health
4. SNAP and the Low-Income Safety Net
Available at http://www.sup.org/books/title/?id=24621
Outline of the Webinar

Introduction

Why have caseloads grown, and what are the antipoverty impacts of SNAP?

Impacts of SNAP on food security, consumption, health, and obesity

SNAP as part of the broader safety net
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The Effect of SNAP on Poverty  Laura Tiehen, Dean Jolliffe, and Timothy Smeeding

**Consumption and Health Effects of SNAP**

The Supplemental Nutrition Assistance Program and Food Insecurity  Christian Gregory, Matthew P. Rabbitt, and David C. Ribar

SNAP and Food Consumption  Hilary W. Hoynes, Leslie McGranahan, and Diane W. Schanzenbach

The Health and Nutrition Effects of SNAP: Selection into the Program and a Review of the Literature on Its Effects  Marianne Bitler

SNAP and Obesity  Craig Gundersen

**SNAP and the Wider Safety Net**

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Multiple Program Participation and the SNAP Program  Robert A. Moffitt

**Summary and Conclusion**
What is SNAP?

The Supplemental Nutrition Assistance Program (SNAP) is a Federal in-kind assistance program operated by the USDA.

Proposed by President Kennedy in 1963, and signed into law by President Johnson with the Food Stamp Act of 1964.

Known as the Food Stamp Program until renamed SNAP as part of the 2008 Farm Bill.
What are the Program’s Goals?

• Section 2 of 7 U.S.C. 2011 states

“… a supplemental nutrition assistance program is herein authorized which will permit low-income households to obtain a more nutritious diet through normal channels of trade by increasing food purchasing power for all eligible households who apply for participation.”
Eligibility

Unique in the U.S. safety net as a universal entitlement not conditioned on work, family structure, or age.

Must meet 2 income tests (gross and net) and 2 asset tests (liquid assets and vehicle value)

Special rules for 60 and older, disabled, and participants in TANF and SSI
Benefit Levels

Benefits are set at the federal level and vary by household size.

Benefits are the same across the lower 48 states and DC, but higher in Alaska and Hawaii.

Amount is based on the Thrifty Food Plan.

Minimum monthly benefit in 2015 is $16 and maximum monthly benefit for a 4-person unit is $649.
How Benefits are Delivered

EBT debit card redeemable at USDA certified outlets (nearly 250,000 outlets nationally)

Can be used to purchase food for home consumption but not alcohol, tobacco, or hot prepared foods for immediate consumption
Participation and Cost

In FY2014 46.7 million people, or 1 out of every 7, received assistance from SNAP
  – 164% increase since FY2000

Combined federal and state spending is over $74.2 billion
  – State share is about $4 billion
  – 2nd only to Medicaid among means-tested transfers
Household Income as a Percent of Poverty Guidelines

- **Below 50%**: 55.1% of SNAP households, 42.6% of SNAP benefits
- **50-100%**: 36.3% of SNAP households, 40.7% of SNAP benefits
- **101-130%**: 7.2% of SNAP households, 11.9% of SNAP benefits
- **Above 130%**: 1.4% of SNAP households, 4.7% of SNAP benefits

Legend:
- **Percent of SNAP households**
- **Percent of SNAP benefits**
Household Structure

- Children in household: 69.2%
- Single-parent: 37.1%
- Married head: 26.3%
- Multiple adults or children only: 15.5%
- No children in household: 16.6%
- Elderly in household: 16.5%
- Disabled nonelderly in household: 20.2%

Percent of SNAP households vs. Percent of SNAP benefits
Why did Participation Increase?

Macroeconomic Forces
   – Changes in Business Cycle
   – Changes in Income Distribution

Policy Reforms
   – SNAP Policy Changes post-2000
   – 1996 Welfare Reform
   – 1990s EITC expansions

Demographics
Trends in SNAP Participation and Unemployment Rate

- **SNAP (Persons as % of Pop)**
- **Unemployment Rate**

Recession

Source: Author’s calculations using CPS ASEC and BLS data
Falling Incomes, Rising Inequality since 2000

Real Median Income Rose 22% since 1980
90-10 Inequality Rose 30% since 1980

Source: Author’s calculations using CPS ASEC data
SNAP as Automatic Stabilizer

The weak macroeconomy is the most important reason for the increase in SNAP participation since the Great Recession and since 2000.

SNAP participation will fall as the economy improves, both from lower unemployment and rising wages in the bottom half of the distribution.

The program is operating as intended as an automatic fiscal stabilizer.
SNAP as Work Support

SNAP has evolved into a work support for households whose head works full-year, has at least some college education, and is near poor.

Changing demographics of households points towards lower participation.
SNAP Policy Matters

Many of the policy reforms implemented in the early 2000s are operating as intended to improve access and program efficiency

– Benefit error rates are at all time lows

The 2014 rollback of the ARRA increase in benefits will lower participation

– Estimated that the 13.6% reduction in benefits will lower participation 12.2%

Policy has a sizable influence on long-term trends
SNAP and Poverty

SNAP is our most effective targeted anti-poverty program

It is highly target efficient on a monthly basis

It strongly affects poverty count, gap, and severity (FGT measure)

Once we adjust for underreporting it is our most important anti-poverty program
SNAP: Target efficiency

- Above 130% of poverty line
- 101-130% of poverty line
- 50-100% of poverty line
- Below 50% of poverty line

2000 vs 2011 comparison for households and benefits.
Importance of Accounting Period and Units

Monthly vs. annual income

USDA: Month-to-month eligibility, benefits and recertification is basis for target efficiency

CPS: Annual benefit receipt and annual amount, makes no sense for a hunger program

Household vs. SNAP assistance unit

SNAP unit smaller than household unit:
‘mom,’ ‘dad,’ and kiddo: married (1 unit of 3) or not (1 unit of 1 and 1 unit of 2)?
Percent decline in rate, depth, and severity of poverty, by age, 2000–11
Correcting for underreporting — USDA

Evidence on underreporting
- Reporting rate of benefits was 53% in 2011
- Declined from 72% in 1988 (Meyer et al., 2015)

Our method
- First, use a weighting procedure to match number of poor SNAP recipients in CPS to USDA administrative data
- Second, scale up benefits to match USDA administrative totals, within two income groups among poor.
Antipoverty effect of SNAP with correction for underreporting, 2011
Similarity of results after correction, at least for poverty counts

Urban Institute, TRIM (Laura Wheaton et al., 2011)

Wisconsin Poverty Report (Chung et al., Fall 2013, Social Services Review-2013 Report)

California Poverty Report (Wimer et al., 2013)
General Summary of Findings

SNAP plays an important role in mitigating the effect of economic downturns on poverty.

SNAP has a relatively stronger effect on the depth and severity than on the prevalence of poverty.

SNAP benefits have a particularly strong alleviative effect on child poverty, relatively weaker effect on elderly poverty.

The 14% roll back in SNAP benefits in November 2013 has increased poverty.
What are the Impacts of SNAP on Food Insecurity, Consumption, Health, and Obesity?
Defining Food Insecurity

- A household’s food insecurity status is based on responses to 18 questions in the Core Food Security Module (CFSM).
- Examples of questions:
  - “I worried whether our food would run out before we got money to buy more”
  - “Did you or the other adults in your household ever cut the size of your meals or skip meals because there wasn’t enough money for food”
  - “Were you ever hungry but did not eat because you couldn’t afford enough food”
  - “Did a child in the household ever not eat for a full day because you couldn’t afford enough food”
- Categories
  - food insecure if have 3 or more affirmative responses
Percent of households

Food insecurity
(including low and very low food security)

Very low food security

Overall Food Insecurity Rates
Child Food Insecurity Rates
Food Insecurity

Central reason for establishment of SNAP was to reduce food insecurity
  – remains a primary goal
SNAP is extraordinarily successful at achieving this goal
  – best estimates are that SNAP recipients are roughly 20% less likely to be food insecure than eligible non-recipients
  – work by Gregory et al. in this volume suggests that among those receiving SNAP higher benefits may be associated with lower probabilities of being food insecure
Food Consumption

All else equal, SNAP participants should have higher food consumption than eligible non-participants.

Two oft-posed questions

– are most SNAP recipients infra-marginal?
– are benefit levels sufficiently high for most recipients?
Food Consumption

Are most SNAP recipients infra-marginal?
– research has consistently found that the vast majority of recipients are infra-marginal

Are benefit levels sufficiently high for most recipients?
– work by Schanzenbach et al. in this volume finds that many smaller households are not receiving enough benefits to obtain a minimally adequate diet
Nutrition and Health

SNAP is likely to have
  – direct impacts on nutrition
  – indirect impacts on health

Measuring impact of SNAP is difficult due to negative selection
  – Bitler demonstrates that SNAP recipients are worse off over numerous dimensions unrelated to SNAP receipt
    • need to recognize this when considering impact of SNAP
Obesity

Possible effects of SNAP on obesity
  – Common sense
Figure 3: Obesity Status of Adults by Income to Poverty Line Ratio, 2001-2010

>30 BMI

>35 BMI
Figure 5: Obesity Status of Children by Income to Poverty Line Ratio 2001-2010

>95th %tile
>99th %tile
Obesity

Possible effects of SNAP on obesity

– Common sense
– Theoretically ambiguous
– Empirical results

• Positive effect of SNAP on obesity (i.e., SNAP is associated with increased in obesity)
  – Meyerhoefer and Pylypchuk (2008), Baum (2011)

• No effect of SNAP on obesity

• Negative effect of SNAP on obesity
  – Schmeiser (2011), Hoynes et al. (2012), Burgstahler et al. (2012)
SNAP as part of the broader safety net
91% of SNAP recipients received at least one other tax or transfer benefit during 2008-2009.

% receiving other benefits during 4-month period

- Unemployment Ins
- TANF
- Social Security: OASI
- Social Security: SSDI
- WIC
- Subsidized housing
- SSI
- Child tax credit
- EITC

0 5 10 15 20 25 30 35 40
SNAP is typically a small supplemental component of transfer income

Mean monthly amount, if any, among SNAP recipients

- SNAP
- Unemployment Ins
- TANF
- Social Security: OASI
- Social Security: SSDI
- Subsidized housing
- SSI
- Child tax credit
- EITC

Mean monthly amount: $0 - $1,000
Most school-age SNAP recipients combine SNAP with school meals... and usually school meals come first

- Almost 90% of school-age children in SNAP households also eat free or reduced price school lunch; almost three-quarters eat free or reduced price school breakfast
- Almost one-quarter of children entering SNAP do so without first receiving free or reduced price school meals; 21% are already participating in one of the meal programs, and 56% in both meal programs
Food assistance makes up a sizable share of household resources for low-income school-age kids

% of household resources during typical 4-month period

- Low-income children: 8.5% SNAP, 10.4% School meals
- Household head not employed: 16.8% SNAP, 11.7% School meals
- <hs education: 13% SNAP, 10.9% School meals
- Black: 16.2% SNAP, 10.7% School meals
- Unmarried household head: 15.2% SNAP, 10.4% School meals
Linkages between SNAP and other programs are complex

Some transfer programs provide categorical eligibility for SNAP (i.e. TANF, SSI)

SNAP provides categorical eligibility for other programs (free school breakfast and lunch)

SNAP benefit amounts are influenced by amounts received from most other transfer programs

SNAP and other programs interact in complex ways to influence potential work incentives

Research has tended to study SNAP in isolation
Q & A

Please submit your questions in the Q & A box at the bottom of your screen.
Thank you!
Our next webinar

Addressing Ex-Prisoner Reentry at the Community Level

John Roman, Urban Institute
Michael Massoglia, UW–Madison

Thursday, December 17, 2015, 1:00 p.m. CST

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