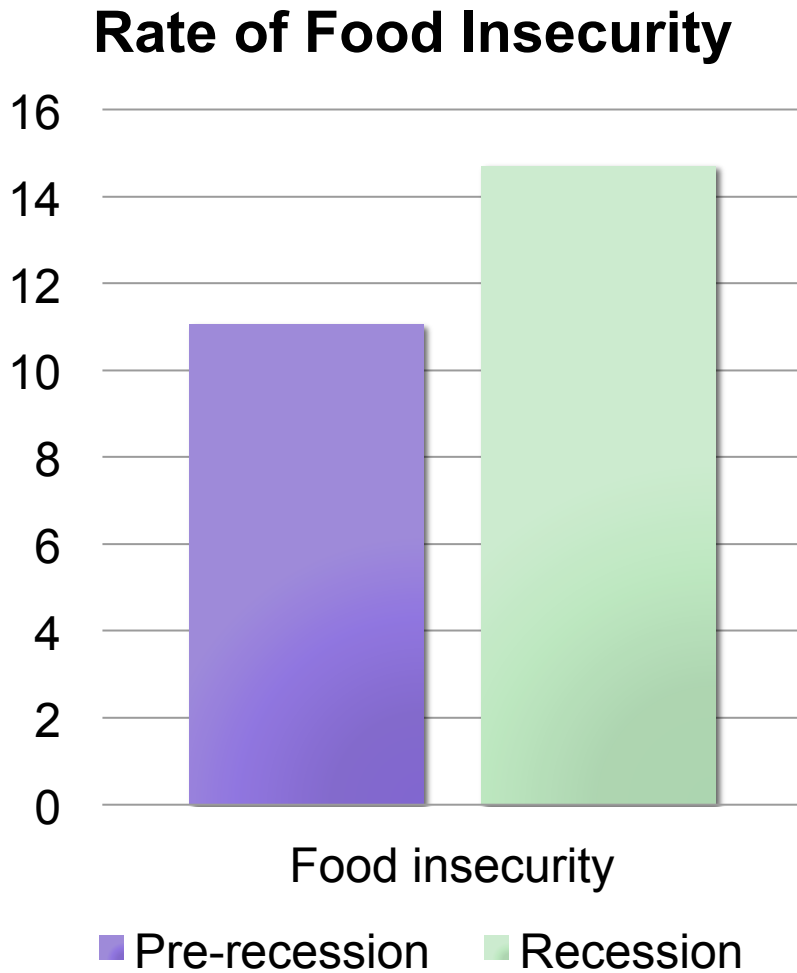


# RECENT CHALLENGES AND DEVELOPMENTS AND SNAP AS INCOME SUPPLEMENTATION

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# Food Insecurity is on the rise

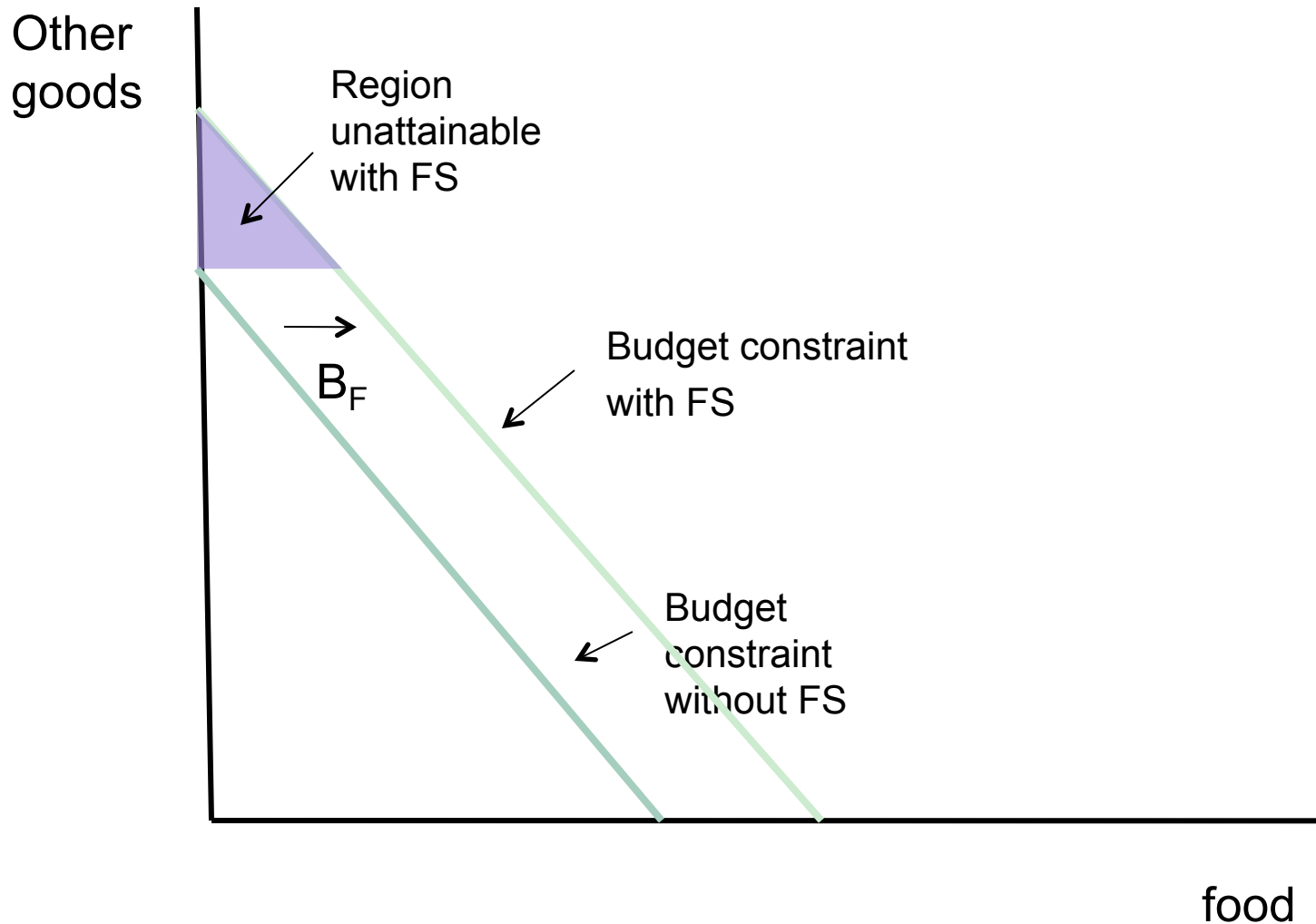


- Every component question used to measure Food Insecurity increased
  - ↑ worried about running out of \$ for food
  - ↑ adults and children skipping meals, going for day without eating
- This despite the stimulus temporary ↑ in SNAP benefit levels

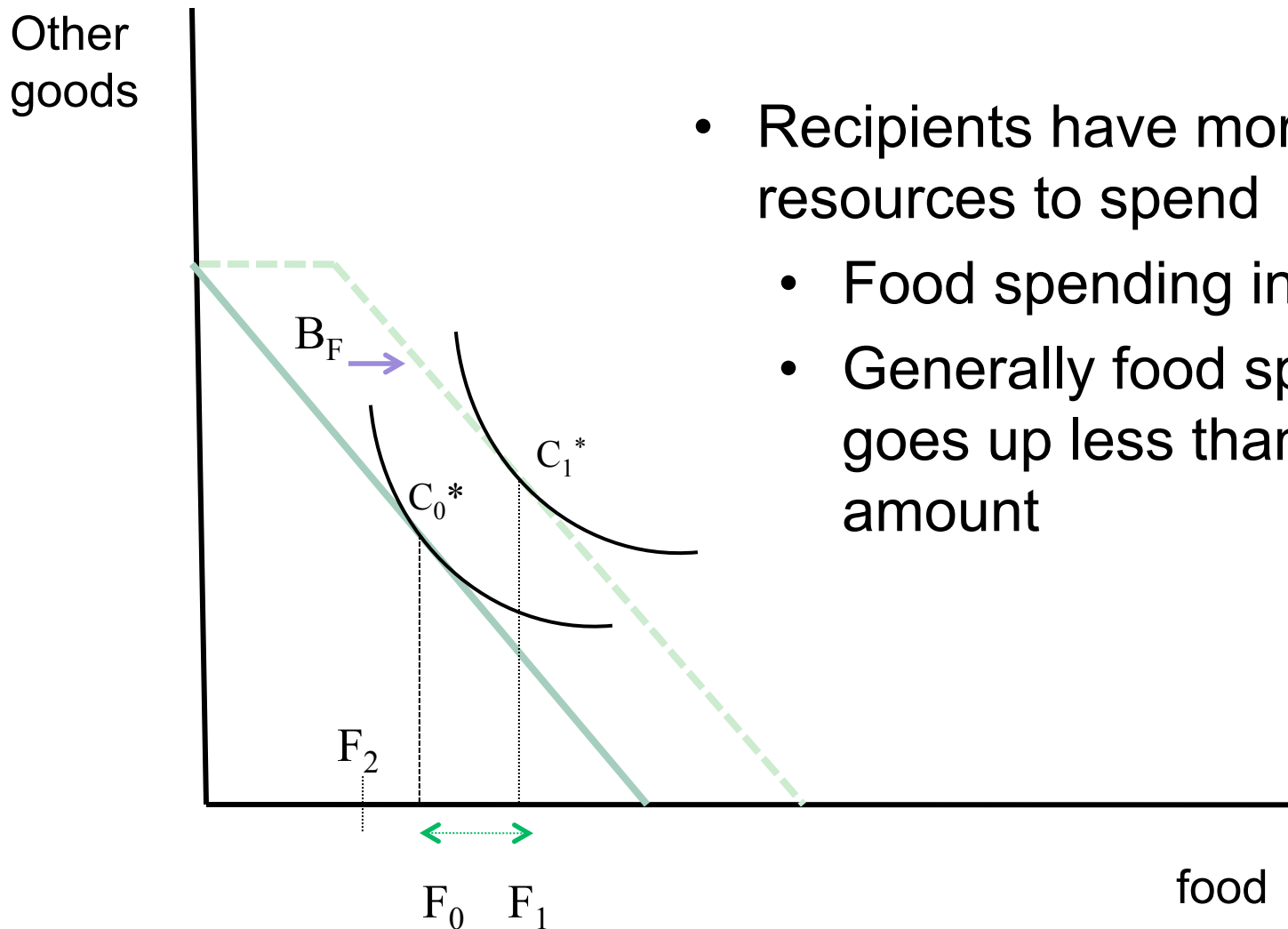
# How does SNAP impact family budgets?

- 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

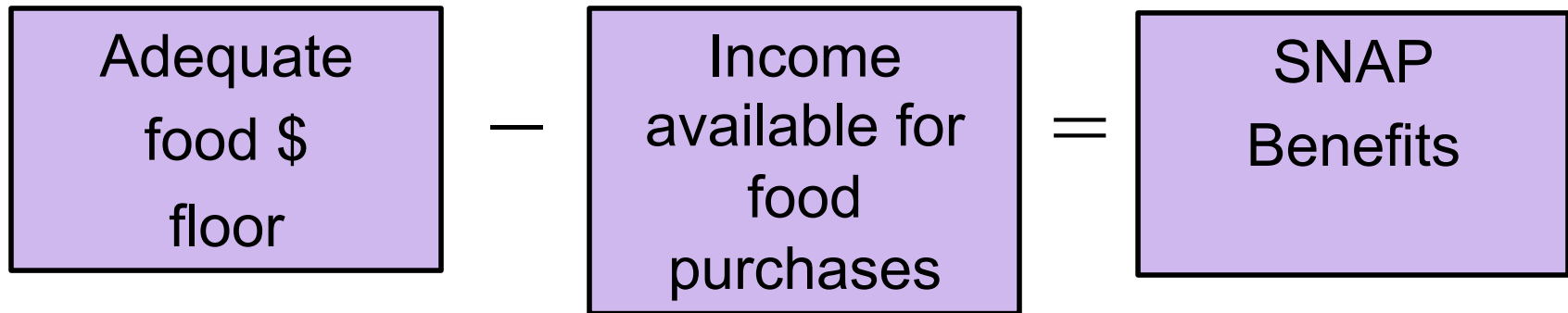


# FSP and Consumption



- 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

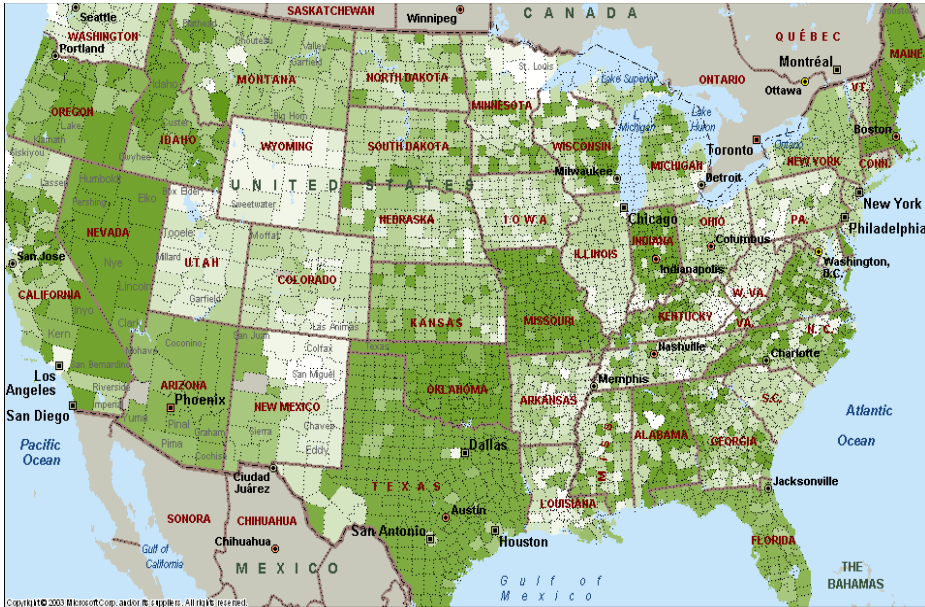
- Proposal: ban purchase of soda with SNAP benefits
  - Small amount of \$ on soda (~\$12/month) relative to SNAP benefit amount
  - Expected to use other food spending money to buy banned items

# 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”

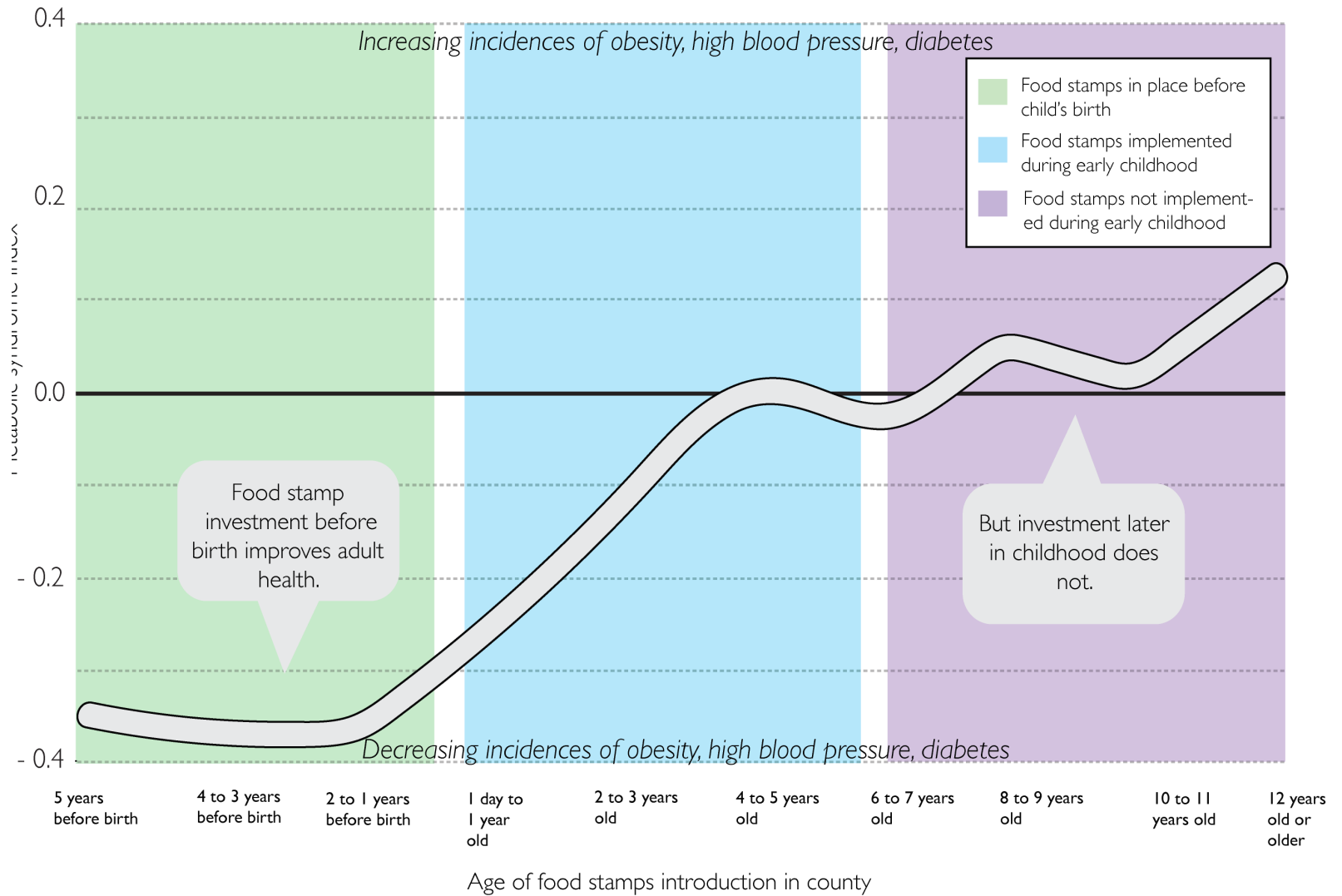


# Measuring Impacts of SNAP



- 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



# 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