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Understanding SNAP's Role

The Supplemental Nutrition Assistance Program (SNAP) is a key component of the United States' social safety net and supports millions of Americans annually by providing food vouchers for households with low income and assets. SNAP supports households enduring persistent poverty as well as those temporarily in economic distress, as its enrollment expands during recessions to accommodate the unemployed. Economists Robert Moffitt of Johns Hopkins University and James Ziliak of the University of Kentucky have explained that SNAP operates like an automatic stabilizer — that is, a counterweight to the boom-and-bust economic cycle — by subsidizing low-income Americans with almost universal eligibility during economic downturns.

This article explores how SNAP enrollment varies over time and across Fifth District states. The report also investigates the program's effects on the outcomes of benefit recipients and its function as a key resource within low- and moderate-income communities. Community organizations play a role in facilitating access to SNAP and supplementing its benefits via food banks, local kitchens, and farmers markets.

BACKGROUND ON SNAP

SNAP is the predominant source of nutrition assistance among the many anti-hunger programs for low-income households in the United States, such as the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) and the National School Lunch Program (NSLP). In April 2023, 41.9 million people in 22.2 million households received SNAP benefits, representing 12.5 percent of the national population.

SNAP's origins can be traced to the Food Stamp Program of 1939, where participants could prepurchase all food and receive subsidies for any food that the U.S. Department of Agriculture (USDA) classified as surplus. The program was phased out by 1943 but reemerged in the form of pilot programs in select sites in the early 1960s. Core to his War on Poverty, President Lyndon Johnson made the program permanent by signing the Food Stamp Act of 1964. The Agriculture and Consumer Protection Act of 1973 (the "farm bill") initiated the program's expansion to all U.S. counties beginning in 1974. The Food and Nutrition Act of 2008 renamed the program SNAP, reiterating the program's expressed goal of alleviating hunger and malnutrition by increasing the purchasing power of low-income households.

SNAP is federally funded through the USDA Food and Nutrition Service and administered in partnership with state social service agencies. Program eligibility is determined at the household level through a set of basic enrollment requirements for participants. Generally, SNAP participants must meet work requirements to receive benefits. Participants are required to register for work, take a job if one is offered, participate in employment and training programs if they are assigned by their state, and not voluntarily quit a job or reduce hours. The gross monthly income of participants must be at or below 130 percent of the federal poverty line for a given household size, and their net income must be no more than the poverty line. The total assets of participants are subject to certain limits: Households with at least one member who is 60 or older or disabled cannot have assets over $4,250, while households without such members have assets capped at $2,750.

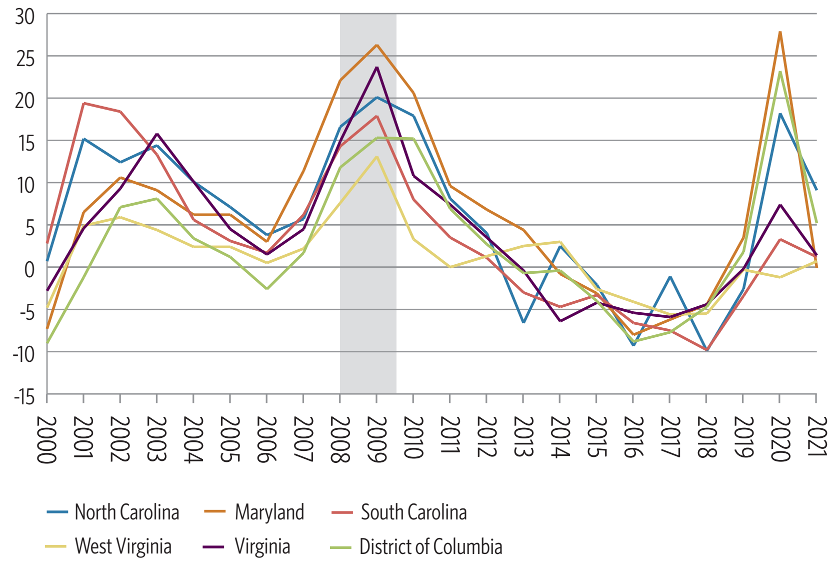
Benefits are disbursed to SNAP participants monthly and accessed with an Electronic Benefit Transfer (EBT) card that can be used at retail stores. The EBT card, which is like a debit card, can be used only for food. The value of the monthly benefit provided to participants is calculated using the household's net income and a predetermined maximum benefit amount that is based on the current value of the Thrifty Food Plan (TFP). The TFP is USDA's estimate of a healthy diet at its lowest cost, adjusted for various household sizes for the determination of benefit values. Participants who earn no income receive the maximum benefit amount based on the TFP, while participants who earn income receive a benefit amount equal to the maximum benefit for their household size minus 30 percent of their net income.

During the COVID-19 pandemic, SNAP benefits were expanded to provide households with a larger "emergency allotment" of benefits. As of March 2023, however, SNAP emergency allotments were discontinued, and benefit amounts returned to their normal levels. The scale of the increase and subsequent decrease was significant: The average SNAP benefit in April 2023 was $181.72 per person and $343 per household, compared to $245.44 per person and $464.36 per household in February 2023 prior to the discontinuation of emergency allotments.

PARTICIPATION DIFFERENCES OVER TIME AND GEOGRAPHY

In line with the idea that SNAP acts as an automatic stabilizer, SNAP participation tends to be countercyclical — in challenging economic times, SNAP caseloads rise, and then they drop as the economy improves. This is largely driven by an increase in the number of households that are eligible due to a drop in labor income. Peter Ganong of the University of Chicago and Jeffrey Liebman of Harvard University found

Average Annual Change in Persons Receiving SNAP Benefits by State



SOURCE: Small Area Income and Poverty Estimates via FRED
NOTE: Gray bar indicates the Great Recession.

that, on average, a one percentage-point increase in unemployment increases local SNAP enrollment by 15 percent. This pattern has been evident in the Fifth District as the number of people receiving SNAP benefits increased during the Great Recession but started trending downward in 2013. (See chart.) The number of SNAP recipients increased in early 2020 as job losses and relaxed program requirements increased the number of eligible households and reduced barriers to participation. In 2022, roughly 41.2 million individuals in 21.6 million households received SNAP benefits, up from 35.7 million individuals in 18 million households in 2019.

While all households and individuals are subject to federal SNAP eligibility requirements, states have some discretion over who qualifies to receive benefits. For example, federal law disqualifies anyone from receiving SNAP if they received a state or federal felony drug conviction involving the possession, use, or distribution of a controlled substance after 1996. State legislatures, however, have the latitude to opt out or impose less severe restrictions on SNAP eligibility. In the Fifth District, Virginia and the District of Columbia have opted out of the ban entirely while Maryland, West Virginia, and North Carolina have instituted modified restrictions on SNAP benefit eligibility for individuals with felony drug convictions. South Carolina is the only state in the country not to opt out of the lifetime ban on SNAP following a conviction.

Not all SNAP-eligible households receive monthly benefits. In 2019, the share of individuals eligible for benefits who are not actively enrolled — sometimes called the "SNAP gap" — was around 19 percent. Among the working poor — households that are below the poverty threshold despite having at least one household member in the workforce for at least half the year — the uptake rate was 71 percent. Older adults (age 60 or older) have significantly lower rates of uptake than eligible adults overall; in 2019, only 48 percent of eligible seniors received SNAP benefits.

Variation in SNAP uptake rates across states reflects differences in state policies and demographic characteristics of eligible households. In a handful of states, including Massachusetts, Oregon, and Pennsylvania, the share of those eligible who are not enrolled is effectively zero — all eligible individuals received SNAP benefits in 2019. Some other states, like Wyoming, Arkansas, and Kentucky, had an uptake rate of less than 70 percent, meaning that more than 30 percent of those eligible for benefits did not receive them. In the Fifth District, SNAP uptake rates ranged from 74 percent in South Carolina to 97 percent in the District of Columbia. (See chart on next page.)

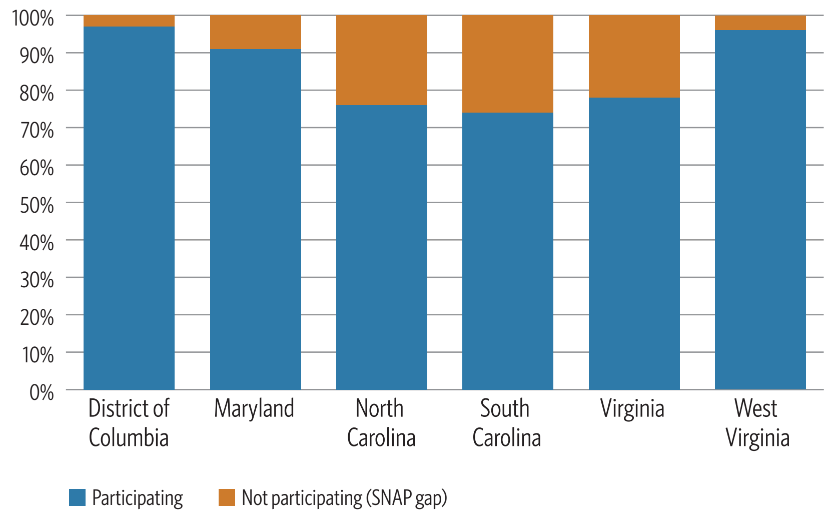
What might keep eligible households from participating in SNAP? Insufficient access to program information and eligibility guidelines is one barrier: Some households might not know that they qualify for benefits or how to apply if they do qualify. Stigma may also prevent some households from taking advantage of the program. Program requirements — administrative or financial hurdles that households must overcome — are another challenge that may discourage some eligible households. Recipients who struggle to meet work requirements and recertification deadlines may find it difficult to stay enrolled.

Household income is an important factor in whether households seek benefits. The lowest-income households (who would be eligible for the highest amount of monthly benefits) tend to have among the highest uptake rates — about 99 percent in 2019. Among eligible households with income over 130 percent of the federal poverty line, the uptake rate was only 21 percent in 2019. Ganong and Liebman found that many state and federal policy changes in the 2000s increased program enrollment, including simplified reporting, extending certification periods, and allowing phone calls in place of face-to-face interview requirements.

FIGHTING FOOD INSECURITY AND POVERTY

The USDA defines food insecurity — inclusive of low and very low food security — as the "limited or uncertain availability of nutritionally adequate and safe foods, or the limited or uncertain

Share of Eligible Population Participating in SNAP by State



SOURCE: USDA FNS, Reaching Those in Need: Estimates of State SNAP Participation Rates in 2019 (Technical Report)

ability to acquire acceptable foods in socially acceptable ways." Overall, food insecurity affected an estimated 10.2 percent of U.S. households (13.5 million households) at some point in 2021, with about 56 percent of food-insecure households reporting participation in at least one of the three federal nutrition assistance programs (SNAP, WIC, NSLP). Research has also shown disparate impacts of food insecurity for select groups, such as households with children, communities of color, and adults who are not working.

Unsurprisingly, food insecurity engenders reduced spending on food at home and lower dietary quality, especially for low-income households. Moreover, across a wide range of literature, food insecurity has been associated with adverse health consequences on affected households. Food insecurity has been linked to chronic conditions such as asthma, cognitive and behavioral disorders, hypertension, and diabetes, among a host of other health outcomes. For working adults, the risk of chronic illness has been shown to increase as the severity of food insecurity increases.

SNAP fills a critical gap in the provision of nutritious and affordable food to households experiencing food insecurity. The primary mechanism by which SNAP can alleviate food insecurity is through the supplementation of participant income, enabling households to increase the amount of food they can purchase monthly. One large study conducted by the USDA found that participating in SNAP over a six-month period was associated with about a 5 to 10 percentage point decrease in the share of households experiencing food insecurity. An additional study found that receiving SNAP reduces the likelihood of becoming food insecure by around 30 percent and decreases the likelihood of experiencing very low food security by 20 percent.

SNAP reduces the prevalence of poverty for participating households. The Census Bureau estimates that between 2016 and 2018, SNAP reduced the percentage of individuals living beneath the Supplemental Poverty Measure (SPM) threshold by just over 1 percentage point overall and by 2 percentage points for children under age 18 (or 3.5 million fewer people in poverty overall). Another estimate found that SNAP reduces poverty by 14 percent to 16 percent, depending on the poverty measure under consideration and after adjusting for underreporting of benefit receipt.

As noted earlier, the temporary emergency allotments between 2020 and 2023 increased monthly SNAP benefits. An analysis of the emergency allotments by the Urban Institute estimated that in the fourth quarter of 2021, nearly 4.2 million people were lifted out of poverty, reducing the SPM by 9.6 percent in states that still provided emergency allotments relative to a scenario where the policy was eliminated.

THE ROLES OF COMMUNITY ORGANIZATIONS

Community-based organizations seek to inform low-income individuals and families about SNAP benefits and help them apply. For example, Affordable Homes and Communities (AHC), a nonprofit developer of affordable housing based in Arlington, Va., reports that all of its resident services team members are trained to assist residents as needed with applications for programs like SNAP, WIC, and Medicaid. In addition to one-on-one support assisting residents, AHC partners with organizations like Real Food for Kids that promote SNAP education, and DHS to host community resource fairs and additional food distribution efforts. Michele Walker, executive director of County United Way, which serves areas of Maryland and West Virginia, states, "We all work collectively to ensure we are maximizing participation in SNAP."

Organizations across the region report that SNAP benefits have not kept pace with the increasing costs and actual needs for food, especially after the discontinuation of pandemic-era emergency allotments. Some organizations report this discrepancy as particularly noticeable for single individuals, households with multiple children, and older adults. Their monthly allotments are frequently cited as insufficient to meet the actual costs of a nutritious and balanced diet. DC Hunger Solutions Director LaMonika Jones reports that many older adults in the District of Columbia saw their monthly benefits reduced from $281 to the local minimum of $30. Perhaps as a result, community-based organizations have advised Richmond Fed staff of a significant uptick in households requesting financial and other assistance — some up more than 200 percent year over year.

Some organizations and policymakers are finding ways to increase program utilization and supplement SNAP benefits. The South Carolina Office of Social Services offers the "Healthy Bucks" program which allows SNAP recipients to obtain additional fresh fruits and vegetables when they use their SNAP benefits to purchase fresh produce at participating Healthy Bucks Vendors. These vendors are typically farm stands, farmers markets, and food share programs. Farmers markets across the region also report accepting SNAP benefits, and food banks are increasingly hosting "pop up" food distributions to reach families in need.

WHEN WORKERS LOSE ELIGIBILITY

Even as organizations encourage the use of SNAP and other benefit programs, households are experiencing benefits cliffs challenges. Benefits cliffs occur when marginal increases in earnings disqualify low-wage workers from public assistance programs, hampering their financial independence and career advancement. Several organizations report that clients have opted to work part time only, even though they could work full time, because their part-time income and SNAP benefits resulted in a higher total monthly income than if they were to work full time and lose benefits.

For example, County United Way's Michele Walker notes that a new employee breached the SNAP benefits cliffs upon starting her new role and now faces challenges feeding herself and her young daughter. Even though she has a full-time job with benefits, the worker struggles to make ends meet amid increasing living costs and "feels penalized for trying to better herself in the workforce." Walker noted that a gradual reduction in benefits in response to the worker's earnings, rather than a cutoff, would help with an adjustment period and not losing benefits so dramatically as people are working toward economic mobility.

SNAP AND LONG-TERM OUTCOMES OF RECIPIENTS

The longer-term effects of SNAP on the well-being of recipients have been extensively studied by social scientists. Research has indicated that SNAP benefits may improve health outcomes for SNAP recipients. Christian Gregory of the USDA and Partha Deb of Hunter College studied data from the Medical Expenditure Panel Survey and found that SNAP participants (compared to those eligible but not participating) have better self-reported health, three fewer sick days per year, and one or two fewer doctor visits per year compared to nonparticipants. Additionally, research suggests that SNAP improves health outcomes for recipients' children over time. Douglas Almond of Columbia University, Hilary Hoynes of the University of California, Berkeley, and Diane Whitmore Schanzenbach of Northwestern University found that enrolling pregnant women in the food stamp program three months before birth resulted in higher birth weights. Studying the effect of SNAP receipt on children's health outcomes using restricted access data from the National Health Interview Survey, Chloe East of the University of Colorado, Denver finds that the loss of parental eligibility before age 5 negatively affects their child's health in the medium run at ages 6-16. Almond, Hoynes, and Schanzenbach investigated the effect of childhood access to benefits on adult health outcomes during the Food Stamp Program's introduction in the 1960s using data from the Panel Study of Income Dynamics. The authors concluded that "access to food stamps in utero and in early childhood leads to significant reductions in metabolic syndrome conditions (obesity, high blood pressure, heart disease, diabetes) in adulthood." Therefore, access to SNAP not only improves the health of the adult recipients themselves, it also improves the health outcomes of their children from birth through adulthood.

Researchers have found that improved nutrition and health through SNAP benefits affects children along other important dimensions as they reach adulthood. The authors above found that in addition to reducing metabolic syndrome conditions in adulthood, young children's exposure to SNAP also yielded improvements in economic self-sufficiency for women. Similarly, Marianne Bitler of the University of California, Davis and Theodore Figinski of the U.S. Department of the Treasury used a similar research design and found that women who lived in an area where food stamps were available during early childhood had higher earnings in adulthood. A recent study by Martha Bailey of the University of California, Los Angeles, Hilary Hoynes, Maya Rossin-Slater of Stanford University, and Reed Walker of the University of California, Berkeley on the long-term effects of early childhood access to the Food Stamps Program found that the program was associated with increases in measures of adult human capital, economic self-sufficiency, and neighborhood quality, as well as reduction in the likelihood of incarceration.

CONCLUSION

Uptake in SNAP, a long-standing poverty-reduction program, varies over time and geography depending on the U.S. business cycle as well as state-specific factors. Community development organizations play a role in aiding access to the program and supplementing benefits when they are insufficient for household needs. **EF**