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SNAP Trends and Antipoverty Impacts

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FOR MUCH OF ITS FIRST THREE DECADES, the Supplemental Nutrition Assistance Program (SNAP, previously called the Food Stamp Program) operated in the shadows of the safety net, in terms of both policy and research interest. A countercyclical program with caseloads that have historically ebbed and flowed with the ups and downs of the economy, SNAP participation has grown rapidly over the past 15 years. This growth has led to diverging views among policymakers: for some, it highlights structural constraints in the labor market; for others, it implies flaws in program design. This brief, the second in a four-part series, examines the changes in SNAP caseloads since 1980, and the factors that contributed to those changes, with emphasis on the post–2000 period. It also summarizes the newest research on the program's antipoverty impact. The discussion draws on a comprehensive new book, *SNAP Matters: How Food Stamps Affect Health and Well-Being**, edited by the authors of this brief.

Judith Bartfeld, Craig Gundersen, Timothy M. Smeeding, & James P. Ziliak

Economic and Policy Environment Trends

The macroeconomy:

The 1980–2011 period saw large swings in the unemployment rate, with the sharpest increase occurring during the Great Recession. Alongside the ups and downs of business cycles, incomes at the top have steadily increased, while there has been a leveling off and subsequent significant decline in income in the bottom half of the distribution after the Great Recession. As a result, income inequality has grown throughout the period. Unemployment and income inequality both are linked to higher SNAP caseloads.

The policy context:

The 1993 expansion of the Earned Income Tax Credit (EITC) pulled many single mothers into the labor force and off welfare and SNAP. Not long after, cutbacks in cash welfare assistance beginning in 1996 closed off a common avenue onto SNAP, resulting in lower take-up among eligible households.

Welfare reform legislation in 1996 reduced SNAP participation by eliminating eligibility for some groups (legal immigrants and drug felons); imposing sharp limits on duration of benefits for others (able-bodied adults without dependents); allowing increased use of SNAP sanctions; and reducing maximum SNAP benefits. And, incentives to reduce benefit error rates led many states to require more frequent certification for SNAP recipients, especially for workers.

In the face of concern over low SNAP take-up among eligible households following the sharp caseload declines in the late 1990s, as well as stagnant wages at the bottom of the income distribution and increasing attention to the working poor, new initiatives beginning in the early 2000s sought to strengthen the role of SNAP in the safety net. These included expanded outreach, increased flexibility for states to use more generous gross income and asset limits through broad-based categorical eligibility, restoring eligibility for some legal immigrants, and giving states new options to simplify application and recertification processes. Electronic benefit cards were also phased in during this period. Benefits were temporarily raised in 2009, and returned to standard levels in November 2013.

*Chapter 1 by James P. Ziliak and Chapter 2 by Laura Tiehen, Dean Jolliffe, and Timothy M. Smeeding

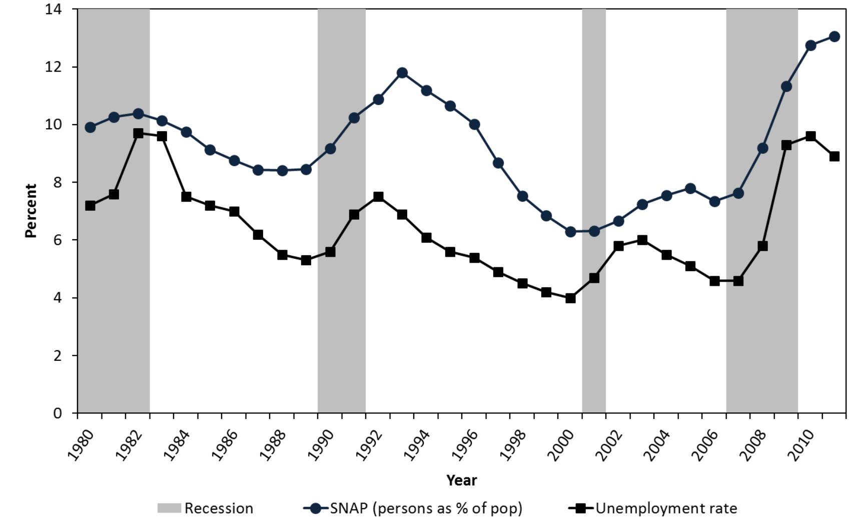
SNAP Over Time

Between 2000 and 2011, the share of SNAP households with:

- a full-year worker increased from 21% to 24%;
- at least some college education increased from 23% to 35%; and
- annual household income over the federal poverty line (FPL) increased from 41% to 48%.

These upward trends indicate that SNAP is increasingly operating as a work support for higher educated (more than high school) but low-income households, while continuing to also support disadvantaged children, seniors, and disabled persons.

Peaks in SNAP usage coincide with unemployment rates.



Source: Authors' calculations using Census Bureau and Bureau of Labor Statistics data.

How Have These Trends Affected Caseloads?

- From 2000 through 2011, the SNAP caseload more than doubled. The macroeconomy accounts for 45% of the caseload growth in this period. Of the macroeconomic factors, the unemployment rate was the most important contributor, but stagnant incomes and rising inequality also played a role. Overall, these results suggest SNAP is operating effectively as an automatic fiscal stabilizer.
- SNAP policy changes account for 35% of the growth over this period. Specific policies that played a role included the temporary benefit increase in 2009 (since ended), expanded categorical eligibility, and simplified reporting.
- Nonfood assistance policies such as welfare reform and the EITC explain only 3% of the growth in this period. These policies did, however, play an important role in the caseload declines of the 1990s.
- Demographic shifts, including the aging of the population and a trend towards smaller households, helped to bring caseloads down modestly.

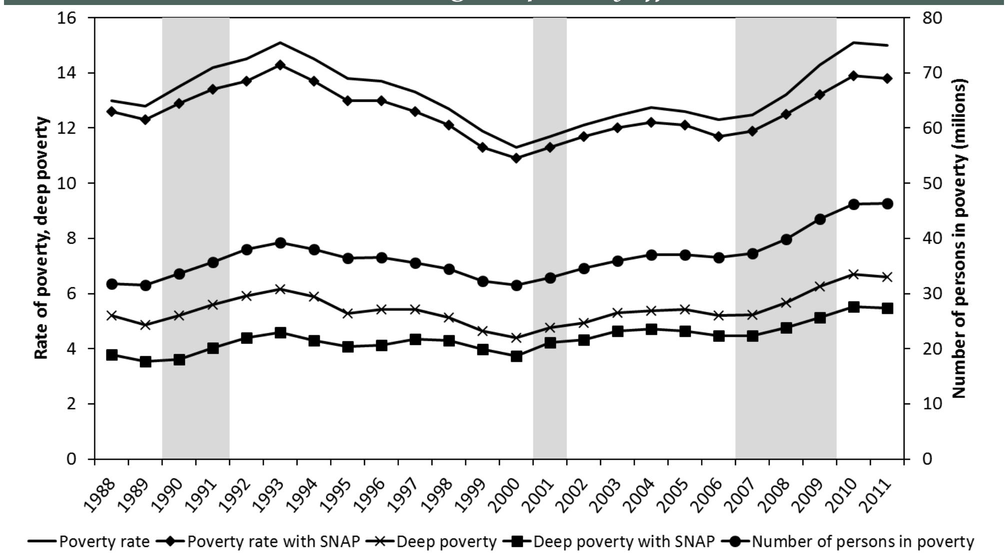
SNAP and Poverty

With the growing reach of SNAP to more families, it is of interest to know whether benefits are directed to the neediest households, and whether the program is playing an important role in reducing poverty. Here, we synthesize a variety of evidence to address these questions.

Is SNAP well directed to those most in need?

- The eligibility criteria for SNAP ensure that the program reaches only low-income households, and the progressive benefit structure ensures that the largest benefits go to those with the lowest net income. And, while broad-based categorical eligibility has effectively raised the gross income limit above 130% of the FPL for some households, households must still have net monthly income below the FPL to receive a benefit.
- Administrative data from the USDA show that the vast majority of beneficiaries are poor based on monthly gross income, and that benefits are concentrated among the poorest of the poor. During 2011, 83% of SNAP households had monthly gross income below the FPL, and only 4.7% were above 130% of the FPL. Furthermore, 55% of total benefits went to those below 50% of the FPL, fewer than 10% went to those above the FPL, and only 1.4% to those above 130% of the FPL.
- A larger share of recipients have annual (as compared to monthly) income above the FPL (as stated on p. 1 of this brief)—but SNAP is intended to address immediate needs, not needs averaged over a whole year, so annual measures seem less relevant in terms of assessing target efficiency.

SNAP has had a strong antipoverty effect over time.



Source: Authors' calculations using Census Bureau Current Population Survey data.

Measuring SNAP's Antipoverty Impact

The official U.S. poverty measure is based on a comparison of a family's income to the poverty threshold, where that threshold varies by age and family size. "Income" for this purpose includes all pretax income, such as earnings, unemployment compensation, Social Security payments, and cash benefits from means-tested programs. It does not account for taxes paid or tax credits received. And, importantly, it does not include the value of SNAP or other noncash benefits.

Because SNAP benefits are not included in the income measure used to assess poverty, the program's role in reducing poverty is not captured in official poverty statistics. To understand the effect of SNAP on poverty, one can add the value of SNAP to household income and look at that adjusted income amount relative to the poverty threshold. This is challenging, however, because SNAP is underreported in survey data.

Does SNAP reduce poverty?

- In a typical year over the 1988–2011 period, SNAP lowers the poverty rate by 5% to 10%, and this effect is stronger in recessionary periods. For instance, in 2011, the official poverty rate was 15%; accounting for SNAP benefits reduced the rate to 13.8%.
- More impressive is the effect on deep poverty: over the past two decades, the fraction of people living on incomes below one-half the poverty line is lowered by 10% to 20% by accounting for SNAP. In terms of the number affected, in 2011, roughly 4 million persons were lifted out of poverty and another 3.5 million were lifted out of deep poverty by SNAP benefits.
- Children were the greatest beneficiaries of the poverty-alleviation benefits of SNAP.
- After adjusting for underreporting, the antipoverty impact of SNAP is doubled—from an 8% reduction to a 15.9% reduction in 2011—making SNAP the most effective antipoverty program among the non-elderly.
- State policy options designed to strengthen program access, such as the removal of asset tests and the use of longer recertification periods for workers, have increased SNAP's antipoverty effectiveness.

Taken together, the evidence suggests that SNAP is highly effective as a fiscal stabilizer; that policies—both SNAP and other policies—are important influences on caseloads; that SNAP is effectively directed to the most economically vulnerable households; and that its antipoverty effectiveness for the non-elderly population is unrivaled among safety net programs. There have been important shifts in caseload size and composition over time, but these shifts are heavily influenced by economic pressures and specific policy objectives.

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