



Testimony

of

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on the issue of

“Understanding the Growth of SNAP”

before the

**Subcommittee on Nutrition
United States House Committee on Agriculture**

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Chairwoman Walorski, Ranking Member McGovern, and members of the Subcommittee on Nutrition, I thank you for the opportunity to appear before you today to discuss the Supplemental Nutrition Assistance Program (SNAP). My name is James Ziliak. I hold the Carol Martin Gatton Endowed Chair in Microeconomics at the University of Kentucky, where I am also the Founding Director of the Center for Poverty Research. The Center is a nonpartisan, nonprofit research organization housed within the Gatton College of Business and Economics at the University of Kentucky. For the past two decades I have conducted and published peer-reviewed research on the U.S. safety net, including SNAP and its predecessor, the Food Stamp Program. I recently served as a member of the Institute of Medicine's *Committee on Examination of the Adequacy of Food Resources and SNAP Allotments*, and as Chair of the National Academies of Science, *Committee on National Statistics Workshop on Research Gaps and Opportunities on the Causes and Consequences of Child Hunger*. I edited the books *Welfare Reform and its Long Term Consequences for America's Poor* (Cambridge University Press, 2009) and *Appalachian Legacy: Economic Opportunity after the War on Poverty* (Brookings Institution Press, 2012). I am also co-editor of *Income Volatility and Food Assistance in the United States* (W.E. Upjohn Institute, 2008) and the forthcoming book *SNAP Matters: How Food Stamps Affect Health and Well Being* (Stanford University Press, 2015).

My testimony today draws primarily from my research on changes in SNAP participation, but also touches upon some of the results from the other contributors in the forthcoming book *SNAP Matters*.¹ Collectively, the book explores how and why the program has grown over time; how it impacts the wellbeing of participants; and its interconnections with the broader safety net. Key findings of the book include:

- SNAP is highly responsive to macroeconomic pressures as well as to state policy choices intended to enhance access among low-income households, helping families to provide food in times of economic need
- SNAP has become one of the most effective antipoverty programs overall, especially at lifting non-elderly households with children out of deep poverty

¹ Ziliak, James P. 2015. "Why Are So Many Americans on Food Stamps? The Role of the Economy, Policy, and Demographics," In *SNAP Matters: How Food Stamps Affect Health and Well Being*, J. Bartfeld, C. Gundersen, T. Smeeding, and J. Ziliak, editors, Redwood City, CA: Stanford University Press.

- SNAP is well integrated with the broader safety net, including children’s access to school meals, and filling in residual gaps remaining after other forms of assistance
- Higher SNAP benefits reduce the risk of food insecurity
- SNAP does not appear to contribute to obesity
- SNAP has long-term benefits on health
- Most SNAP recipients spend more on food than their benefit amount over the course of a year, suggesting that benefits are not distorting food choices, including toward purchases of items like sugar-sweetened beverages

Below I elaborate on these findings, and consistent with the theme of this hearing, I place a particular emphasis on understanding changes in SNAP participation over time, where I argue that the weak U.S. economy—as reflected by higher unemployment, lower incomes, and higher income inequality—was the main reason the number of Americans on SNAP grew since 2000.

Why are so many Americans on SNAP?

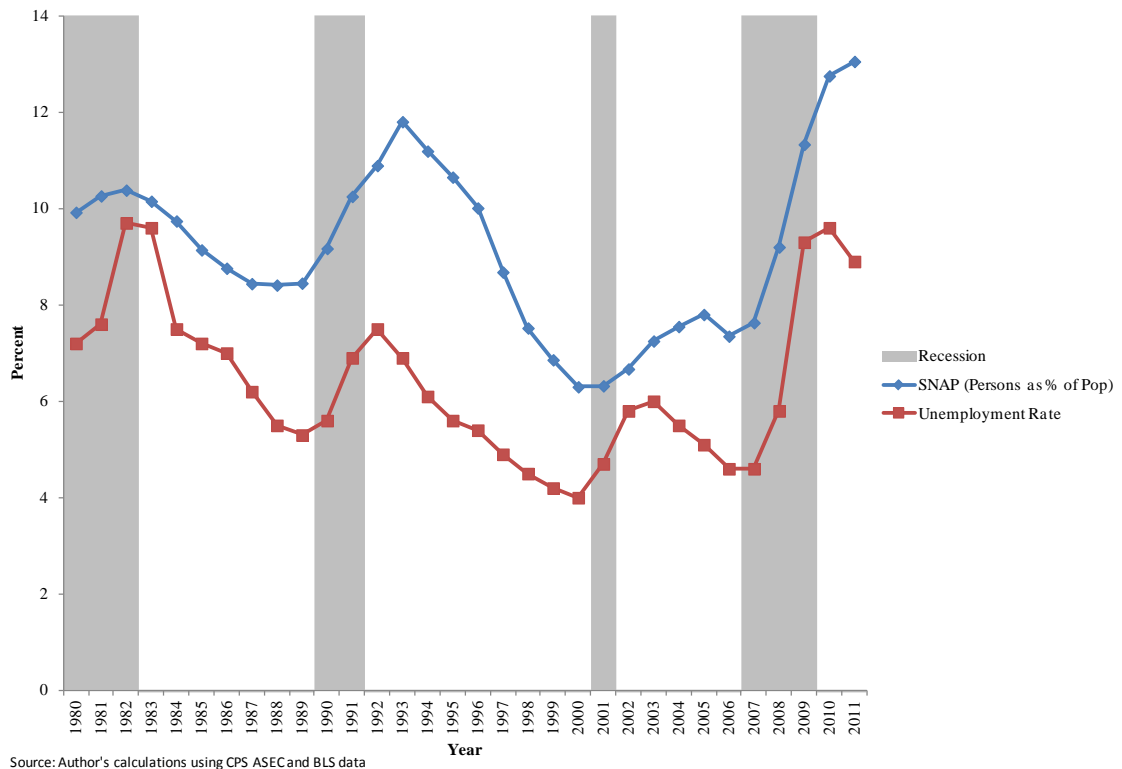
SNAP has become a central component of the social safety net in the United States. Today, 1 in 7 Americans receive assistance from SNAP at a cost approaching \$80 billion, making it the second largest means-tested transfer program in terms of cost after Medicaid. From FY2000-FY2012 the number of participants increased 171 percent and inflation-adjusted spending by 286 percent. What accounts for this growth? In my research I use data from the Annual Social and Economic Supplement of the Current Population Survey spanning 1980-2011 to examine the influence of the economy, both cyclical forces from the labor market and secular trends in income inequality; changes in Federal and state policies, both directly affecting SNAP and those indirectly affecting SNAP such as welfare reform and the Earned Income Tax Credit; and the changing demographics of the American household.

Nearly 50 percent of the growth in SNAP after the onset of the Great Recession in 2007 was due to the weak economy and widening inequality. The economy explained an equally robust 45 percent of the growth in SNAP after 2000.

That SNAP is highly responsive to changes in the macroeconomy shows that SNAP functions effectively and efficiently as a key anti-recessionary policy tool. That is, as incomes

fall during a recession, participation in SNAP rises to bolster food consumption of children and adults. This is made transparent in Figure 1, which depicts changes in the fraction of persons on SNAP since 1980 along with changes in the unemployment rate. The gray shaded regions identify years that contain an economic recession as determined by the independent National Bureau of Economic Research. Figure 1 shows the buoyancy of the caseload with the business

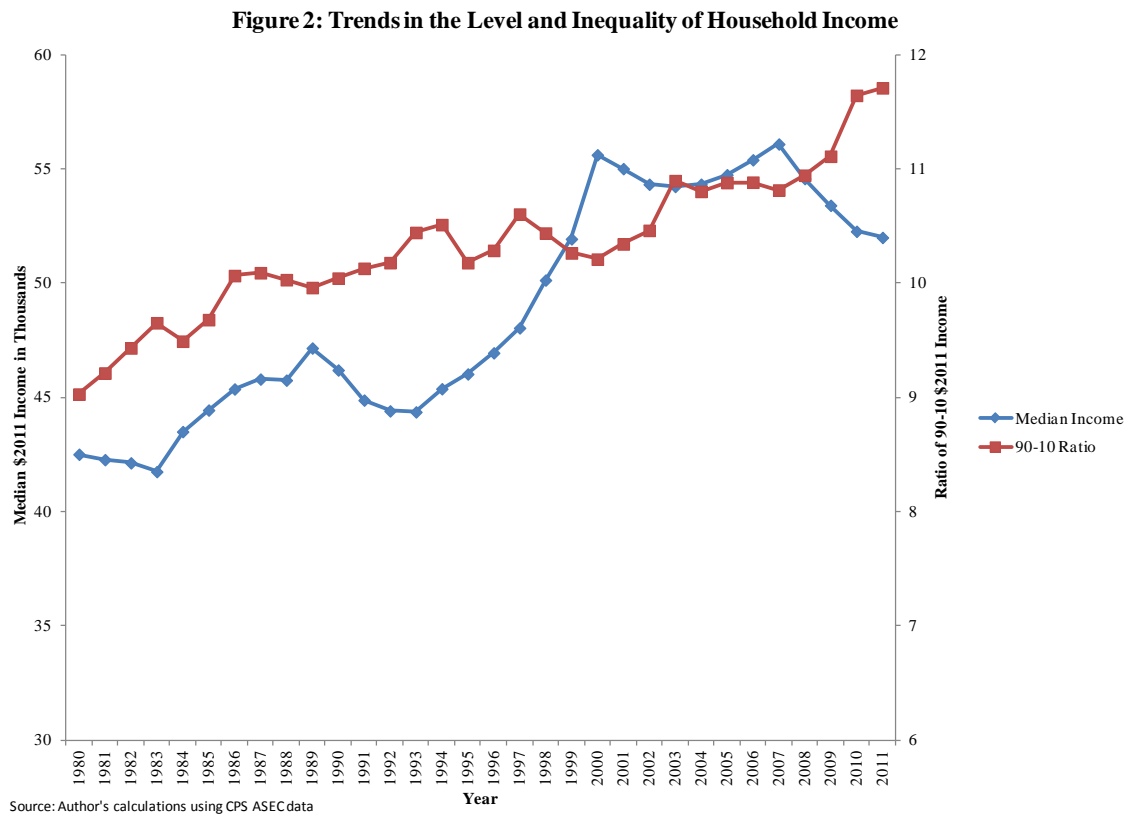
Figure 1: Trends in SNAP Participation and Unemployment Rate



cycle, especially from 1980 to 1999, with participation rising during recessions and declining during expansions. However, the past decade of near uninterrupted growth in participation is unprecedented in the program's history. By most measures the recession of 2001 was mild, and with declining unemployment in the aftermath of the recession, past experience would have dictated a decline in participation in the mid 2000s. This did not happen. Participation then accelerated with the onset of the Great Recession as millions of Americans lost work.

Part of the reason that SNAP participation continued to increase in the mid 2000s stemmed from stagnant household incomes and a widening distribution of income, which made it increasingly difficult for low-income workers to make ends meet. These trends are seen in Figure

2, which depicts inflation-adjusted median household income is used to signify how a “typical” household is faring, and the ratio of persons in the 90th percentile of incomes to persons in the 10th percentile, which is a standard measure of inequality. That is, households above the 90th percentile are in the “Top 10 percent” and households below the 10th percentile are in the “Bottom 10 percent.” The figure shows real incomes fell for much of period since 2000, and there was a sharp uptick in inequality.



However, given the overwhelming historical evidence on SNAP, we do expect that as the economy continues to improve in the coming years, participation and subsequently the cost of SNAP will “automatically” decline as families are no longer in need of assistance.² Glimmers of this are seen in Figure 1 where growth in participation tapers off at the end of the period, as well

² This prediction is corroborated by independent analyses of data from the Survey of Income and Program Participation by Ganong and Liebman (2013). Indeed, they find that the local macroeconomy accounted for closer to two-thirds of the growth in SNAP after 200. See Ganong, P., and J. Liebman. 2013. “The Decline, Rebound, and Further Rise in SNAP Enrollment: Disentangling Business Cycle Fluctuations and Policy Changes.” National Bureau of Economic Research Working Paper 19363.

as in recent tallies of administrative data from USDA that shows there are 1.5 million fewer persons on SNAP in November 2014 (the most recent data) than the peak in December 2012.³

Almost 30 percent of the growth in SNAP since 2007 was due to changes in Federal and state SNAP policy, and this fraction rises to 35 percent going back to 2000.

Another important factor that led to the post-2000 growth of SNAP was changes in policy affecting program eligibility and access. Basic eligibility for SNAP benefits is determined by having monthly gross income below 130 percent of the poverty guideline for a given household size and monthly net income (gross income less deductions) that does not exceed 100 percent of that guideline. Households with an elderly or disabled person are exempt from the gross income test. In addition to the two income tests, there is a liquid asset test of \$2,000 (\$3,250 for households with a disabled person or someone age 60 or older), and a vehicle value test of \$4,650. There is also “categorical” eligibility for SNAP conferred upon recipients of cash assistance from the welfare program Temporary Assistance for Needy Families (TANF) or the disability program Supplemental Security Income (SSI).

In 1996, Congress passed and President Clinton signed into law, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA, also known as welfare reform), which eliminated the welfare program Aid to Families with Dependent Children (AFDC) and created TANF. PRWORA directly affected SNAP as it eliminated eligibility for most legal permanent aliens and for convicted drug felons; it limited benefits to 3 months out of any 36-month period for able-bodied adults without dependents (ABAWDS) between the ages of 18 and 50 working less than 20 hours per week or not meeting other work requirements; it reduced the maximum benefit and froze many deductions used in calculating net income; it allowed states to sanction households for noncompliance with TANF requirements or child support payments; and it mandated that states adopt the Electronic Benefit Transfer (EBT) replacing paper coupons with debit cards.⁴

³ <http://www.fns.usda.gov/sites/default/files/pd/34SNAPmonthly.pdf> See also Rosenbaum, D., and B. Keith-Jennings. 2015. “SNAP Costs Declining, Expected to Fall Much Further: Trend Reflects Recent Benefit Reduction and Lower Caseloads.” Center on Budget and Policy Priorities, Washington DC, February 9.

⁴ Gabor, V., and C. Botsko. 1998. “State Food Stamp Policy Choices under Welfare Reform: Findings of 1997 50-State Survey.” Health Systems Research, Washington, DC. Report submitted to U.S. Department of Agriculture, Food and Nutrition Service.

Participation in food stamps plummeted over 40 percent in the last half of the 1990s, most of which was due to the growing economy at the time.⁵ At the same time, however, there was a dramatic 25 percent decline in participation among *eligible* families and individuals in the wake of the 1996 welfare reform.⁶ That is, as families left the AFDC program in the late 1990s, they also left the Food Stamp Program, even though they remained eligible for food assistance.

The policy reforms, starting around 2000 and continuing with the 2002 Farm Bill, were designed to counteract the declining participation among eligibles, in part to foster the transition from welfare to work for former AFDC recipients. The reforms conferred greater flexibility to states to improve program take-up and administration, including expanded vehicle asset tests; expanded broad-based categorical eligibility, which allowed states to utilize more generous TANF asset and gross-income tests to determine eligibility (though recipients still had to pass the net income test and other program requirements); restored eligibility for legal aliens previously excluded by the 1996 welfare reform; and expanded the option for simplified reporting, which allowed states to relax the frequency and form (i.e. phone or online) of benefit recertification. Not all of the early 2000s reforms made access easier; notably, most states increased the frequency of benefit recertification in order to reduce error rates, and a few states adopted policies such as fingerprinting.

As part of the American Recovery and Reinvestment Act of 2009, Congress increased average benefits by 13.6 percent, and both before and after the onset of the Great Recession, many states received statewide waivers from the ABAWD provision allowed under the 1996 welfare law because of excessively high unemployment rates. The expanded benefits expired at the end of 2013, and because of the improving economy, the statewide ABAWD waiver option will expire for most states by the end of this year.⁷ Both reduced benefits and reduced eligibility among ABAWDS are predicted to lead to declines in SNAP participation.

⁵ Figlio, D., C. Gundersen, and J. P. Ziliak. 2000. "The Effects of the Macroeconomy and Welfare Reform on Food Stamp Caseloads." *American Journal of Agricultural Economics* 82(3): 635–641.

⁶ Leftin, J., E. Eslami, and M. Strayer. 2011. *Trends in Supplemental Nutrition Assistance Program Participation Rates: Fiscal Year 2002 to Fiscal Year 2009*. Mathematica Policy Research, Washington, DC. Report submitted to U.S. Department of Agriculture, Food and Nutrition Service.

⁷ Bolen, E. 2015. "Approximately 1 Million Unemployed Childless Adults will Lose SNAP Benefits in 2016 as State Waivers Expire: Affected Individuals are Very Poor; Few Qualify for Other Help." Center on Budget and Policy Priorities, Washington, DC, February 26.

Other policies affecting low-income families such as the 1996 welfare reform, expanded EITC, and higher state and federal minimum wages had only a minimal effect on SNAP use since 2000, accounting for less than 5 percent of the growth.

There are a host of other policies that could potentially affect whether or not an individual or household decides to participate in SNAP. As mentioned, recipients of AFDC were categorically eligible for food stamps, and in the early 1990s many states applied to the U.S. Department of Health and Human Services for waivers from Federal welfare rules under Section 1150 in order to experiment with their AFDC programs. These waivers included time limits, work requirements, and sanctions, which were expected to make AFDC less accessible, as well as expanded earnings disregards and asset limits, each of which were expected to complement welfare and work. At the same time, as part of the tax reforms of 1986, 1990, and 1993, and in the 2009 ARRA, the generosity of the EITC was expanded. There is strong evidence that the EITC stimulated employment⁸, especially among single mothers, and because eligibility and benefits for SNAP are means-tested, SNAP was expected to fall in response to the higher EITC benefits. Likewise, since 1981, Congress has raised the minimum wage three times (1989, 1996, 2007), and many states have acted independently to raise their respective minimum wages. Again, like the EITC, a higher minimum wage makes work more attractive, and reduces SNAP benefits, and these periodic changes were expected to lead to reductions in SNAP participation. My research shows that while all these predictions are borne out in the data, their influence on overall SNAP participation was small in comparison to the business cycle and SNAP policy.

The changing demographic landscape, including the aging of the population, is putting downward pressure on SNAP participation. SNAP would have been 5 percent higher in 2011 than in 2000 in the absence of changing demographics.

The past several decades have witnessed significant demographic changes affecting the American family, ranging from the aging of the population to the rise of out-of-wedlock

⁸ Meyer, B. and D. Rosenbaum. 2001. "Welfare, the Earned Income Tax Credit, and the Labor Supply of Single Mothers." *Quarterly Journal of Economics* 116(3): 1063–1114.

childbearing, and these forces have differential effects on SNAP participation, some leading to increases and some to decreases.

The U.S. population is aging; however, eligible seniors are much less likely to participate in the program than younger persons—roughly 35 percent of eligible seniors receive SNAP, compared to the overall take-up rate of 75 percent.⁹ This implies that population aging is likely to put downward pressure on participation going forward. Likewise, since the 1970s there have been significant increases in the fraction of adults completing high school and some college. Because higher incomes are associated with higher education attainment, we expect the secular growth of education to put downward pressure on SNAP growth.

Weighed against this demographic down-shift are countervailing forces from growth in the fraction of births to unwed mothers, which increased from 15 percent in 1980 to 40 percent by the mid-2000s.¹⁰ Because single-mother families are on average more likely to be poor than married or cohabiting families, the rise in lone-parent families should put upward pressure on SNAP growth. Concurrent with the rise of out-of-wedlock childbearing has been growth in the fraction of multi-generational households. A multi-generation household is one that contains two or more adult generations, with or without a grandchild, or a grandparent and grandchild household (“skipped generations”). These families tend to be poorer, more likely to be food insecure, and thus more likely to participate in SNAP.¹¹ Likewise, the significant growth in disability, both in the Supplemental Security Income and Social Security Disability Income programs, is another secular trend causing the increase in SNAP caseloads.¹² SSI recipients are automatically eligible for SNAP, and while households receiving DI must still meet income and asset tests, those limits are higher than those for households with no disabled persons.

My research suggests that demographic trends—population aging, increased education attainment, smaller households with fewer children, and migration from rural to metro areas—have dampened SNAP participation and kept its growth in check.

⁹ Leftin, et al. (2011).

¹⁰ Cancian, M., and D. Reed. 2009. “Changes in Family Structure, Childbearing, and Employment: Implications for the Level and Trend in Poverty.” In M. Cancian and S. Danziger, Eds, *Changing Poverty, Changing Policies*. New York: Russell Sage Foundation, 92–121.

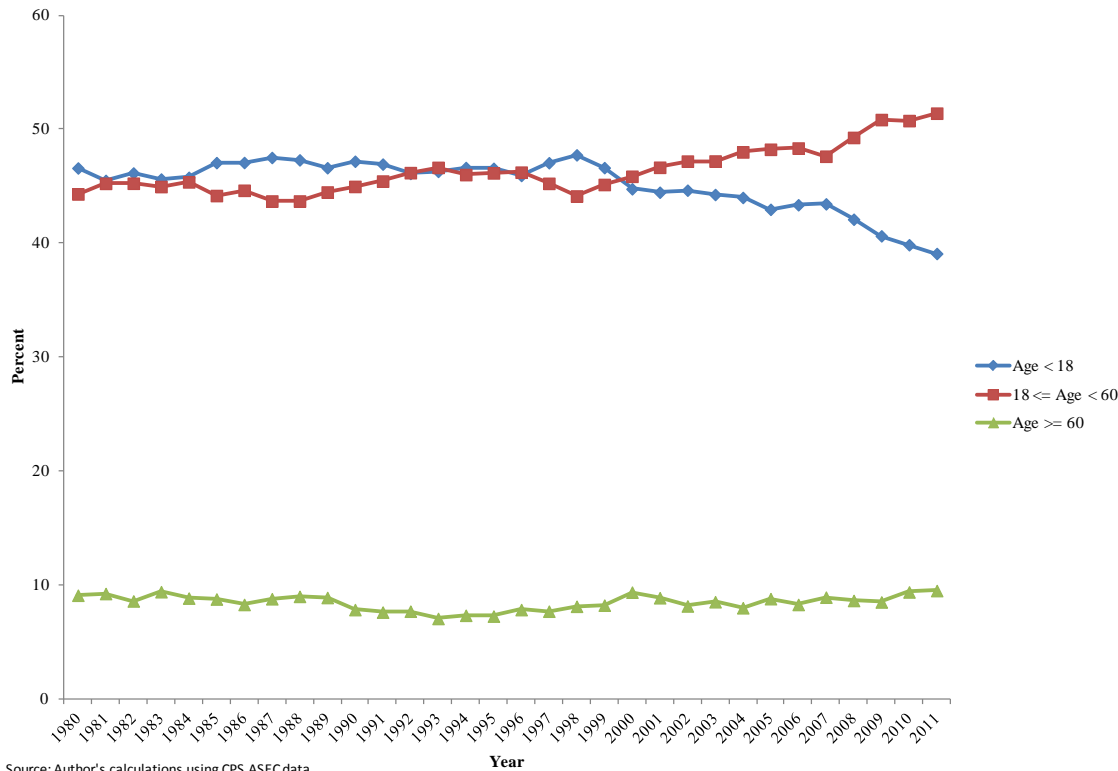
¹¹ Ziliak, J. P., and C. Gundersen. Forthcoming. “Multigenerational Families and Food Insecurity,” *Southern Economic Journal*.

¹² Autor, D. 2011. “The Unsustainable Rise of the Disability Rolls in the United States: Causes, Consequences, and Policy Options.” NBER Working Paper 17697.

SNAP has evolved increasingly into a work support for household's whose head works full-year, has at least some college education, and is near poor.

The composition of households receiving SNAP is changing. Figure 3 presents trends in the age composition of households receiving SNAP in three age groups—children under age 18, adults age 18-59, and seniors age 60 and older. The figure reveals that in the last decade there has been a shift in the age composition of households receiving SNAP away from children and elderly and toward adults. Prior to the Great Recession about 55 percent of SNAP households consisted of children and the elderly, but by 2009, a slim majority were non-elderly adults. It is important to note that in the CPS data I use a household may consist of both persons on SNAP and those not on SNAP, which is not the same definition as used in SNAP Quality Control Data, which focuses on the SNAP recipient unit alone. However, this same shift in composition toward assistance for adults is also found in the QC data.¹³

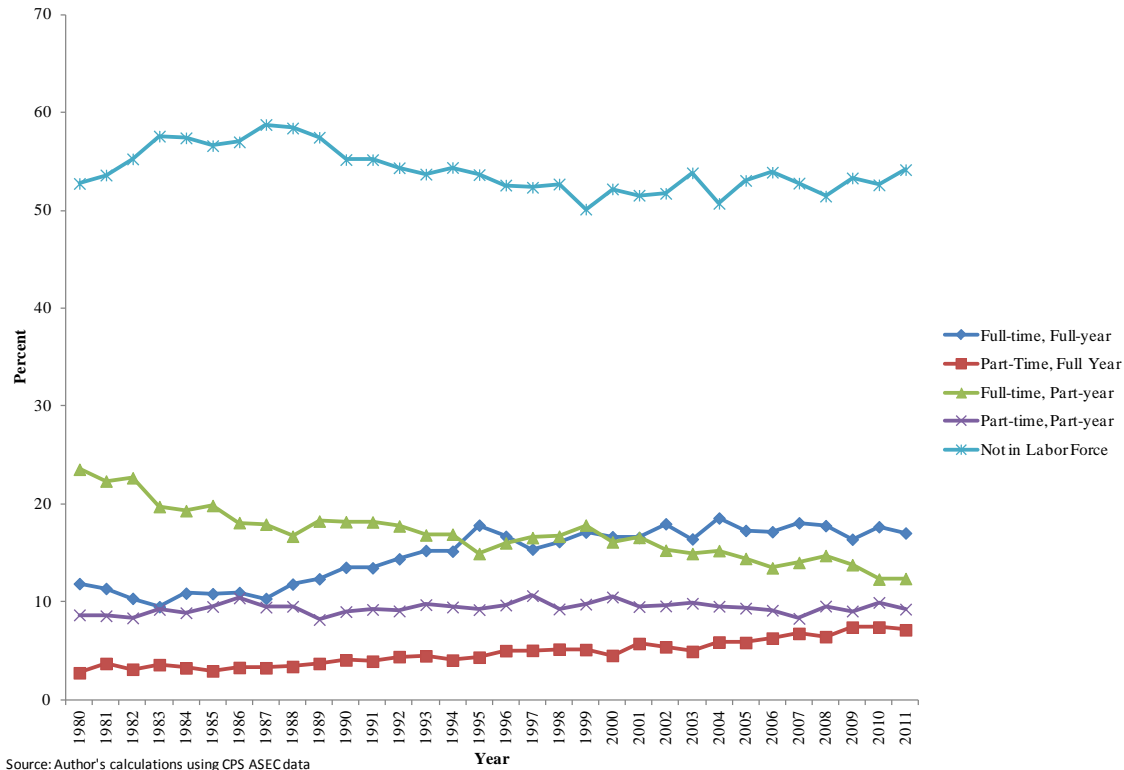
Figure 3: Trends in the Age Composition of SNAP Households



¹³ Hoynes, H. and D. Schanzenbach. Forthcoming. "U.S. Food and Nutrition Programs." In *Means-Tested Transfer Programs in the United States, Volume II*, R. Moffitt, Editor, Chicago, IL: University of Chicago Press.

Coincident with the shift in age composition of SNAP households, Figure 4 shows that the share of those households headed by a person working full-year, whether full-time or part-time, has been fastest over this period. That is, an increasing share of heads of SNAP households has a very strong attachment to the labor force. Indeed, SNAP QC data indicate that the fraction of actual SNAP reciprocity units with earnings increased by over one-third after welfare reform.¹⁴

Figure 4: Trends in Distribution of SNAP Households by Employment Status of Head

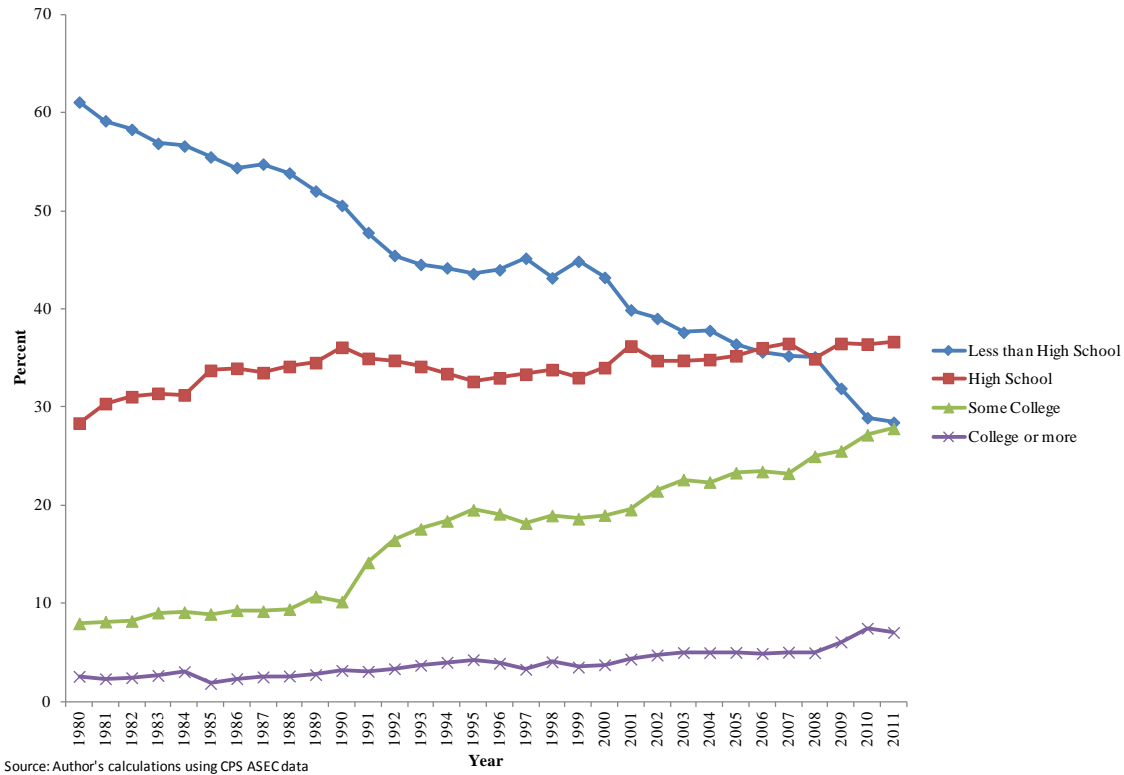


Furthermore, Figure 5 shows that the fraction of SNAP households headed by a high school dropout has plummeted by more than half since 1980, and by 2011, more than a third of SNAP households were headed by someone with some college or more. Figure 6, which depicts the distribution of SNAP households by household income in relation to the federal poverty guideline, shows that since the mid-1980s the composition of SNAP households has trended toward those with annual incomes above the poverty line. This suggests that SNAP has evolved

¹⁴ Ibid.

into a work supplement for educated, near-poor households. The growing prevalence of full-year working recipients implies that concerns that SNAP is operating as a work disincentive are likely less relevant than in the past, in part because the expanded EITC mitigates the potential disincentive for the majority of working recipients.¹⁵

Figure 5: Trends in Distribution of SNAP Households by Education Attainment of Head



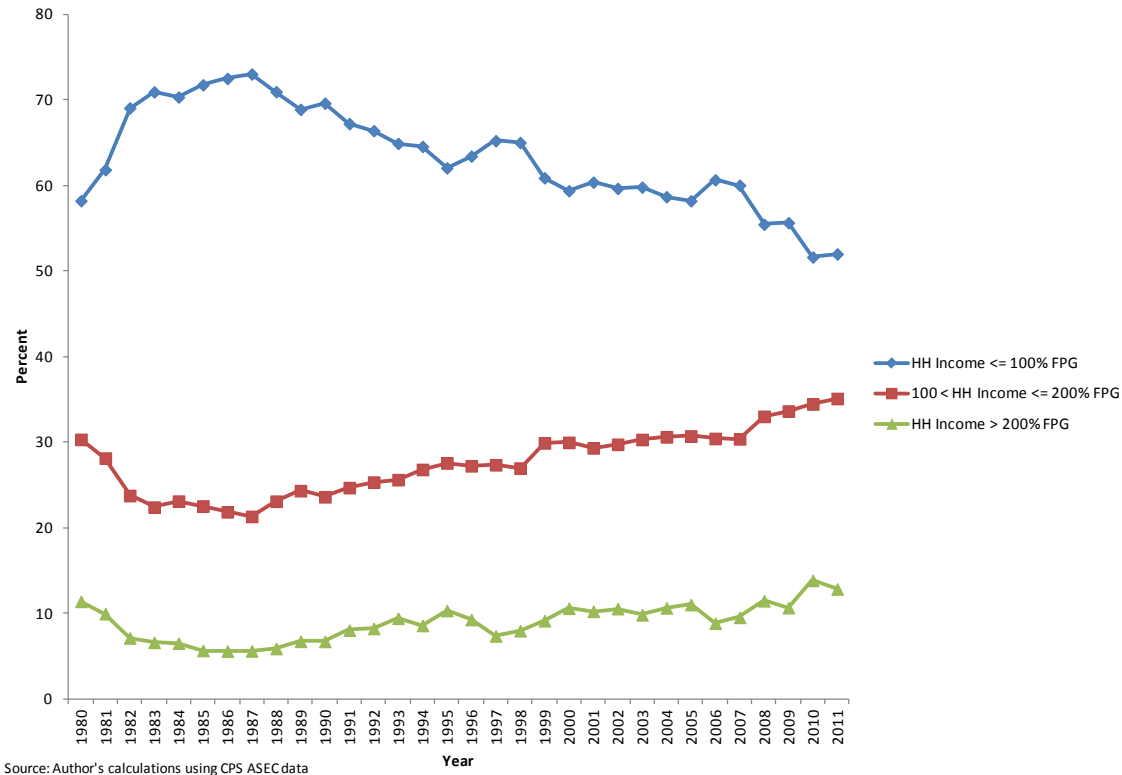
Implications for Family Well Being

The expansion of SNAP over the past decade, both from rising need from the deepest recession since the Great Depression and changing policy improving program access and delivery, has wider implications for family well being.

¹⁵ Moffitt, R. 2015. "Multiple Program Participation and the SNAP Program." In *SNAP Matters*.

Behind the EITC, SNAP is the most effective anti-poverty program for the non-elderly, and is even more effective than the EITC in mitigating deep poverty among families with children.¹⁶ The reason for the greater anti-poverty effects among the very poor is that many of

Figure 6: Trends in the Distribution of SNAP Households by Income Status



these disadvantaged households do not have earnings, or only limited earnings, and because of its uniqueness in the U.S. safety net as a near universal program regardless of age, employment status, or family structure, SNAP is able to assist the very poor where other programs do not.

SNAP has also been shown to lead to increases in total food spending, implying that most SNAP recipients spend more on food each month than their SNAP allotment; and in the face of income shocks to families such as in the Great Recession, SNAP reduces the short-run volatility of food consumption by just under 15 percent, and long-term income shocks on food are lower by one-third.¹⁷

¹⁶ Tiehen, L., D. Jolliffe, and T. Smeeding. “The Effect of SNAP on Poverty.” In *SNAP Matters*.

¹⁷ Hoynes H, L. McGranahan, and D. Schanzenbach. 2015. “SNAP and Food Consumption.” In *SNAP Matters*; Gundersen, C. and J. Ziliak. 2003. “The Role of Food Stamps in Consumption Stabilization.” *Journal of Human*

That food consumption is stabilized by SNAP in times of economic need has positive spillovers on the health of the family. Namely, the best evidence suggests that food insecurity, i.e. a situation that “exists whenever the availability of nutritionally adequate and safe foods or the ability to acquire acceptable foods in socially acceptable ways is limited or uncertain,” is reduced by increases in SNAP benefits.¹⁸ The timing of receipt of benefits over the life course also matters. Specifically, compelling evidence, albeit limited in the number of studies, indicates that exposure to the program in utero and in early childhood has positive effects on birth outcomes as well as in better health in adulthood such as lower risk of obesity, heart disease, and diabetes.¹⁹ And this early exposure to SNAP in childhood facilitates access to school feeding programs such as school breakfast and lunch, which have an additional, independent effect of lowering food insecurity.²⁰

Conclusion

SNAP is operating to combat hunger and poverty during periods of economic hardship as Congress intended when it initially passed the Food Stamp Act in 1964, and with each subsequent reauthorization. Although the majority of recipients are children, elderly, or the disabled, the program in recent years has increasingly evolved into a work support for households with a full-year worker with some college education. Even though the program is at record highs in terms of participation and cost, it is also functioning more efficiently than ever with record low error rates in benefit determination, having fallen by over 45 percent in the last decade alone.²¹ With its Federal funding that rises and falls with the state of the economy, it offers a first line of defense against poverty and food insecurity for the widest array of American

Resources 38(Supplement): 1051–1079; Blundell, R. and L. Pistaferri. 2003. “Income Volatility and Household Consumption: The Impact of Food Assistance Programs.” *Journal of Human Resources* 38(Supplement): 1032-1050.

¹⁸ Schmidt, L., L. Shore-Sheppard, and T. Watson. Forthcoming. “The Effect of Safety Net Programs on Food Insecurity.” *Journal of Human Resources*; Mabli, J. and J. Worthington. 2014. “Supplemental Nutrition Assistance Program Participation and Child Food Security.” *Pediatrics* 133(4): 1-10; Gregory, C., M. Rabbitt, and D. Ribar. 2015. “The Supplemental Nutrition Assistance Program and Food Insecurity.” In *SNAP Matters*;

¹⁹ Almond, D., H. Hoynes, and D. Schanzenbach. 2011. “Inside the War on Poverty: The Impact of Food Stamps on Birth Outcomes.” *Review of Economics and Statistics* 93(2): 387-403; Hoynes, H., D. Schanzenbach, and D. Almond. 2012. “Long Run Impacts of Childhood Access to the Safety Net.” National Bureau of Economic Research Working Paper 18535; Gundersen, C. 2015. “SNAP and Obesity.” In *SNAP Matters*.

²⁰ Bartfeld, J. 2015. “SNAP and the School Meal Programs.” In *SNAP Matters*.

²¹ Based on a comparison of FY2004 and FY2013 benefit error rates <http://www.fns.usda.gov/pd/snap-reports#qc-error>.

families of any program in the safety net—young, old, working, not working, healthy, disabled—that is not possible in other programs, such as in the block-granted TANF program that did not respond to rising need this last decade. SNAP matters more than ever in the safety net.

I again thank the Committee for the opportunity to share the results of our research.