RECENT CHALLENGES AND DEVELOPMENTS AND SNAP AS INCOME SUPPLEMENTATION

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Food Insecurity is on the rise

Rate of Food Insecurity

- Every component question used to measure Food Insecurity increased
  - ↑ worried about running out of $ for food
  - ↑ adults and children skipping meals, going for day without eating
- This despite the stimulus temporary ↑ in SNAP benefit levels
How does SNAP impact family budgets?

- 1 out of 7 Americans currently receiving benefits
- Benefits phased out as income increases; benefits per person averaged $134 per month (2011).
Economic Model of Food Stamps

- Budget constraint without FS
- Region unattainable with FS
- Budget constraint with FS
FSP and Consumption

- Recipients have more resources to spend
- Food spending increases
- Generally food spending goes up less than SNAP amount
The SNAP Formula

- By design, most recipients combine cash with benefits to purchase food
  - In previous graph, were not purchasing zero food before SNAP
- If have no income available for food purchases, receive maximum benefit amount
  - $200/month for single individual
Implications of model: Restrictions vs. Incentives

Incentives change behavior

- $ incentives to purchase healthy fruits & vegetables
  - $0.30 rebate payment for every $1.00 spent
- Results of USDA’s Healthy Incentives Pilot (HIP)
  - Feasible to implement at point of sale
  - Increased consumption of targeted foods by 25%

Restrictions unlikely to

- Proposal: ban purchase of soda with SNAP benefits
  - Small amount of $ on soda (~$12/month) relative to SNAP benefit amount
  - Expected to use other food spending money to buy banned items
Work disincentives?

• Every additional $ earned -> fraction of SNAP benefit reduced (“marginal tax”)
  • Reduces benefits to working
  • Theory: less likely to work, fewer hours

• Empirical evidence
  • Some modest reduction of employment by single mothers
    • Study done using data from the 1970s
  • Safety net, women’s employment changed since then
  • => unlikely to be a major concern today, but always a tradeoff between “protection” and “distortion”
Measuring Impacts of SNAP

- Difficult to do in a rigorous study
- Use initial rollout of the FSP (1961-1975) to examine effects on variety of outcomes
  - Food spending
  - Employment activity
  - Infant health
    - Increase in birth weight
    - Reduction in low birth weight
  - Long-term impacts on children
How food stamps impact long-term health

Increasing incidences of obesity, high blood pressure, diabetes

Food stamps in place before child’s birth
Food stamps implemented during early childhood
Food stamps not implemented during early childhood

Decreasing incidences of obesity, high blood pressure, diabetes

Food stamp investment before birth improves adult health.

But investment later in childhood does not.

Age of food stamps introduction in county

5 years before birth 4 to 3 years before birth 2 to 1 years before birth 1 day to 1 year old 2 to 3 years old 4 to 5 years old 6 to 7 years old 8 to 9 years old 10 to 11 years old 12 years old or older
Conclusions

• SNAP extends household budgets to purchase more food
  • Responsive to prices, total resources
  • Need to consider impacts in conjunction with rest of budget
  • Policies benefit from understanding economic framework of incentives and constraints

• Robust, responsive safety net has broad impacts
  • In particular, long-term improvements in health