



SUPPORTING FAMILIES, STRENGTHENING COMMUNITIES: THE ECONOMIC IMPORTANCE OF NUTRITION ASSISTANCE

Executive Office of the President

November 2013



The Economic Importance of Nutrition Assistance



The Supplemental Nutrition Assistance Program (SNAP) is one of our nation's strongest defenses against hunger and poverty. The program assists millions of Americans who are struggling to make ends meet, including working families with children, senior citizens, veterans, and adults who are still looking for work. The program has become one of the main anchors of the social safety net, offering nutrition assistance to millions of eligible low-income individuals and families and providing economic benefits to communities. And, in addition to helping families put food on the table, SNAP also benefits farm and rural economies.

SNAP has been authorized as part of a comprehensive Farm Bill for the past 40 years. It is essential that any Farm Bill continue the nutrition programs like SNAP that are vital to our strength and competitiveness as a nation, and which complement our investments in the farm economy. These programs benefit millions of families and individuals—in rural, suburban, and urban areas alike—and should be reauthorized in the Farm Bill on the same schedule as the agriculture programs. SNAP is a cornerstone of our Nation's food assistance safety net, and should not be left behind as the rest of the Farm Bill advances.

The Importance of Our Nutrition Assistance Programs for Families and Communities

- ❖ For the past 40 years, the Farm Bill also has authorized the Supplemental Nutrition Assistance Program (SNAP), one of our nation's strongest defenses against hunger and poverty. SNAP helps Americans put food on the table, while also benefitting farm and rural economies.
- ❖ In 2012, SNAP kept nearly 5 million people out of poverty, including 2.2 million children.
 - SNAP reduced child poverty by 3.0 percentage points in 2012 – the largest child poverty impact of any safety net program other than refundable tax credits.
 - Over 91 percent of SNAP benefits go to households with income below the poverty line, and 55 percent go to households with income of less than half of the poverty line (about \$9,500 for a family of three).
 - As the economic recovery continues and fewer people are in need of food assistance, the independent Congressional Budget Office projects SNAP participation and spending to fall significantly. This is consistent with past economic downturns.
- Program benefits are targeted to those most in need, and designed to support work.
 - The large majority of SNAP participants are children, the elderly, or people with disabilities. Additionally, nearly one million veterans receive SNAP assistance each month.
 - SNAP has very low overhead: about 95 percent of federal spending on SNAP goes directly to subsidizing the food purchases of eligible households.
 - Most SNAP recipients who can work do so. Among SNAP households with at least one working-age, non-disabled adult, more than half work – and more than 80% work in the year before or after receiving SNAP.
- ❖ In addition to helping American families during tough economic times, SNAP provides a fiscal boost to the economy during economic downturns.
 - The non-partisan CBO rated an increase in SNAP benefits as one of the two most cost-effective methods for boosting growth and jobs when the economy is weak.
 - Every new SNAP dollar generates up to \$1.80 in economic activity for the over 230,000 retail food outlets that participate in the program.
- Legislation passed by House Republicans would result in nearly 4 million Americans losing access to SNAP next year, including working families with children, seniors, and veterans.
 - In addition, 210,000 children in these families would also lose free school meals.
 - These cuts would come on top of the significant benefit reduction experienced by all SNAP recipients, including 22 million children, at the start of this month.

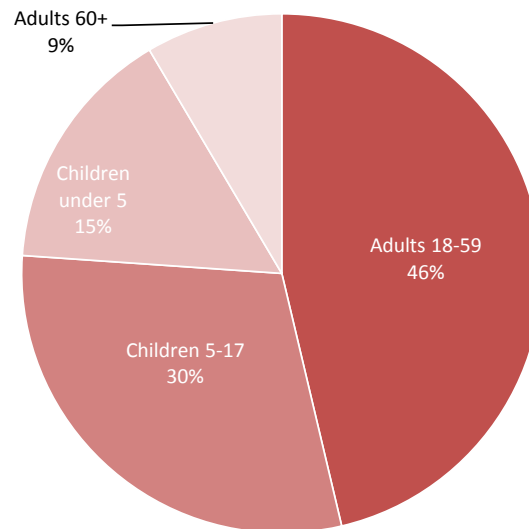
The Supplemental Nutrition Assistance Program (SNAP), authorized as part of a comprehensive Farm Bill for the past 40 years, helps Americans put food on the table, while also benefitting farm and rural economies. The program has become one of the main anchors of the social safety net, offering nutrition assistance to millions of eligible low-income individuals and families and providing economic benefits to communities.

SNAP Kept Nearly 5 Million People Out Of Poverty In 2012, And Is One Of The Country's Most Effective Tools Against Poverty And Hunger

SNAP is one of our most effective tools to keep families and individuals out of poverty. The program has helped low-income families and individuals weather tough times during the recent Great Recession and has lifted millions out of poverty. In 2012, SNAP kept nearly 5 million people, including 2.2 million children, above the poverty line.¹

SNAP's powerful anti-poverty effects are most accurately captured by alternative measures of poverty. The official poverty measure used by the Census Bureau was developed in an era before in-kind transfers like SNAP and tax credits like the EITC existed. It was thus designed to only capture the cash incomes of families, and so cannot capture the impact of SNAP on the well-being of low-income Americans. In response to this and other flaws with the official measure, the Census Bureau developed a new Supplemental Poverty Measure (SPM), first published for 2009, based on recommendations from the National Academy of Sciences,

Distribution of SNAP Participants by Age, FY 2011



Source: USDA Economic Research Service and Food Nutrition Service.

The supplemental measure uses a more comprehensive definition of income that includes SNAP and other programs omitted from the official measures, and makes other improvements to the official poverty measure.² According to the Census Bureau, SNAP reduced child poverty by 3.0 percentage points in 2012 – **the largest child poverty impact of any single safety net program other than refundable tax credits.**³

¹ Analysis of the 2012 Supplemental Poverty Measure, U.S. Census Bureau.

<http://www.census.gov/hhes/povmeas/data/supplemental/index.html>

² The Supplemental Poverty Measure also subtracts certain payments from income, such as taxes paid. In addition, the Supplemental Poverty Measure uses a different poverty threshold. See Kathleen Short, "The Research Supplemental Poverty Measure: 2012," Current Population Reports, U.S. Census Bureau, November 2013,

<http://www.census.gov/prod/2013pubs/p60-247.pdf>, p.3.

³ Kathleen Short, "The Research Supplemental Poverty Measure: 2012," Current Population Reports, U.S. Census Bureau, November 2013, <http://www.census.gov/prod/2013pubs/p60-247.pdf>

Other researchers have constructed alternative historical poverty series in order to track the poverty impact of programs like SNAP over time, demonstrating that SNAP and other safety net programs contributed to *declines* in poverty over the last 20 years.⁴ For example, while the official poverty measure was the same in 1993 as in 2012 (at 15 percent), a recent study⁵ found that poverty fell by 4.7 percentage points between 1993 and 2012 based on estimates of historical poverty rates based on the SPM methodology. More strikingly, while the official poverty measure rose by 2.8 percentage points from 2006 to 2010, accounting for the stabilizing effects of SNAP, tax credits, and other programs, the SPM rate rose only by 0.7 percentage points.

SNAP provides critical assistance to help families get through tough times and back on their feet as soon as possible. Even in a strong economy, SNAP remains a critical support to children, the elderly, and low-wage workers who struggle to put food on the table. Over 91 percent of SNAP benefits go to households with income below the poverty line, and 55 percent go to households with income of less than half of the poverty line (about \$9,500 for a family of three).⁶

SNAP is effective in reducing extreme poverty (people with incomes of less than \$2 a day).⁷ Furthermore, a recent academic study compared children in counties where food stamps in the 1960s and 1970s had been introduced to children in counties where the program did not yet exist, and found that nutrition support caused exposed children to be healthier both at birth and in adulthood, and more likely to finish high school.⁸

Program Benefits Are Targeted To Those Most In Need

The large majority of SNAP participants are either children, the elderly, or people with disabilities. In FY 2011 (the latest year for which age-specific data are available), nearly half (45 percent) of all SNAP participants were children, and households with children received nearly 70 percent of SNAP benefits.⁹ That year, nearly 70 percent of recipients in a typical month were either children under the age of 18, elderly, disabled, or were caring for a disabled family member in their home or for a

⁴ See for example Bruce D. Meyer, James X. Sullivan, "Winning the War: Poverty from the Great Society to the Great Recession," National Bureau of Economic Research, Working Paper No. 18718, January 2013, <http://www.nber.org/papers/w18718> and Liana Fox, Irv Garfinkel, Neeraj Kaushal, Jane Waldfogel, and Christopher Wimer, "Waging War on Poverty: Historical Trends in Poverty Using the Supplemental Poverty Measure," Columbia Population Research Center, Working Paper 13-01, Columbia University, 2013, <http://cupop.columbia.edu/publications/2013>.

⁵ Fox et al. (2013)

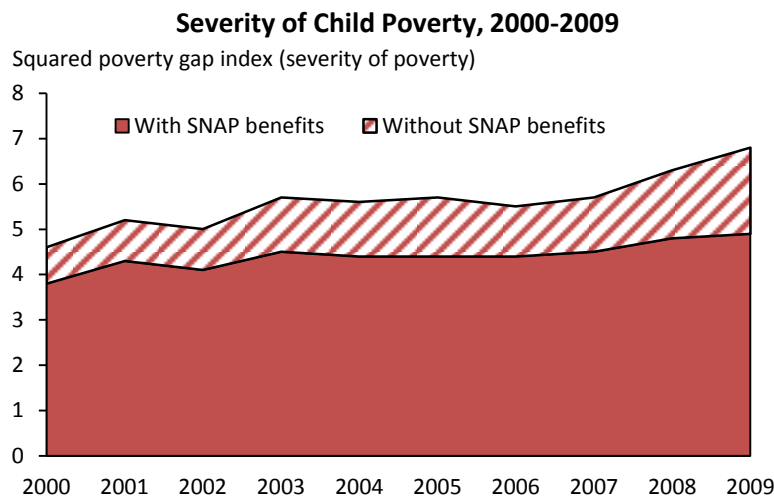
⁶ USDA Food and Nutrition Service, 2012, Characteristics of Supplemental Nutrition Assistance Program Households: Fiscal Year 2011, by Mark Strayer, Esa Elsami, and Joshua Leftin

⁷ Shaefer, H. Luke and Kathryn Edin. 2013. "Rising Extreme Poverty in the United States and the Response of Federal Means-Tested Transfer Programs," *Social Service Review*, in press.

⁸ Almond, Doug, Hilary Hoynes and Dianne Schanzenbach. 2011. "Inside the War on Poverty: The Impact of Food Stamps on Birth Outcomes" *Review of Economics and Statistics* 93 (2): 387-403

⁹ USDA Food and Nutrition Service, 2012. Characteristics of Supplemental Nutrition Assistance Program Households: Fiscal Year 2011, by Mark Strayer, Esa Eslami, and Joshua Leftin

child under six where another household member was working. And over 90 percent of participants are in households that include children, elderly, people with disabilities, or individuals who are working. Additionally, nearly one million veterans receive SNAP assistance each month.



Note: The depth of poverty is measured by the "poverty gap," an index reflecting the average distance of poor households' incomes below the poverty threshold. Severity of poverty is measured by SNAP = Supplemental Nutrition Assistance Program.

Source: USDA Economic Research Service; U.S. Census Bureau, CPS Annual Social and Economic Supplement.

Additionally, the vast majority of SNAP households do not receive cash welfare benefits. Less than 8 percent of all SNAP households received Temporary Assistance for Needy Families (TANF) benefits. When welfare reform was enacted in 1996, about 37 percent of households getting SNAP benefits also received cash assistance. In FY 2011, only 8 percent of SNAP households were receiving cash assistance.

SNAP is one of our most important automatic stabilizers, designed to expand to help meet increased demand when the economy is weak, and then contract when the economy is strong. For most of the

program's 40-year history, SNAP participation has roughly tracked with the unemployment rate, rising as unemployment worsened and eventually falling as the economy recovered. USDA research indicates that since 1980, a 1-percentage-point increase in the national unemployment rate has been associated with about 1 to 3 million additional SNAP participants.¹⁰ During the 2001 and 2007-09 recessions, changes in the SNAP caseload were consistent with that pattern; additionally, the nonpartisan Congressional Budget Office has found that that the growth in the program is primarily driven by the economy. As the economic recovery continues and fewer people are in need of food assistance, the independent Congressional Budget Office (CBO) projects SNAP participation and spending to fall significantly. This is consistent with past economic downturns.

SNAP Is An Efficient And Effective Program: Overhead Is Very Low, And Accuracy Has Reached A Historic High.

SNAP has extremely low overhead – about 95 percent of federal spending on SNAP goes directly to helping eligible households purchase food – and SNAP has one of the most rigorous quality control systems of any public benefit program. The Administration has also worked hard to improve program integrity in SNAP, which helps contain costs: the SNAP payment accuracy rate currently stands at its highest in history, and is among the best in the federal government.¹¹

¹⁰ Hanson, Kenneth and Victor Oliveira. 2012. "How Economic Conditions Affect Participation in USDA Nutrition Assistance Programs," USDA Economic Research Service, Information Bulletin No. 100.

¹¹ USDA Food and Nutrition Service, "Supplemental Nutrition Assistance: Quality Control,"

With SNAP touching so many Americans' lives, it also presents a unique opportunity for USDA to provide nutrition education. The Healthy, Hunger-Free Kids Act reformed the structure of the nutrition education provided through SNAP by establishing a Nutrition Education and Obesity Prevention Grant Program that increases flexibility for States to help SNAP recipients make healthy choices on a limited budget. The new and improved program requires a greater emphasis on evidence-based, outcome-driven interventions, with a focus on preventing obesity and coordinating with other programs for maximum impact and cost-effectiveness.

USDA is also supporting a range of strategies to support and encourage healthy eating, including testing incentives to purchase fresh fruits and vegetables using SNAP, improving access to fresh produce by expanding the availability of SNAP card readers at farmers markets and farm stands, and providing free shopping and meal planning advice to help low-income families serve more nutritious, affordable meals.

SNAP is Pro-Work

Most SNAP recipients who can work do so, and the number of people who work and receive SNAP has increased significantly in recent years despite the recession. Working families that join SNAP continue to work, and the share of SNAP households that are working is rising.

Among SNAP households with at least one working-age, non-disabled adult, nearly 60 percent work – and more than 80 percent work in the year before or after receiving SNAP.¹² Among families with children, the shares are higher still, with nearly 90 percent working in the year before or after SNAP receipt.

The program is designed to incentivize work. Each additional dollar SNAP participants earn results in only about a 24-36 cent reduction in benefits—allowing SNAP recipients to stretch their dollars further as they get back on their feet. In the 2000s, 96 percent of SNAP recipients who had worked in the year before receiving benefits continued working after starting to participate in the program. Additionally, all work-eligible SNAP participants must register for work, accept bona fide employment if offered, participate in an employment and training program if assigned, and not quit a job without good cause.

The Administration is working to help these families work hard and earn self-sufficiency by raising the minimum wage, directly boosting wages for 15 million workers, and cutting taxes for low-income working families. SNAP also plays a key role helping low-wage working families make ends meet. For a family of three with one worker who earns \$10 an hour, SNAP increases the family's take-home income by roughly 10 percent to 20 percent, depending on the number of hours worked.

<http://www.fns.usda.gov/snap/qc/>

¹² Rosenbaum, Dottie. "The Relationship Between SNAP and Work Among Low-Income Households," Center on Budget and Policy Priorities Report, January 2013.

FOOD INSECURITY IN AMERICA

The success of the SNAP program in preventing food insecurity and hunger highlights its importance. In part because of the responsiveness in the SNAP program, the prevalence of food insecurity has been essentially unchanged since 2008, despite the economic shocks our national has experienced. Indeed, while unemployment and poverty rose during the Great Recession, food insecurity did not, thanks in large part to SNAP. However, as data from USDA show, hunger still exists across the country.

According to USDA, 14.5 percent of households (17.6 million in total) were food insecure at least some time during the year 2012, essentially unchanged the previous year. Some 21.6 percent of children lived in households that were food insecure, with about half of those children experiencing food insecurity themselves, also unchanged from 2011.

About 7 million households had very low food security, meaning that household members had skipped meals or had taken other steps to reduce what they ate because they lacked resources. Among all food insecure households, 59 percent participated in either SNAP, WIC, or the school lunch program during the month prior to the survey. Without the critical food assistance support provided by SNAP, low-income families would likely be even more at risk of experiencing hunger and food insecurity.

Rates of food insecurity were substantially higher than the national average for households in or near the poverty line, single-parent households, and among minorities. Food insecurity was more common in both large cities and rural areas than in suburban areas and exurban areas around large cities.

CBO Estimates That Every New SNAP Dollar Generates Up To \$1.80 In Economic Activity

In addition to helping American families during tough economic times, SNAP provides a fiscal boost to the economy during economic downturns. The non-partisan CBO rated increasing SNAP benefits as **one of the two most cost-effective methods for boosting growth and jobs when the economy is weak**. Every new SNAP dollar generates up to \$1.80 in economic activity, according to USDA's Economic Research Service and cited by CBO.¹³

This economic boost means that while SNAP is providing temporary grocery help to low-income families, it is giving America's retailers an economic boost, as well.¹⁴ In other words, every \$5 in SNAP benefits generates as much as \$9 of economic activity for the over 230,000 retail food outlets – supermarkets, grocers, farmers' markets, and other retailers – that participate in the program. In fact, after recent benefit reductions, the New York Times reported that one supermarket in the Bronx, where 80 percent of the 7,000 weekly customers use food stamps, saw overall food sales drop by as much as 10 percent after the cuts took effect – which the manager noted could mean cutting back hours for employees.

Every time a family uses SNAP benefits to put healthy food on the table, the benefits extend widely

¹³ Hanson, Kenneth, 2010. "The Food Assistance National Income-Output Multiplier (FANIOM) Model and Stimulus Effects of SNAP," USDA Economic Research Service Economic Research Report No. 103. <http://www.ers.usda.gov/publications/err-economic-research-report/err103.aspx>

¹⁴ Hanson, Kenneth, 2010.

beyond those individuals: to the store and the employees where the purchase was made, the truck driver who delivered the food, the warehouses that stored it, the plant that processed it, and the farmer who produced the food. In fact, USDA's Economic Research Service estimates that an additional \$1 billion in SNAP benefits supports an additional 8,900 to 17,900 full-time-equivalent jobs, including 3,000 farm jobs.

House Bill Would Create Unnecessary and Harsh Impact for Millions of Americans

Legislation passed by House Republicans would result in millions of Americans losing access to SNAP – the cuts affecting a broad array of Americans who are struggling to make ends meet, including working families with children, senior citizens, veterans, and adults who are still looking for work. The deep cuts would hit some of the nation's poorest children in families where parents are out of work.

Already, Every SNAP Participant Has Seen A Significant Benefit Reduction

At the start of this month, low-income recipients of SNAP throughout the country experienced a reduction in their SNAP benefits due to the expiration of a temporary increase provided through the American Recovery and Reinvestment Act (ARRA) to help families through a difficult economic period. A family of four saw their SNAP benefits fall by \$36 a month, or 5 percent, as a result of this change.

All SNAP recipients were affected, including nearly 22 million children (10 million of whom live in "deep poverty," with family incomes below *half* of the poverty line) and 9 million people who are elderly or have a disability. Additionally, nearly 900,000 veterans and 5,000 active duty service members experienced benefit reductions, according to estimates by the Center on Budget and Policy Priorities.

House Bill Would Eliminate SNAP for Nearly 4 Million People Next Year, Dramatically Increasing Hardship

According to CBO estimates, the House bill would mean approximately 3.8 million low-income people in 2014 – and an average of nearly 3 million people each year over the coming decade – would lose SNAP benefits, among other damaging changes.

The House bill includes a number of provisions that would create unnecessary hardship for low-income individuals and families, including several that would result in participants losing access to the program altogether. Among those who would see their access to SNAP completely eliminated by the House proposal are:

- 2.1 million people next year, mostly low-income working families and low-income seniors who have significant rent or child care costs. In addition, 210,000 children in these families would lose free school meals, as their eligibility is tied to SNAP participation. Under the House proposal, families would in some cases be required to nearly exhaust their modest

savings before eligibility – ultimately making it difficult for them to climb back to self-sufficiency.

- 1.7 million unemployed-adults in 2014 who live in areas of high unemployment — a group that has average income of only 22 percent of the poverty line (about \$2,500 a year for a single individual). Food is a basic human need, and we need to make sure that even in difficult economic times Americans are able to feed themselves and their families.
- Other poor, unemployed parents who want to work but cannot find a job or an opening in a training program — along with their children over the age of one. The House bill would encourages states to eliminate SNAP benefits for adults not working or participating in training program – including parents with children as young as 1 year old – even if the state does not offer the option of participating in a work or training program.

Although ten consecutive quarters of economic growth have raised the output of the American economy to an all-time high, and the labor market has grown steadily as America’s resilient businesses have added jobs for 44 consecutive months, due the depth of the recession that began in 2007, more work must be done to aid workers who continue to struggle to find jobs and to ensure that the economy continues to grow.

As of October 2013, 11.3 million workers are unemployed, including 4.1 million who have been out of work for more than 26 weeks. These families rely on this basic food assistance to keep their children fed, and SNAP is a vital stepping stone as they get back on their feet. The drastic cuts in the House bill would greatly harm families struggling to find work and those that depend on low-wage jobs as the economy continues to recover.

Conclusion

Congress should approach the reauthorization of the Farm Bill in a comprehensive manner. The Administration has called for the enactment of a multi-year Farm Bill that supports rural America while achieving significant deficit reduction. The President’s Budget did not include cuts to the SNAP program, but instead would accomplish this goal without creating additional hardship for vulnerable Americans.

FY 2011: Distribution of Participating Households by Household Composition and by State					
State	Average Monthly Participation (Persons)	Households with:			
		Children	Elderly Individuals	Disabled Nonelderly Individuals	Other
	<i>Number</i>	<i>Number (000)</i>	<i>Number (000)</i>	<i>Number (000)</i>	<i>Number (000)</i>
Total	44,708,726	9,794	3,426	4,199	9,560
Alabama	920,365	196	48	86	200
Alaska	86,044	17	5	6	18
Arizona	1,067,617	229	66	59	209
Arkansas	486,451	107	27	53	105
California	3,672,980	1,072	76	39	774
Colorado	453,103	107	28	36	89
Connecticut	378,677	71	40	48	88
Delaware	134,927	31	7	12	32
District of Columbia	134,845	26	12	14	42
Florida	3,074,671	612	343	278	676
Georgia	1,780,039	404	112	129	414
Guam	40,631	9	2	0	4
Hawaii	159,644	30	17	15	31
Idaho	228,629	50	11	19	41
Illinois	1,793,886	389	123	174	433
Indiana	877,560	194	51	91	184
Iowa	373,856	80	20	35	82
Kansas	298,642	66	17	29	66
Kentucky	823,472	162	56	122	171
Louisiana	884,519	191	59	90	210
Maine	247,943	48	22	33	53
Maryland	667,738	141	53	66	172
Massachusetts	813,631	168	103	132	177
Michigan	1,928,478	361	148	234	441
Minnesota	505,919	102	36	61	98
Mississippi	622,596	135	37	68	134
Missouri	943,088	199	57	105	211
Montana	124,243	26	8	11	28
Nebraska	174,204	38	11	18	36
Nevada	332,959	71	29	25	66
New Hampshire	113,407	24	7	19	22
New Jersey	759,136	169	89	66	160
New Mexico	414,275	97	23	29	86
New York	2,999,991	594	488	393	571
North Carolina	1,590,069	356	100	129	375
North Dakota	60,902	13	5	6	13
Ohio	1,779,237	368	132	217	389
Oklahoma	614,704	132	40	58	121
Oregon	772,756	150	57	70	209
Pennsylvania	1,718,211	335	171	241	331
Rhode Island	160,201	33	18	21	36
South Carolina	844,405	183	55	65	211
South Dakota	101,817	22	7	11	21
Tennessee	1,275,790	255	80	127	303
Texas	3,977,273	993	275	287	651
Utah	283,971	59	11	20	53
Vermont	92,038	17	10	12	18
Virgin Islands	22,655	5	2	1	5
Virginia	858,782	193	64	84	198
Washington	1,054,693	211	79	116	246
West Virginia	345,955	69	28	54	63
Wisconsin	801,073	174	57	80	184
Wyoming	36,031	8	2	3	7

Due to rounding, the sum of individual categories may not exactly match the table total.