

NPI Brown Bag Seminar Series

Safety Net Investments in Children: The Evidence on SNAP

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Safety Net Investments in Children: The Evidence on SNAP/CalFresh

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What is SNAP / CalFresh?

Supplemental Nutritional Assistance Program

A Snapshot

- Previously known as Food Stamps
- In FY2017, SNAP served 42.2 million people in 23 million households at a cost of \$68 billion dollars
 - In CA, CalFresh served 4.1 million people at a cost of \$6.7 billion dollars
- Average monthly benefit \$258 per household, About \$4.20 per person per day
- Central element of the U.S. social safety net and main government policy aimed at reducing food insecurity; available nationwide since 1975
- Survived welfare reform in the 1990s intact but many current proposals for reforming the program: adding work requirements, block granting, and the current farm bill

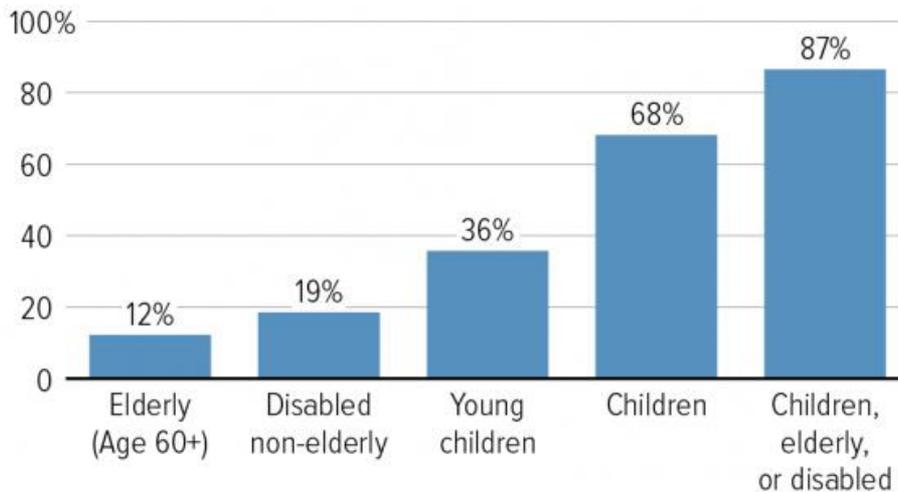
Program details

- Eligibility: gross monthly income below 130% FPL, net income below 100% FPL.
- Benefits: phased out as income increases; at a 30% rate
- “Voucher” (debit card) allow purchase of most food items at the grocery store
- Benefits and eligibility criteria set federally, federally funded (other than administration)

Who receives SNAP? Nationally

Vast Majority of SNAP Recipients Live in Households With a Child, Senior, or Person with a Disability

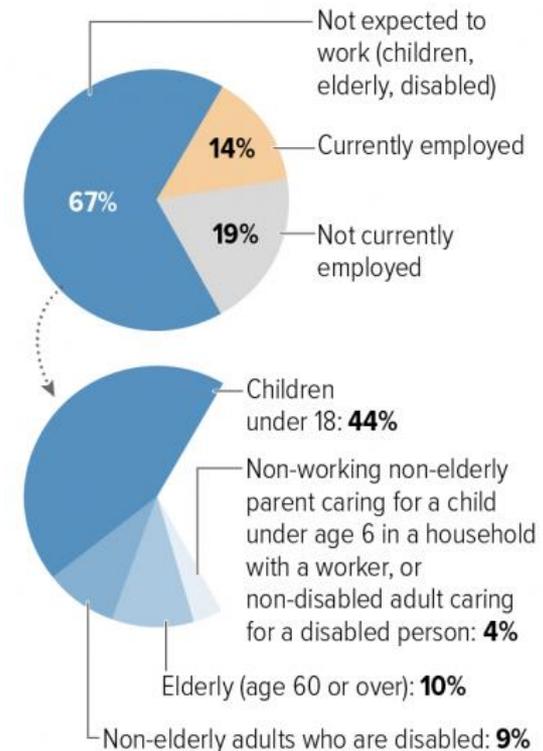
Percent of individuals in households, fiscal year 2015



Source: USDA Food and Nutrition Service, Office of Research and Analysis, "Characteristics of Supplemental Nutrition Assistance Program Households, Fiscal Year 2015."

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4 Out of 5 SNAP Participants Are Not Expected to Work or Are Working



Note: This chart takes out individuals with earnings first, and then looks at those "not expected to work" among individuals without earnings.

Source: CBPP analysis of 2015 SNAP household characteristics data.

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CALIFORNIA

more than

74%

of SNAP participants are in families with children

more than

6%

are in families with members who are elderly or have disabilities

almost

50%

are in working families

NATIONALLY

more than

68%

of SNAP participants are in families with children

more than

30%

are in families with members who are elderly or have disabilities

more than

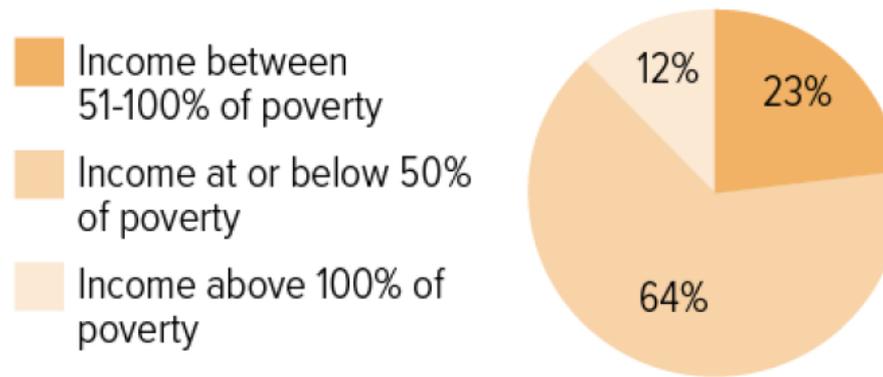
44%

are in working families

Source: CBPP analysis of data from USDA Food and Nutrition Service, FY 2015

Most SNAP Participants in California Are Poor

Share of participants by household income, FY 2015



Source: CBPP analysis of FY 2015 USDA SNAP Household Characteristics data

Given where we are at, this is a good time to assess *Why SNAP Matters*

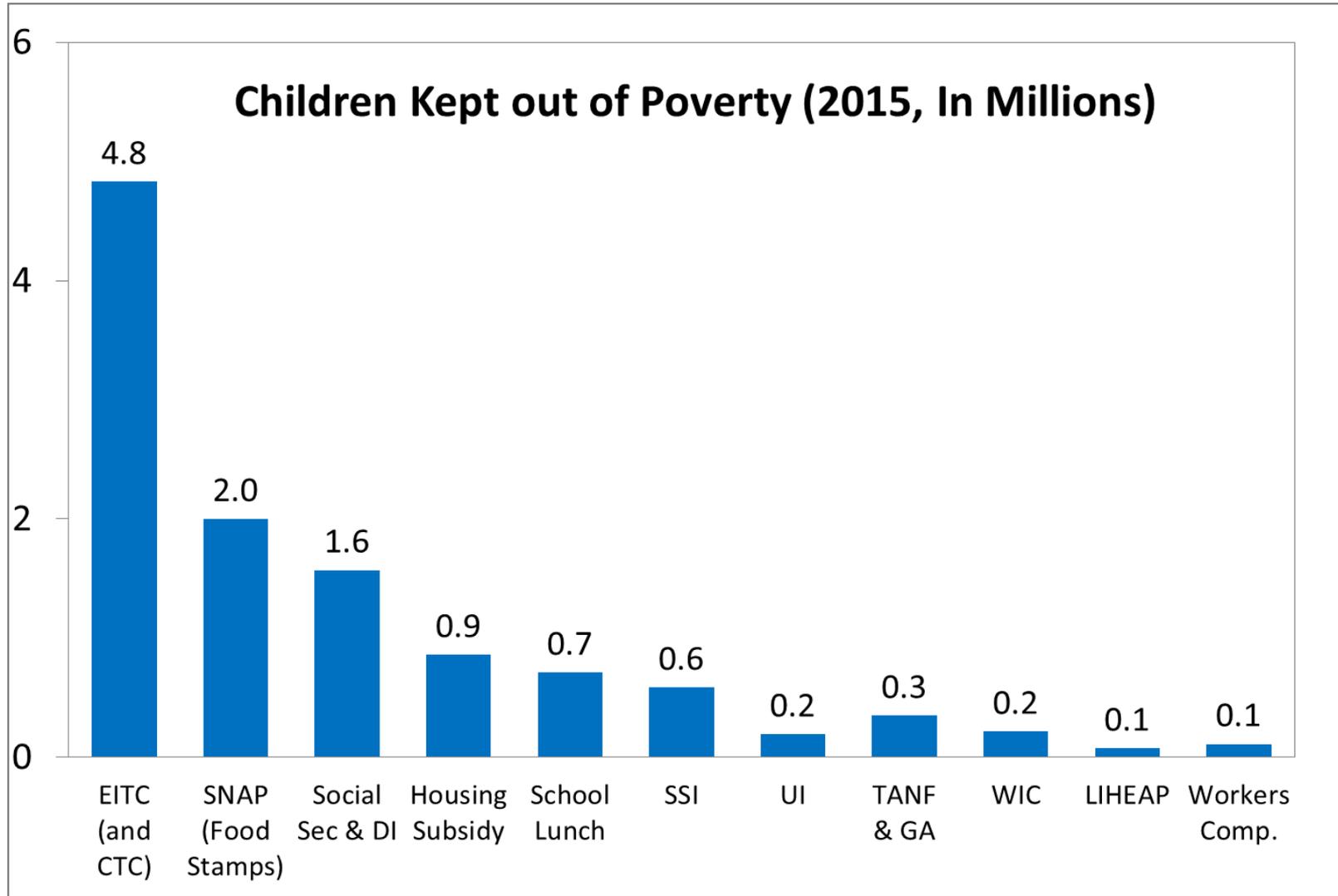
1. *SNAP is a central part of the U.S. safety net*
2. *Research on the short and long run effects of SNAP on health*
3. *Current policy issues and concerns*

1. SNAP and the social safety net

4 Observations about SNAP

- SNAP is one of the largest anti-poverty programs in the U.S.
- It is the closest thing to a “universal safety net”
- It plays an “automatic stabilizer role”; and was important in protecting families in the Great Recession
- SNAP’s importance is rising in part due to stagnant and declining wages for less skilled workers

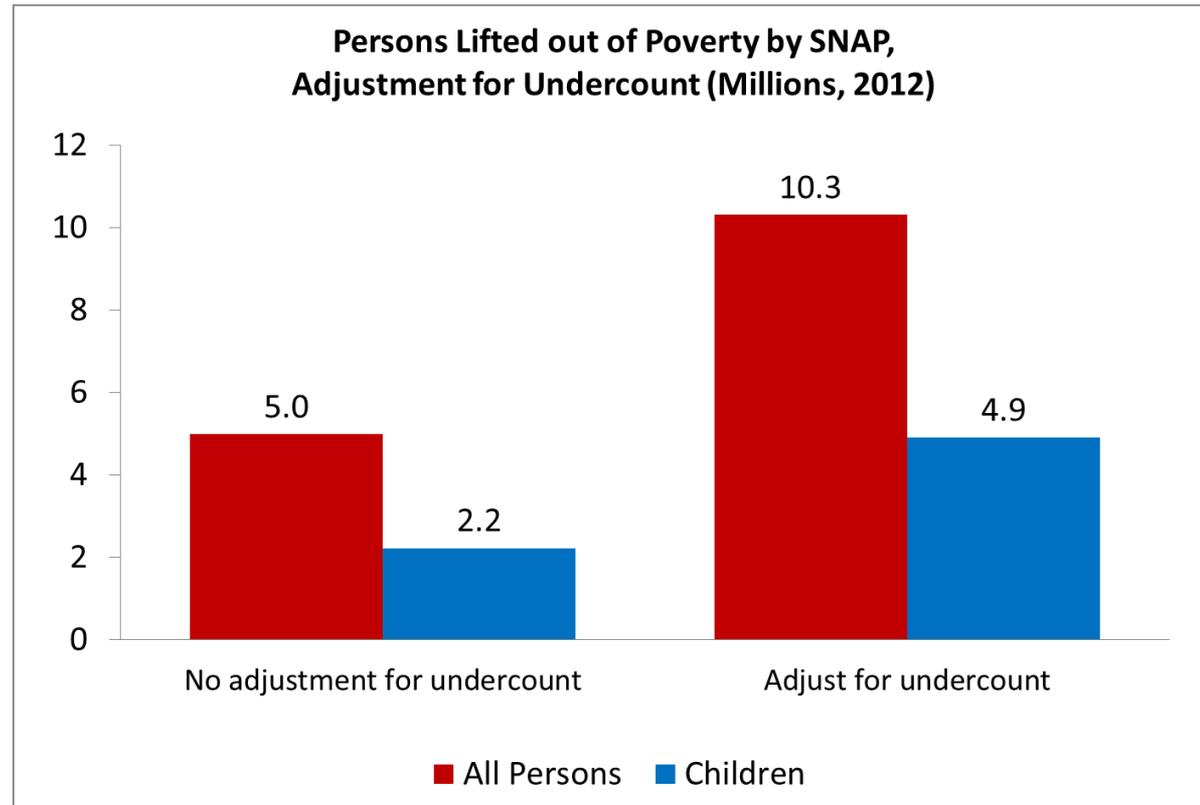
After the EITC, SNAP lifts more children out of poverty than any other program



Source: Calculations based on *Supplemental Poverty Measure, 2015* (Renwick & Fox), U.S. Department of Census, Current Population Report P60-258.

These (official) estimates are likely an undercount of the full effect of SNAP

Recent research shows substantial underreporting of SNAP as well as other transfers in household surveys (Meyer, Mok and Sullivan 2015, Meyer and Mittag 2015)



Source: Sherman and Trisi (2015).

CalFresh moves more than 800,000 Californians out of poverty

County/county group	Number of additional children and adults in poverty absent CalFresh assistance							
	Children	Adults	County	Children	Adults	County	Children	Adults
Statewide	391,400	466,000	Los Angeles	111,700	133,200	San Joaquin	8,500	11,900
Alameda	11,000	15,900	Madera*	2,000	3,300	San Luis Obispo*	1,300	1,800
Alpine, Amador, Calaveras, Inyo, Mariposa, Mono, Tuolumne*	900	1,300	Marin*	100	800	San Mateo	2,000	2,300
Butte*	1,800	2,700	Merced	5,700	6,100	Santa Barbara	4,500	4,800
Colusa, Glenn, Tehama, Trinity*	1,900	2,100	Monterey, San Benito	5,800	6,400	Santa Clara	8,400	9,900
Contra Costa	7,200	8,000	Napa*	1,100	900	Santa Cruz*	1,900	1,600
Del Norte, Lassen, Modoc, Plumas, Siskiyou*	1,200	1,900	Nevada, Sierra*	600	700	Shasta*	1,800	2,100
El Dorado*	800	1,000	Orange	21,800	24,300	Solano	4,300	5,200
Fresno	20,300	23,200	Placer	1,700	1,900	Sonoma	3,100	3,900
Humboldt*	1,900	2,400	Riverside	27,600	31,100	Stanislaus	8,800	11,700
Imperial*	3,600	4,700	Sacramento	19,100	22,800	Sutter, Yuba*	1,600	2,400
Kern	15,600	15,400	San Bernardino	34,700	40,500	Tulare	9,800	10,200
Kings*	2,200	2,100	San Diego	22,600	27,000	Ventura	6,600	8,400
Lake, Mendocino*	1,800	3,300	San Francisco	3,100	4,700	Yolo*	1,100	1,800

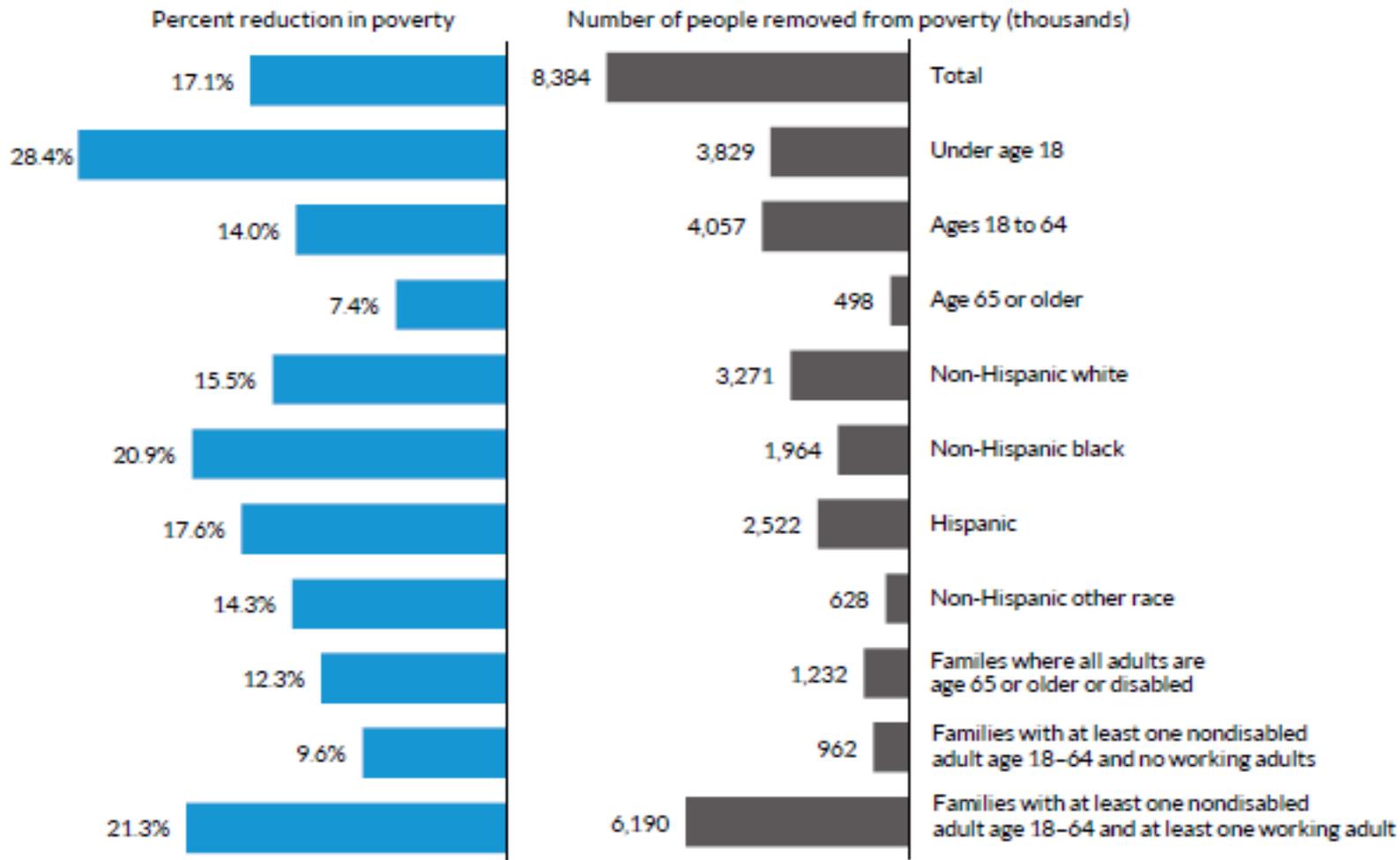
Source: California Poverty Measure data for 2013–15.

Source: PPIC “The CalFresh Food Assistance Program: Just the Facts”

SNAP poverty reduction widespread across groups

FIGURE 3

Reductions in Poverty from SNAP by Age, Race or Ethnicity, and Work or Disability Status, 2015



Source: Urban Institute, "The AntiPoverty Effects of SNAP," Wheaton and Tran.

SNAP is the closest thing the U.S. has to a “universal safety net”

- Closest thing to universal safety net in the U.S.
 - Eligibility is virtually universal (and depends on income and asset eligibility)
 - Exceptions: restrictions for able bodied recipients without dependents; undocumented immigrants

SNAP played a big role in protecting families in the Great Recession

- More generally, SNAP is an entitlement, not block granted
- Responds quickly to changes in conditions and need; serves an automatic stabilizer role

CalFresh benefits grew dramatically when need was high and as participation rates rose



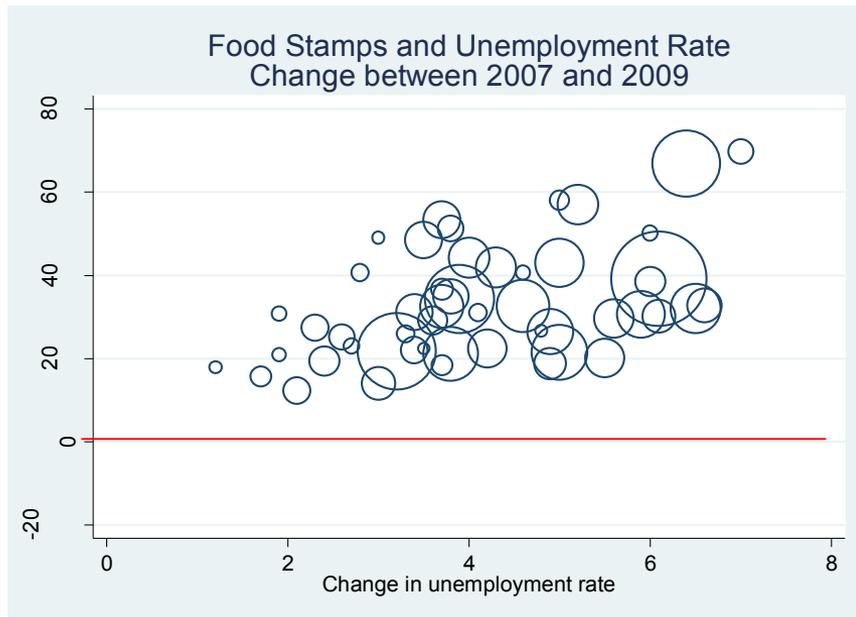
Sources: USDA, Food and Nutrition Service, [SNAP data](#); USDA, Food and Nutrition Service, [SNAP participation rate](#) reports, various years.

Source: PPIC “The CalFresh Food Assistance Program: Just the Facts”

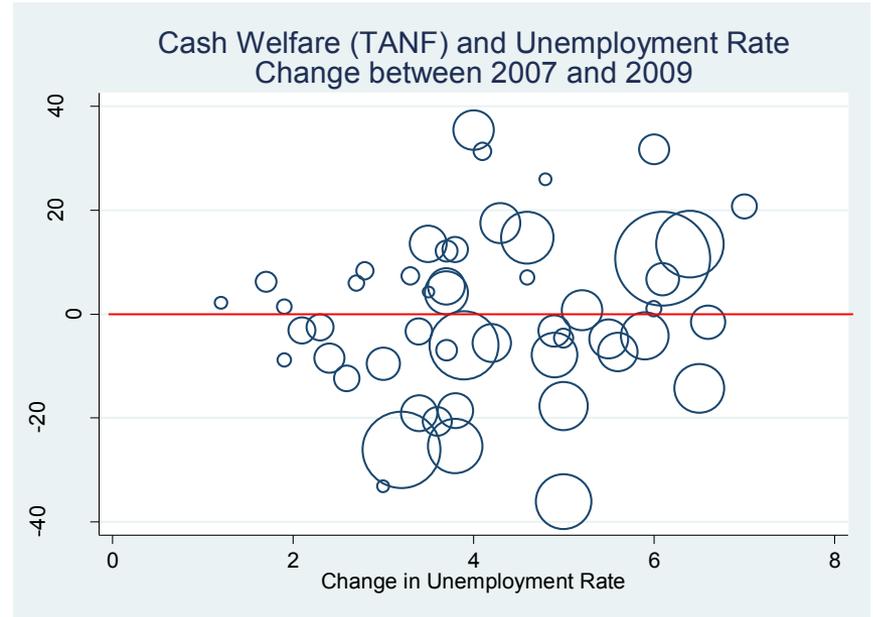
Safety Net Response to the Great Recession

2007-2009 change in state unemployment rate vs change in safety net

(a) SNAP



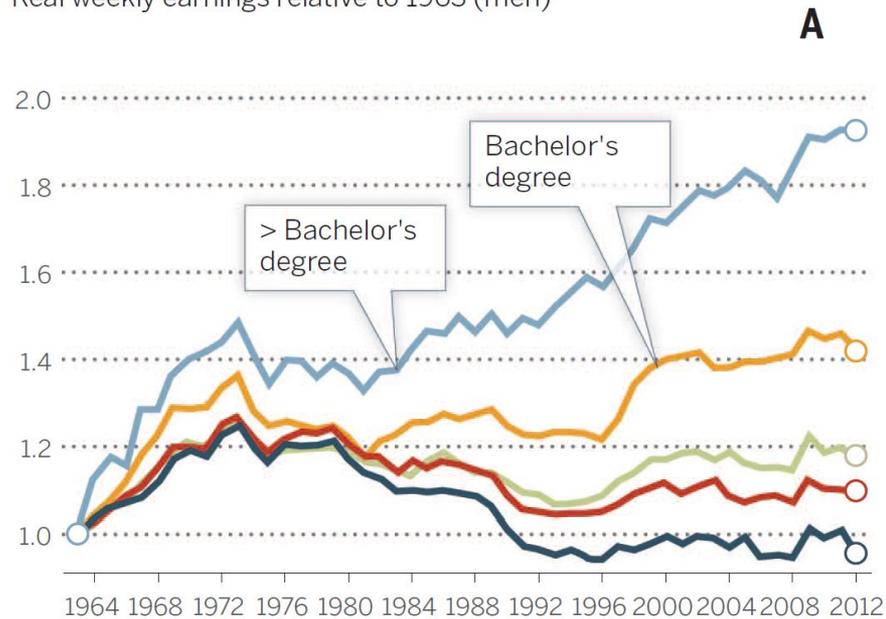
(b) TANF



Given wage stagnation/declines for less skilled workers, there is increasing need for the social safety net to supplement earnings to maintain family income levels. → SNAP (and the EITC) is central here

Changes in real wage levels of full-time U.S. workers by sex and education, 1963–2012

Real weekly earnings relative to 1963 (men)



Real weekly earnings relative to 1963 (women)

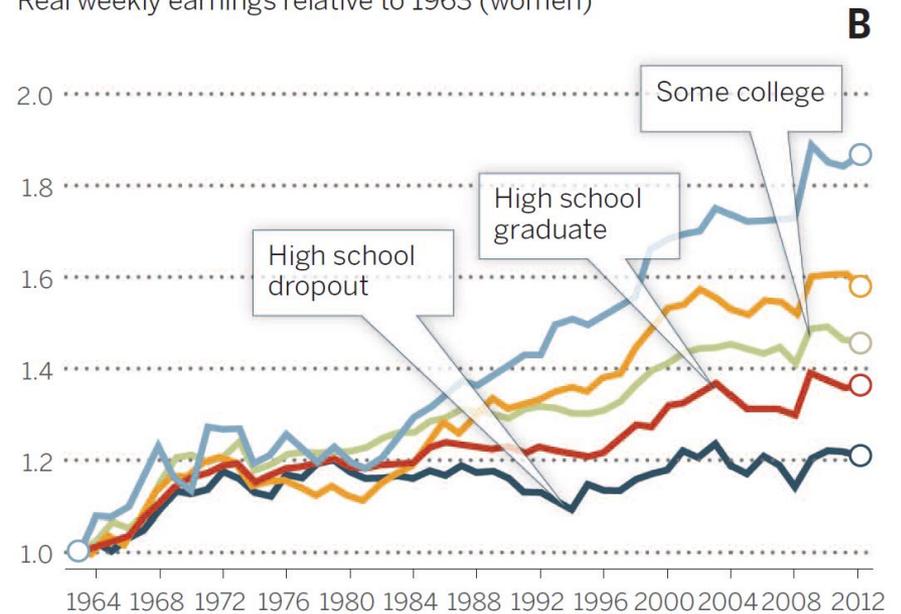


Fig. 6. Change in real wage levels of full-time workers by education, 1963–2012. (A) Male workers, (B) female workers. Data and sample construction are as in Fig. 3.

David Autor, Science.

2. Research on the short and long run effects of SNAP on health

I. Direct (or short run) effects of SNAP

- Consistent evidence that SNAP leads to more food consumption and reduces food insecurity
- Despite documented benefits of SNAP, there is evidence that the benefits of the program *fall over the monthly food stamp cycle*
- The phasing out of SNAP benefits leads to small (but detectible) reductions in labor supply

Results: SNAP and Food Insecurity

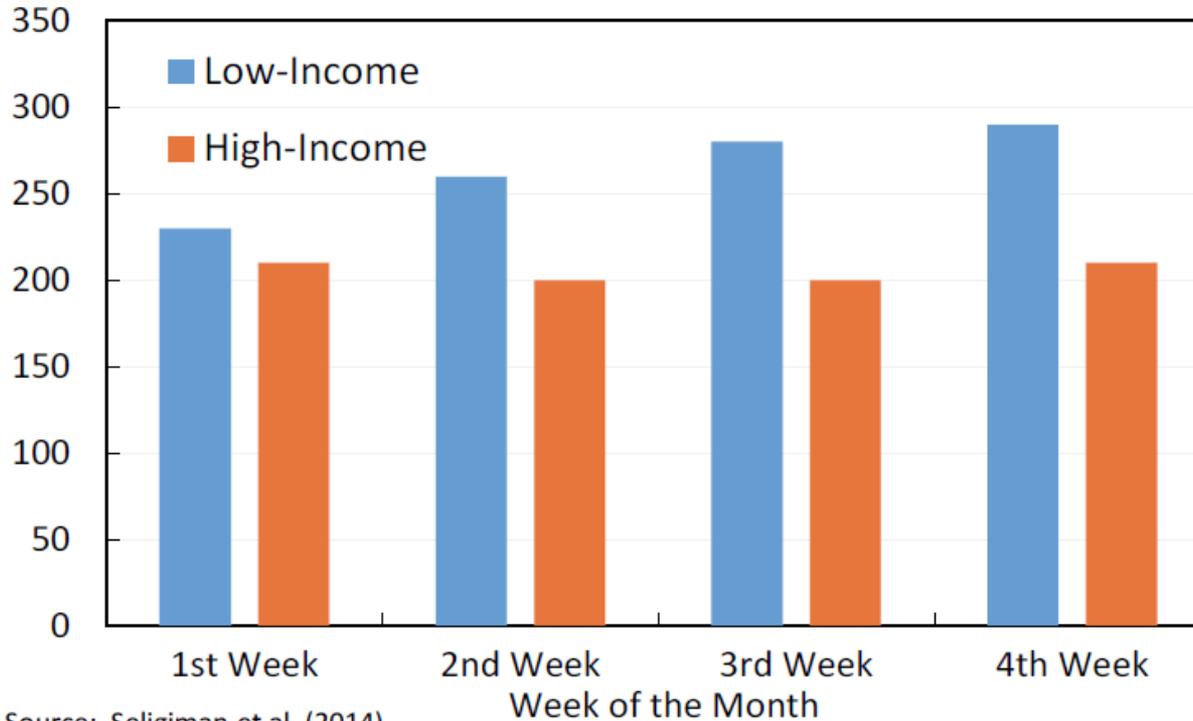
- Research shows consistent evidence that SNAP reduces food insecurity
- Comparisons of the same family pre- and post-SNAP takeup (Mabli et al 2013, Mabli and Ohls 2015)
- Variation in state implementation policies that generates differences in take-up across states over time (Mykerezi & Mills 2010; Ratcliffe et al. 2011 Shaefer & Gutierrez 2013; Yen et al. 2008)
- Expansions in benefits from federal stimulus (Nord and Prell 2011)

Results: The SNAP Benefit “Cycle”

- Despite documented benefits of SNAP, there is growing evidence that the benefits of the program fall over the monthly *food stamp cycle*
- Most benefits redeemed early in the month (Hastings and Washington 2010, Castner and Henke 2011, Smith et al 2015)
- Calorie intake declines by 10-25% over the month (Shapiro 2005)
- Admissions for hypoglycemia increase over the month (Seligman et al 2014)
- School disciplinary actions grow over the month (Gennetian et al 2015, Gassman-Pines & Bellows 2016)
- Unclear results for test scores (Gassman-Pines & Bellows 2015)

Figure 9: Hospital Admissions for Hypoglycemia Rise at the End of the Month Among Low-income Patients

Hospitalizations per million admissions



Source: Seligman et al. (2014)

II. Effects of the SNAP in the longer run

- Recent research has turned attention to evaluating how SNAP affects health and human capital outcomes in the long run
- Does providing SNAP to children when they are young lead to improved health and economic well-being in adulthood?
- Does age of exposure matter?
- This relates to a larger literature that examines whether the social safety net for children can be thought of as an investment in the future by society

Why might SNAP affect adult outcomes?

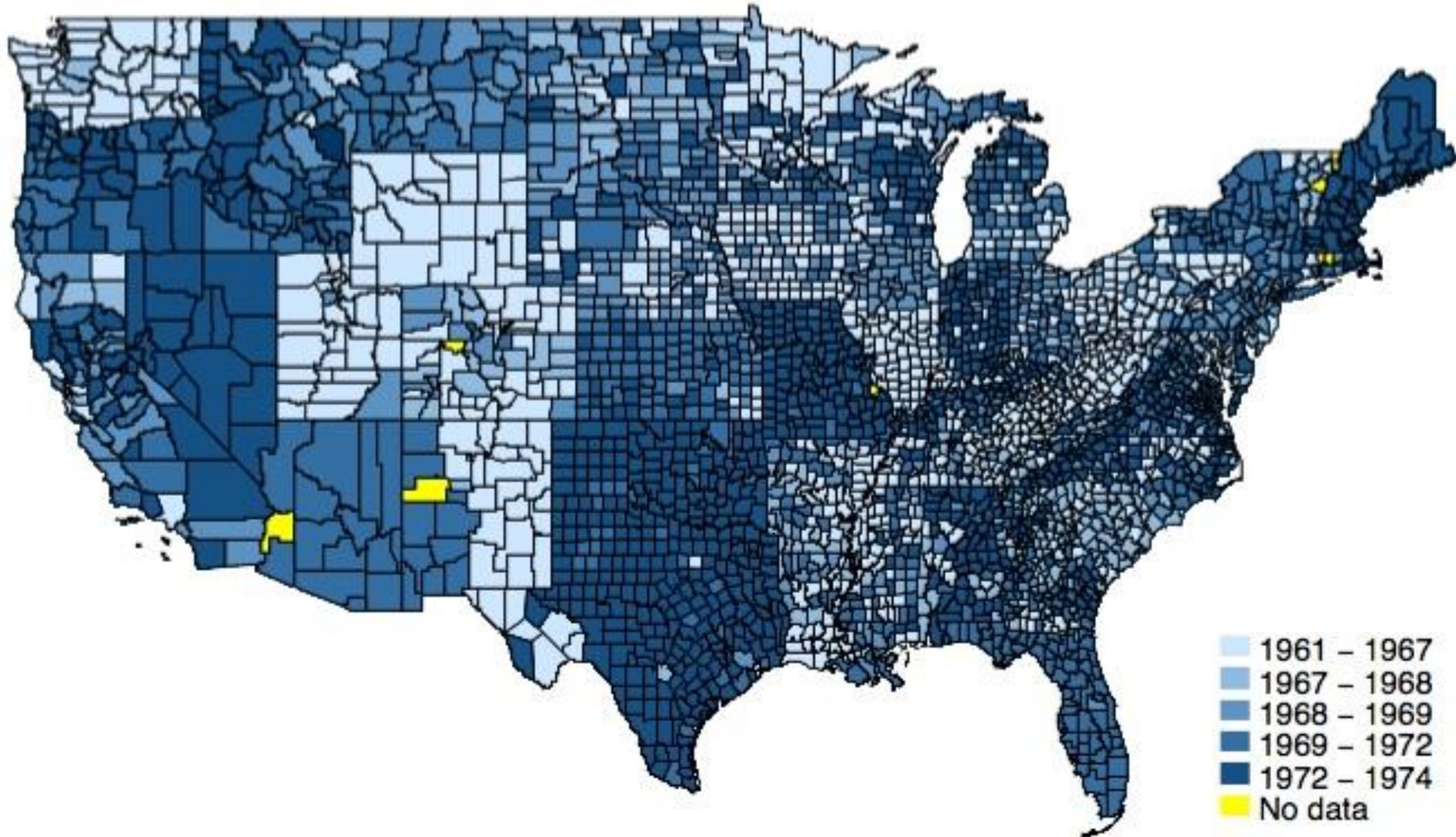
- FSP leads to increases in income and nutrition. Early life nutrition and resources may translate to later life economic and health outcomes
- HEALTH OUTCOMES: “Fetal origins” hypothesis, from developmental biology and Barker (1990) argues that there is a connection between pre/post natal development and early “critical” periods (nutrition in particular) and chronic conditions in adulthood.
- ECONOMIC OUTCOMES: Heckman and others argue that investment in early childhood leads to higher returns to human capital than investments later in life
- Reductions in stress may be an alternative pathway. Recent work shows that the SES/cortisol correlations may be causal and manipulated by policy
- **Implication: more food stamps in childhood → better outcomes in adulthood.**

Leveraging the Historical Rollout of SNAP

Joint Research with Doug Almond and Diane Schanzenbach

- Use initial rollout of the Food Stamps, which took place across the approx. 3,200 U.S. counties over 1961-1975
- We leverage variation over the rollout and estimate a quasi-experimental research design; event study model and difference-in-difference
- Comparison across counties and over time while controlling for county, year, and a host of other potentially confounding effects (Hoynes and Schanzenbach 2009 document the validity of this approach)
- Note: examining long run outcomes means having to look back in time for policy variation!

Geographic Rollout by County



Effects of Childhood Exposure to Food Stamps on Adult Health and Economic Well-Being

Hoynes, Schanzenbach and Almond (AER, 2016)

- Because food stamps was introduced 50 years ago, the individuals who were children when the program was introduced are now adults → we can use the food stamps rollout to estimate the effect of childhood exposure to food stamps on completed education, earnings, and detailed health outcomes.
- We use event study and difference-in-difference models, comparing trends using county and year of birth
- Our design allows us to explore *when treatment matters*

Data and Outcomes

- Panel Study of Income Dynamics, longitudinal data links across multiple generations
- Two indices: economic self sufficiency, metabolic health
- Use county and year-month of birth and family of origin characteristics (e.g. parent's education)
- Sample includes those born between 1956-1981; outcomes measured at ages 24-53
- **Caveat: these folks are still pretty young; we may be capturing a delay in onset**

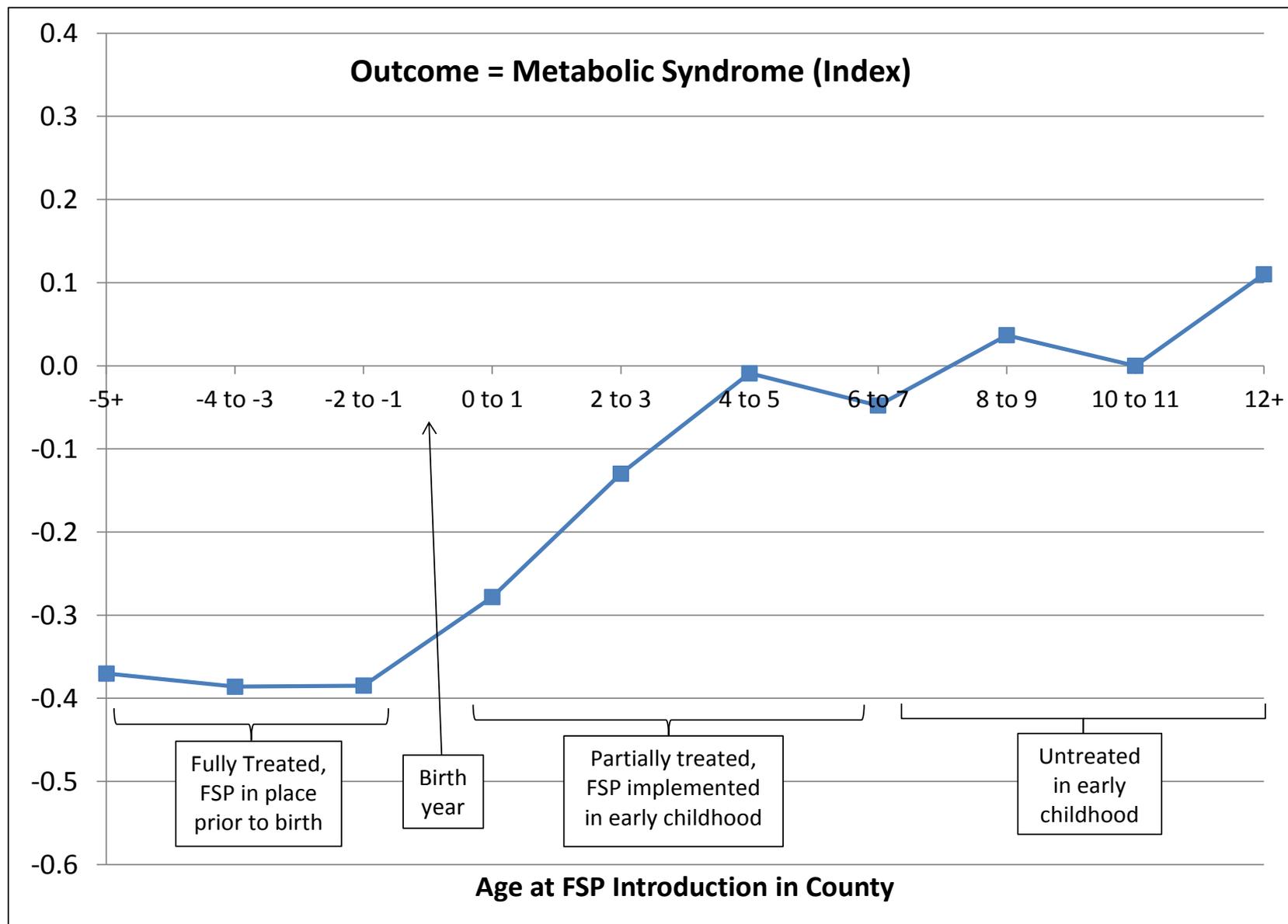
Metabolic
Syndrome

Obese (=1)
High blood pressure (=1)
Diabetes (=1)
Heart disease (=1)
Heart attack (=1)

Economic self-
sufficiency

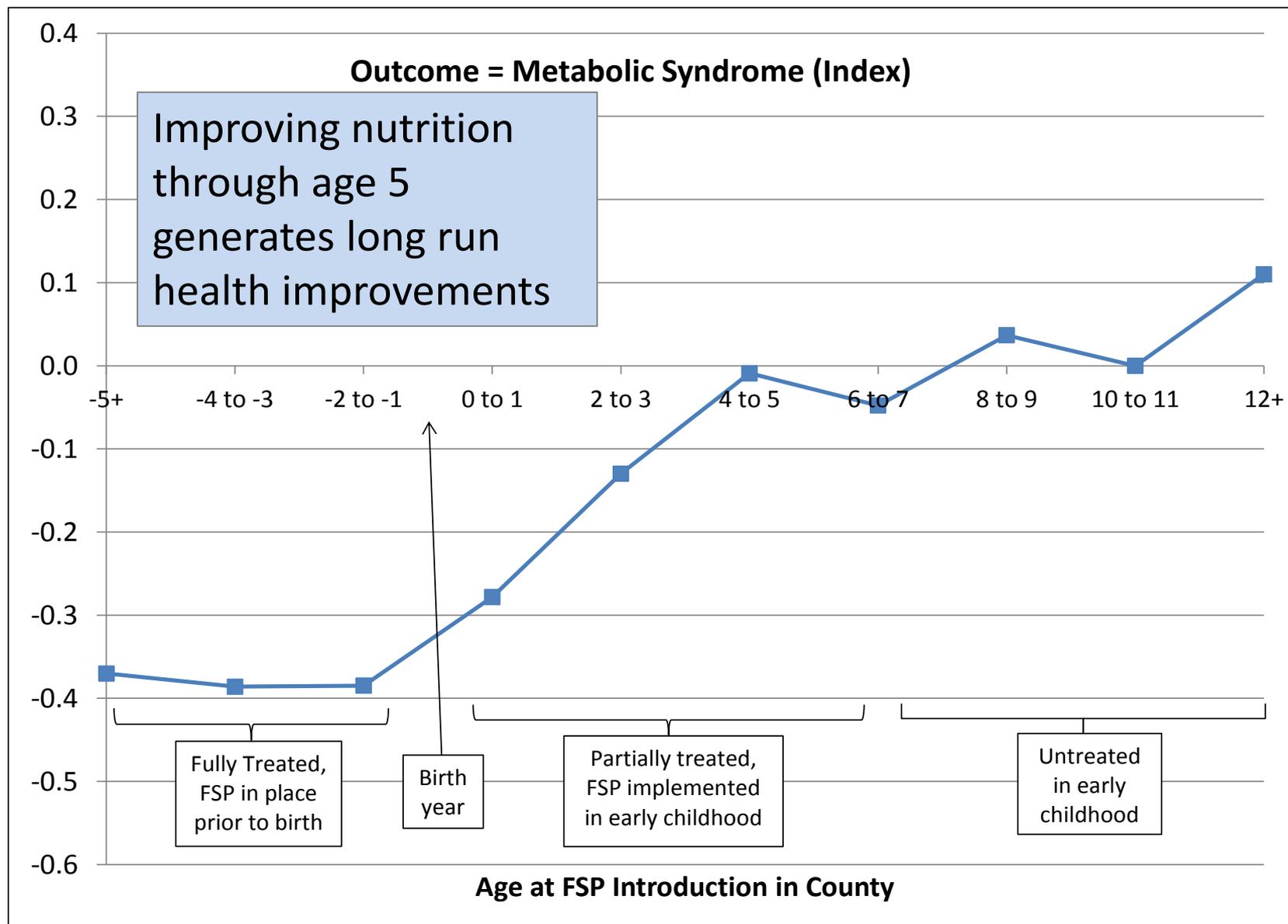
High school graduate (=1)
Employed (=1)
Not poor (=1)
Not on TANF (=1)
Not on food stamps (=1)
Earnings
Family income

Key result: Food Stamps in childhood reduce adult metabolic syndrome



Source: Hoynes, Schanzenbach and Almond, *American Economic Review* 2016.

Key result: Food Stamps in childhood and adult metabolic syndrome



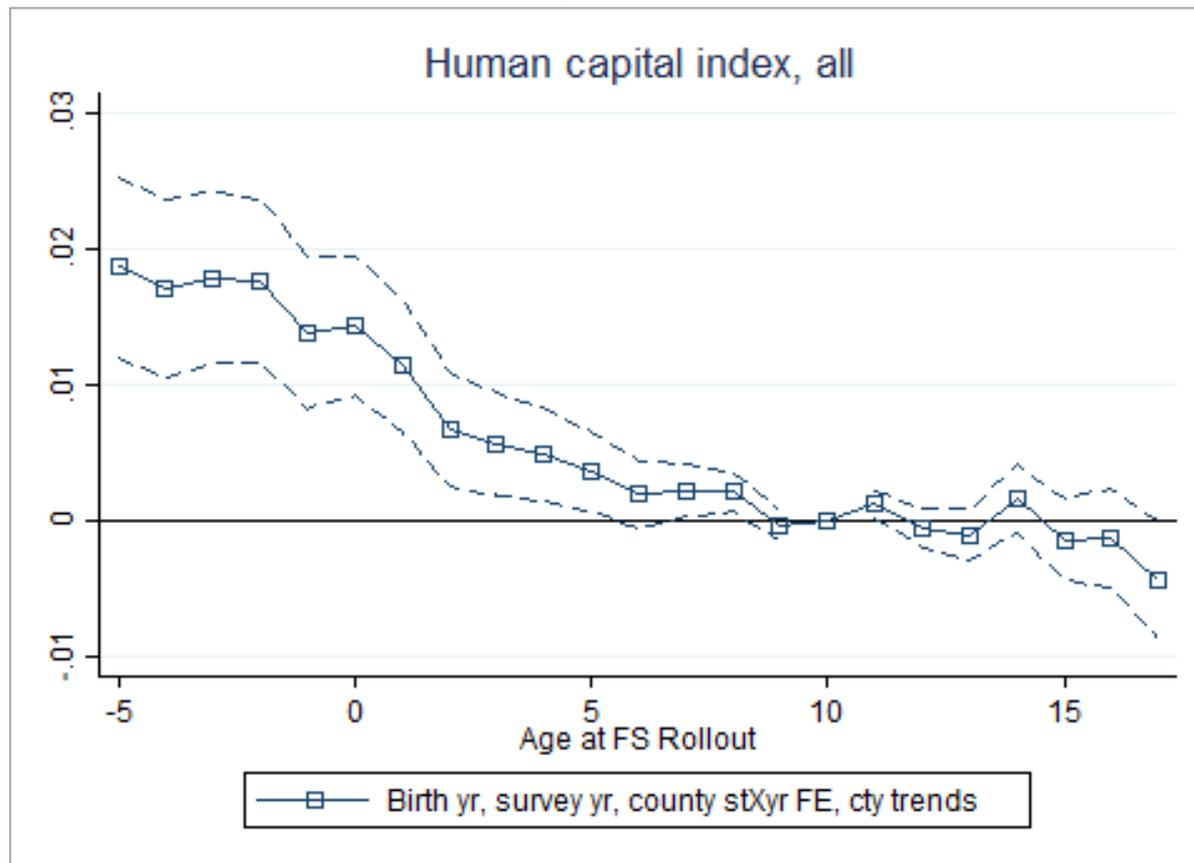
More on long run impacts of food stamps

Joint with Martha Bailey, Maya Rossin-Slater and Reed Walker

- We now have 20% Census 2000 (43 million obs.) linked to the Social Security Administration *NUMIDENT* file, which records detailed place of birth (from birth certificates)
- Estimating effects of childhood exposure to food stamps on adult human capital and labor market outcomes
 - Human capital, economic self sufficiency, living conditions, disability, mortality, incarceration

Food stamps in early childhood leads to improvement in human capital

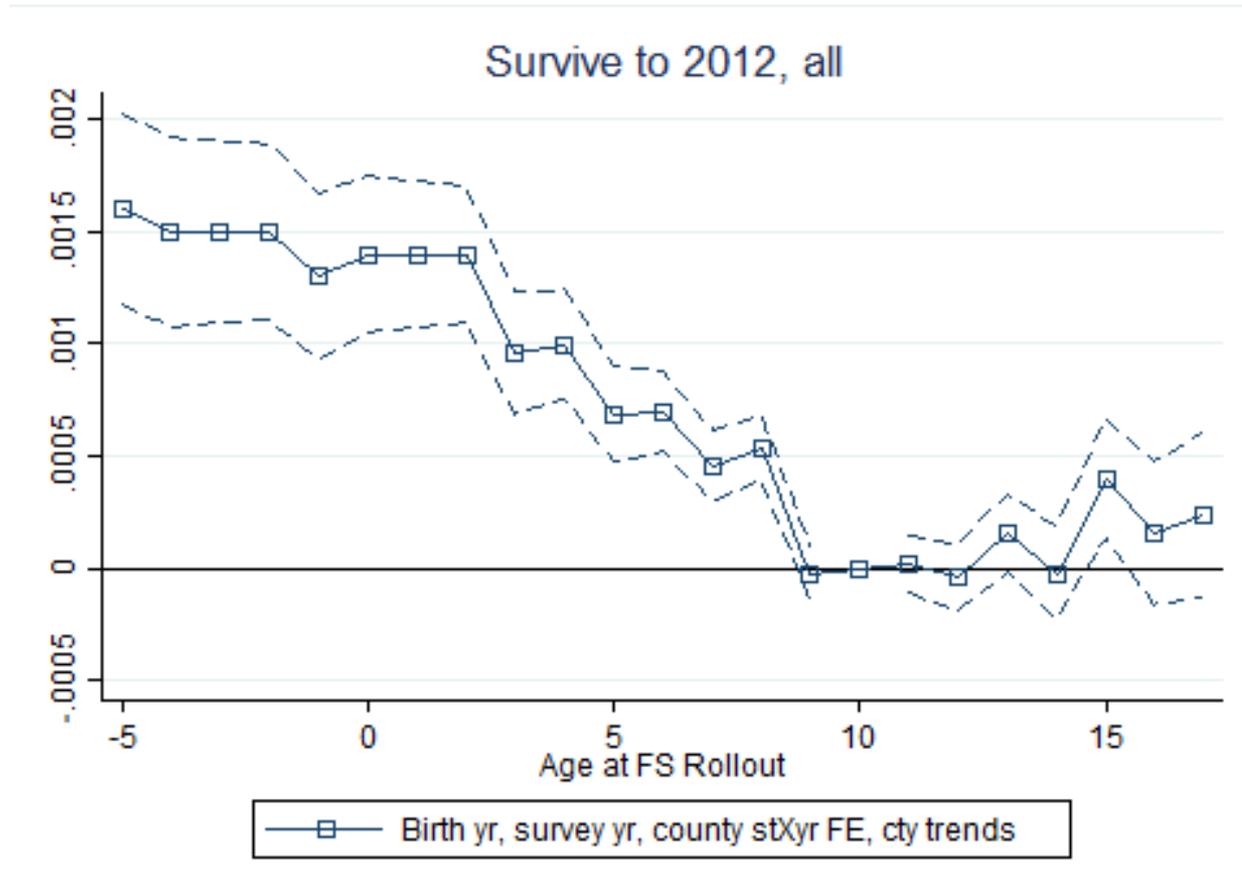
Event Study – Full Sample



Human capital index: completed schooling, professional degree, professional occupation
All in standard deviation units

And leads to reduction in mortality

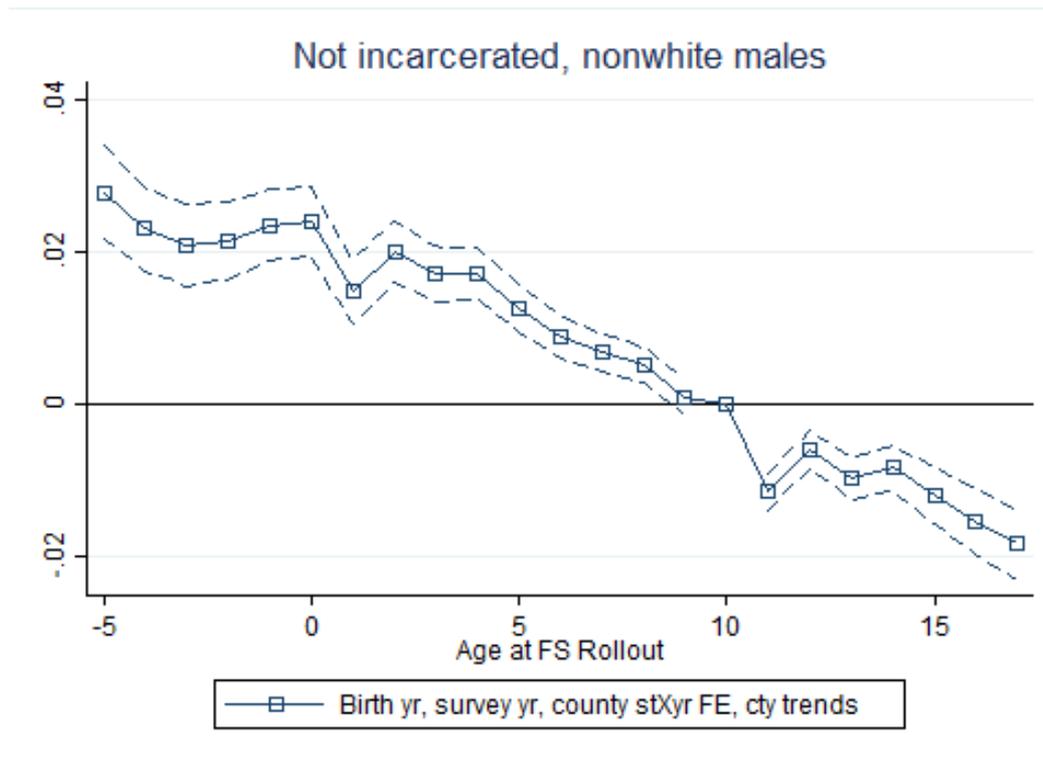
Event Study – Full Sample



All in standard deviation units

And food stamps *throughout childhood* leads to reduction in incarceration (*nonwhite males*)

Event Study – Nonwhite Males



All in SD units

3. Current policy issues and concerns

The Farm Bill

- Significant work requirements: require SNAP participants ages 18-59 who are not disabled or raising a child under 6 to prove — every month — that they're working or participating in a work program at least 20 hours a week
- Face sanctions for noncompliance -- the first failure would mean a loss of benefits for 12 months; each subsequent failure would lock individuals out of the program for 36 months.
- Ramp up training programs (though not much specificity about what this means)

TABLE 1

The Nutrition Title of the Chairman’s Farm Bill Includes More Than \$20 Billion in SNAP Benefit Cuts Over 10 Years

	CBO 10-Year Cost Estimate
SNAP benefit cuts	-\$23.1 billion
SNAP benefit improvements	\$5.8 billion
New administrative costs and work programs	\$15.0 billion
SNAP benefit delivery, and other program changes	-\$0.6 billion
Non-SNAP grants	\$2.8 billion
Total Nutrition Title*	\$0 billion

See Appendix Table for more detail. Details do not add to total because of rounding.

* Title IV total including \$463m in direct spending and \$465m in increased revenue.

Sources: Congressional Budget Office (CBO), *H.R. 2, Agriculture and Nutrition Act of 2018*, as introduced April 12, 2018 <https://www.cbo.gov/publication/53760> and preliminary supporting documents.

Source: Center for Budget and Policy Priorities “Chairman Conaway’s Farm Bill Would Increase Food Insecurity and Hardship.”

TABLE 5

Illustrative Example of People Potentially Subject to the Work Requirement and Employment and Training Grant Had the Work Requirement Applied in 2016

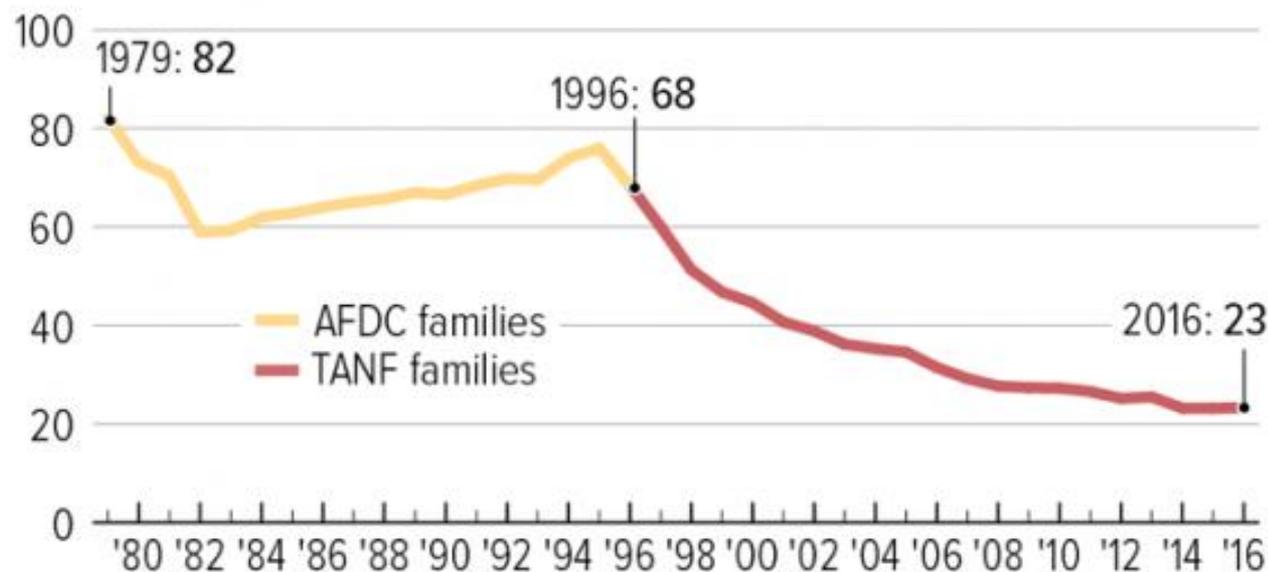
State/Territory	Number of non-disabled adults without children under 6 in a typical month of FY2016	Number of non-disabled adults without children under 6 not working 20 hours per week in a typical month of FY2016	Estimated SNAP Employment and Training Grant ^a
Alabama	186,000	147,000	\$19,960,000
Alaska	22,000	19,000	\$2,524,000
Arizona	218,000	181,000	\$24,561,000
Arkansas	88,000	71,000	\$9,591,000
California	1,193,000	1,015,000	\$137,656,000

Source: Center for Budget and Policy Priorities “Chairman Conaway’s Farm Bill Would Increase Food Insecurity and Hardship.”

- We've seen this before – welfare reform and TANF
- Complying with these work requirements will cut off many recipients
- Low-paying jobs with unreliable hours
- those with barriers to employment would be left without neither earnings nor food assistance
- The insurance/protective element of SNAP would be gone
- Risk that these requirements mainly would fail large numbers of people, who would be deemed “out of compliance” and lose their basic food assistance.

TANF's Role as a Safety Net Continues to Decline

Number of families receiving AFDC/TANF benefits for every 100 families with children in poverty



Note: TANF = Temporary Assistance for Needy Families, AFDC = Aid to Families with Dependent Children

Source: CBPP analysis of poverty data from the Census' Current Population Survey and AFDC/TANF caseload data from Department of Health and Human Services and (since September 2006) caseload data collected by CBPP from state agencies.

Conclusions

- Food stamps is a central element of the safety net
- The work summarized here shows that there are economically important improvements in health, both contemporaneous and in the longer term
- It implies that benefits of safety net are broader than previously thought. Positive external benefits to taxpayers.
- The proposed changes to SNAP would dramatically reduce these benefits of the prorga,

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