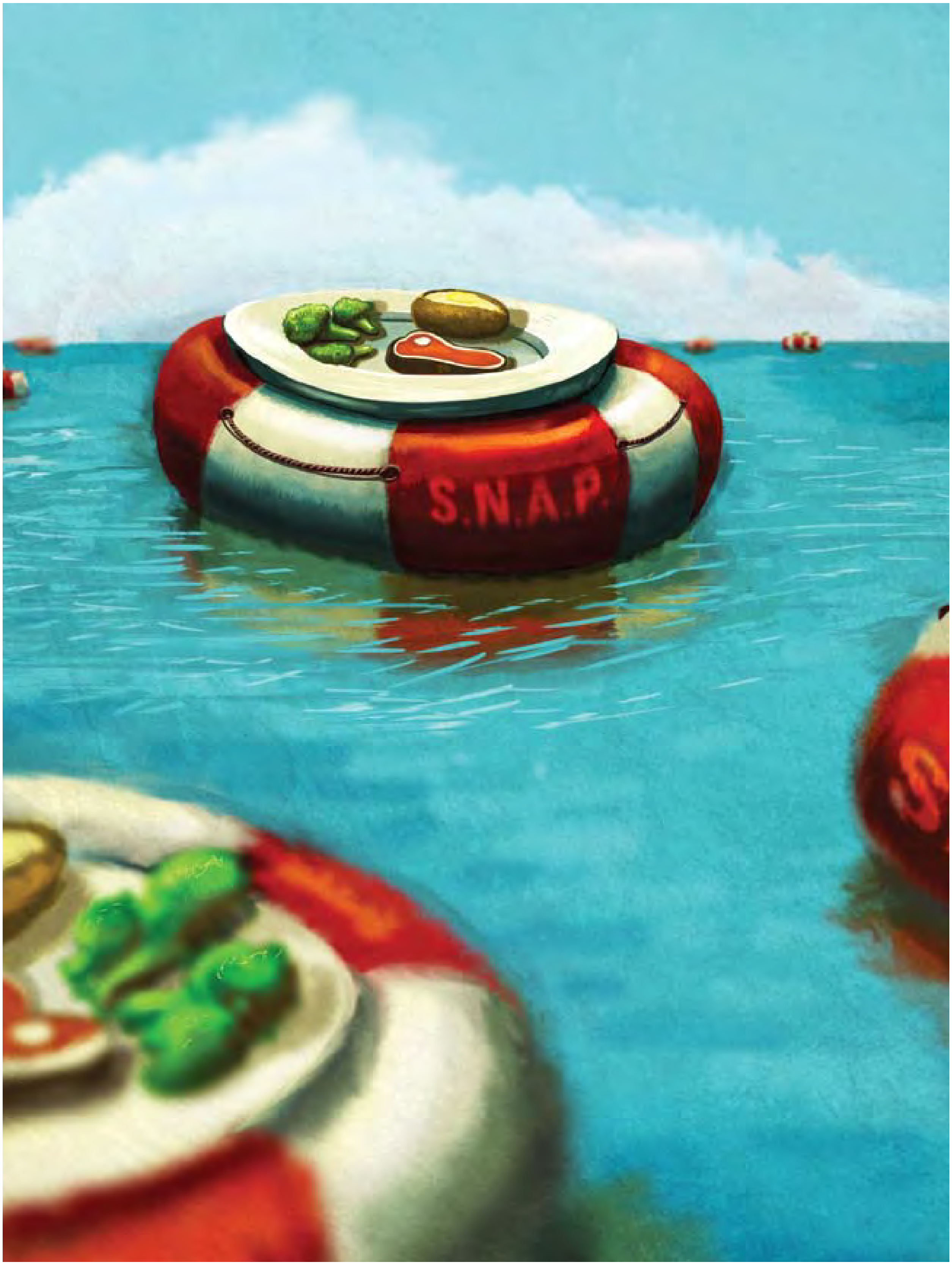
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THE ROLE OF FOOD STAMPS IN THE RECESSION

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The food stamp program—renamed the Supplemental Nutrition Assistance Program (SNAP) in 2008—has been a lifesaver since the economic downturn.[1] Average monthly participation grew from 26.3 million people in fiscal year 2007 to 44.7 million in FY 2011, and then to 46.5 million by December 2011, when one in seven Americans were enrolled. The 76.8 percent increase reflects the severe financial hardship in many households resulting from the Great Recession and the slow recovery.

The budgetary cost of the program rose along with participation, from $30.4 billion in 2007 to $71.8 billion in 2011. Nevertheless, without the benefits that SNAP provided—on average $133.85 per month in 2011 per participant (up from $96.18 in 2007) and $535.40 for a four-person household—the situation for many Americans would have been dire. Today, with accelerated economic growth and a stronger job market, participation can be expected to decline, as it did after past recessions.[2]

The growing role of food stamps can be traced to the Clinton administration, when the largest federal welfare program for the poor, Aid to Families with Dependent Children, was replaced by Temporary Assistance for Needy Families (TANF). TANF had clear pluses while there were job openings. But when TANF's stricter time limits, work rules, and federal spending caps ran up against the Great Recession's loss of jobs, most poor families had no coverage. Participation in TANF increased only slightly.[3]

The two main supports for struggling low-income households became unemployment benefits and SNAP.

From Food Stamps to SNAP

Food stamps started in the 1960s and were substantially expanded under the Nixon administration in the 1970s. In the 1990s, the program switched from using coupons to electronic benefit transfer (EBT) cards, now accepted at more than 170,000 retail stores. Each month, the benefit amounts for participating households are added electronically to account balances on the cards. SNAP benefits can be used only for "food at home" and cannot be spent on food purchased from restaurants or on prepared foods at deli counters.

To receive SNAP benefits, households must meet certain requirements. A household's gross monthly income cannot exceed 130 percent of the federal poverty level, which was $2,442 per month for a family of four in FY 2012. Monthly net income cannot be more than 100 percent of the poverty level, which is $1,863 for a family of four after deductions from gross income (20 percent of any earned income, a standard per-person deduction, specified medical expenses, dependent-care costs, training, education, and certain excess housing expenses). With changes in the late 2000s, financial asset tests were effectively eliminated, which substantially expanded eligibility.[4]

Participants' monthly SNAP benefits, referred to as allotments, depend on the number of family members in a household and net income. A basic principle is that low-income households should spend 30 percent of their own income to buy food. Only the poorest households receive the maximum allotment, which in FY 2012 is $200 monthly for a single person and $668 for a family of four. Each dollar added to a household's net income reduces its SNAP benefits by 30 cents. The benefit level is updated annually on the basis of the Consumer Price Index (CPI) for food.

Many of the principles that welfare experts advocate are embodied in SNAP. The program has uniform national standards. The federal government covers the total cost of benefits and half of state administrative expenses. Coverage is universal. Funding for the program is required to expand to meet the benefit allowances of all those who are eligible. The incentive to work is strong, since SNAP benefits are only reduced by 30 cents for each $1 earned until the eligibility threshold is reached.

Effectiveness

The elderly and the young represent more than half of SNAP beneficiaries. In FY 2010, 47 percent of SNAP recipients were children under age 18, and an additional 8 percent were 60 and older.[5] Forty-one percent of SNAP participants lived in a household that had income from working (the working poor). Only 8 percent received cash welfare payments under TANF in 2010, whereas 42 percent had received cash welfare benefits in 1990, prior to welfare reform.

A recent U.S. Department of Agriculture study examined the effects that SNAP has on poverty and found that a significant improvement in the well-being of recipients was attributable to the program.[6] In 2009, the most recent year analyzed, 93.0 percent of SNAP benefits went to households with incomes at or below the federal poverty level

Supplemental Nutrition Assistance Program (SNAP) in New England

	Percent of the total population participating in 2010	Percent growth in participation between 2007 and 2011
Maine	16.9	54.3
Vermont	13.2	77.5
New Hampshire	7.5	87.6
Massachusetts	11.3	86.4
Connecticut	9.4	54.5
Rhode Island	12.4	135.7
United States	13.1	69.9

Source: U.S. Dept. of Agriculture, "SNAP: Average Monthly Participation (Persons) by Fiscal Year," http://www.fns.usda.gov/snap/.

Photograph: Rachel Bissett

(that would be $22,356 annually for a family of four in FY 2012), and 55.8 percent went to households living in "deep" poverty, which is defined as less than half the poverty rate.

SNAP benefits are not counted in assessing poverty. The inclusion of SNAP benefits would reduce the number of households living below the poverty level by 7.7 percent in 2009 and the number of children living in poverty by 9.8 percent. For households remaining below the poverty level, SNAP raised the average poor family 14.6 percent closer to the poverty level in 2009, an effect referred to as "closing the poverty gap." For children, the poverty gap was reduced by 20.9 percent in 2009.

One study notes 2010 was the first time that SNAP benefits accounted for more than one-tenth of all the purchases of food at supermarkets, grocery stores, and other food retailers.[7] Another study reported a positive economic impact on recipients' communities. Every $5 in new SNAP benefits was found to generate $9.20 in total spending in local communities.[8] There is a clear multiplier effect as the additional spending circulates through the economy and creates more jobs and additional spending.

New England

Between FY 2007 and FY 2011, SNAP participation increased by more than 50 percent in every New England state. (See "Supplemental Nutrition Assistance Program in New England.") The change largely reflects the 2007-2009 recession and its aftermath.[9] Four of the states witnessed a greater increase in SNAP participation than the national gain of 69.9 percent. Rhode Island suffered one of the largest jumps in unemployment nationally, which explains the 135 percent-plus increase in SNAP participation. The state's unemployment was still 11.0 percent as of February 2012.

In the population census year 2010, both Maine and Vermont had a greater percentage of residents participating in SNAP than the nation as a whole. Maine's participation rate was the highest in New England, and Connecticut's the lowest. Overall, SNAP benefits to New England households amounted to nearly $2.9 billion in FY 2011.

Given that the welfare reforms of the late 1990s required recipients to find work fairly quickly, today's slow recovery and slow job growth have made food stamps increasingly important for low-income Americans. Until the economy improves significantly, even poor people who have jobs are going to need the lifeline that SNAP offers.

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Endnotes

1 See U.S. Department of Agriculture, "SNAP: Fact Sheet," September 2008, http://www.fns.usda.gov/snap/.

2 See U.S. Department of Agriculture, "SNAP: Average Monthly Participation (Persons) by Fiscal Year," "SNAP Benefits by Fiscal Year," and "SNAP: Number of Persons Participating," http://www.fns.usda.gov/snap/.

3 Jason DeParle, "Welfare Limits Left Poor Adrift as Recession Hit," *New York Times*, April 8, 2012.

4 See U.S. Dept. of Agriculture," Supplemental Nutrition Assistance Program: Eligibility," http://fns.usda.gov/snap; and Casey B. Mulligan, "Food Stamps and Unemployment Insurance," *New York Times*, May 9, 2012.

5 U.S. Department of Agriculture Office of Research and Analysis, "Characteristics of SNAP Households: FY 2010," September 2011, http://www.fns.usda.gov/ora/.

6 Laura Tiehen, Dean Jolliffe, and Craig Gundersen, "Alleviating Poverty in the United States: The Critical Role of SNAP Benefits" (Economic Research Service, U.S. Dept. of Agriculture, Economic Research Report no. 132, April 2012).

7 Parke Wilde, "The New Normal: The Supplemental Nutrition Assistance Program (SNAP)," *American Journal of Agricultural Economics*, forthcoming.

8 Kenneth Hanson and Elise Golan, "Effects of Changes in Food Stamp Expenditures across the U.S. Economy" (Food Assistance and Nutrition Research Report 26-6, Economic Research Service, U.S. Department of Agriculture, Washington, DC, August 2002).

9 See, for example, Ana Patricia Muñoz, "Mapping New England: Poverty Rates, by County," *Communities & Banking* 23, no. 2, spring 2012, http://www.bostonfed.org/commdev/c&b/2012/spring/mapping-New-England-poverty-rates.pdf.