



**Statement of**

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**before the**

**Committee on Agriculture, Subcommittee on Nutrition**

**United States House of Representatives**

**Understanding the Rates, Causes, and Costs of Churning  
in the Supplemental Nutrition Assistance Program (SNAP)**

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Good afternoon, Madam Chair and members of the Subcommittee. My name is Greg Mills, and I am a Senior Fellow at the Urban Institute, a nonprofit research organization focused on social and economic policy. It is an honor to appear before you to testify about research we have recently completed on participant churning in the Supplemental Nutrition Assistance Program, or SNAP. This research was conducted under contract to the Food and Nutrition Service (FNS) of the US Department of Agriculture. The Urban Institute has a long history of policy research for FNS and other federal agencies on the effectiveness of program benefits and services to low-income households. This work includes extensive research relating to food and nutrition policy, with many studies focusing on SNAP (formerly Food Stamps). I have been the project director of the three-year study I will describe for you today.

This study examines the rates, causes, and costs of participant churn in SNAP. Churn occurs when a household receiving SNAP exits the program and then re-enters within four months or less, as defined by FNS for this research. Some churn is to be expected—as when a temporary increase in earnings makes a family briefly ineligible for assistance. Churn presents a policy concern, however, when benefits are disrupted for households who were continuously eligible. In these situations families lose benefits while off the program, with added time and expense involved in re-entering. Budgetarily, the pattern of case closings and reopenings brings higher State and federal administrative costs. Importantly, about half of the households who churn are families with children whose food security is placed at risk.

Six states participated in the study: Florida, Idaho, Illinois, Maryland, Texas, and Virginia. To enable a systematic analysis of churn rates and patterns and the associated forgone benefits among churners, each state provided administrative datasets with detailed information on households participating in SNAP over the period December 2009 through December 2012. Additionally, data from employer-reported wage records in Florida were used to examine the role of earnings fluctuations among SNAP participants as a factor leading to churn. To explore in greater detail the process of churn and its possible causes, our research team conducted site visits to one local office in each State. Team members interviewed SNAP administrators and caseworkers and representatives of community-based organizations (CBOs); members also conducted focus groups with SNAP clients who had recently churned. To support an analysis of the costs associated with churn, the team obtained from FNS the quarterly financial forms that the six States had submitted, as with all other States, in reporting their program administrative costs.

Before providing any further details on the research, I first want to highlight our major findings, as follows:

Estimated rates of churn across the six participating states range from 17 to 28 percent for FY 2011. This represents the percentage of SNAP cases active at any time during that year that experienced at least one churn spell—that is, a break in participation of four months or less.

The causes of churn are complex. Fluctuations in the earnings of SNAP recipients appear to play only a limited role. In those situations, a new job or increased hours at work may properly lead to a cutoff in benefits, as the household becomes ineligible (or may believe they're ineligible or that they can get by without the program). But if this former recipient then loses the new job, or comes to realize that they're unable to make ends meet off the program, they may reapply within several months.

The much larger story, however, is that procedural difficulties experienced by participants cause churn. These problems typically occur at the point of a periodic agency recertification of the household's eligibility or when the recipient is to submit a required interim report on household changes that might affect their monthly benefit. Procedural difficulties appear to stem from a combination of interrelated factors:

- Changes in household circumstances other than earnings, such as a move or a change in the number of individuals living and eating together in the household.
- Challenging personal characteristics and stressors, relating to physical or mental health, literacy, or language proficiency.
- Lack of clarity in agency notices sent to clients or the failure of those notices to reach the client.

Churn has financial consequences to both agencies and clients. Agencies incur additional administrative costs, as re-openings require a new application, involving two to three times as much caseworker effort as a recertification. Clients lose benefits to the extent that churners have remained benefit-eligible during their churn spell. These estimated effects are small in proportional terms, in the range of one to five percent of annual administrative costs or annual benefit payments. The forgone benefits do, however, cause significant hardship for the affected clients.

The added agency costs represent a potential saving of both federal and state administrative costs, if churn can be reduced.

I'll now provide additional detail on the research, focusing on the following four areas: first, on the rates and patterns of churn; second, on staff, client, and community perspectives on churn; third, on specific household characteristics and circumstances associated with churn; and fourth, on the financial consequences of churn, in costs to agencies and in benefits lost to clients. I will then turn to the implications of this research for program policy.

### **How do the rates and patterns of churn differ by state?**

- As shown in figure 1, the estimated rates of churn for fiscal year (FY) 2011, ranging from 17 to 28 percent across the six states, are based on analysis of state-provided case-level SNAP participation data. The annual rate of churn is the number of households experiencing a churn spell that occurred wholly or partly within the year as a percentage of all households receiving SNAP benefits at any time during the year.
- Most churners (from 62 to 79 percent by state) are off the program for one month or less. See table 1. More detailed analysis in three of these states indicates that one-third or more of all churners are off the program for *less than* one month.
- For a very high proportion of churning households (ranging by state from 66 to 90 percent), the precipitating exit occurs at the time of a scheduled recertification or a required interim report. See figure 2.
- Approximately one-third to one-half of all households that churn (from 33 to 53 percent among the states) were likely benefit-eligible while off the program, and thus experienced a loss of benefits they were entitled to receive. See table 2. This is based on their case not having been closed for a specific reason of ineligibility, with no change in their household composition and little or no change in their income between exit and re-entry. Those off the program for one month or less are somewhat more likely than other churners to have been benefit-eligible.

## **What are the perspectives on SNAP churn among clients, agencies, and community-based organizations?**

- SNAP clients who have recently churned indicated in focus groups that they experienced a great deal of anxiety when they lost their SNAP benefits, even if for a short period, as the benefit loss was unexpected. Some clients first became aware that their benefits had been stopped when they were attempting to purchase groceries.
- In addition to experiencing food insecurity, the loss of benefits led to broader financial insecurity for SNAP churners. In having to commit more of their scarce income for food, churners were less able to pay important bills such as their utilities or rent.
- Churn sometimes occurred when SNAP clients got a new job that was lost quickly owing to illness or lack of child care. In related instances, churn occurred when the household's income went up for short period because of seasonal employment or overtime pay.
- Procedural issues often led to churn. The most frequently cited example was nonresponse to a recertification notice. Sometimes a SNAP client simply did not receive the notice because it was sent to the wrong address or the client never informed the agency of an address change. Other times, clients never responded because they were experiencing personal difficulties, they did not understand the notice, they were unable to use the online resources, or they were unable to respond in person because of transportation issues.
- SNAP workers and CBO representatives described changes in policy or procedure that they believed could reduce churn. These steps were generally aimed at either reducing the client burden at recertification or providing more responsive customer service.

## **What specific household characteristics and circumstances are associated with churning?**

- The types of SNAP households more likely to churn within a given year are those with household heads who are younger or black, with more members, and with neither elderly, disabled, nor child members, all other things equal.

- Regarding the presence of income, the households at greatest risk of churn are those with gross income above 100 percent of the poverty level and those with no earned or unearned income at all. These two distinct high-risk groups suggest very different storylines for churners: one that involves gaining more income and leaving SNAP because of benefit ineligibility (or perceived ineligibility) and one that involves leaving SNAP as a result of procedural noncompliance, stemming from challenging individual and household circumstances and complicating aspects of the recertification process or required interim reports.
- Pre- and post-churn earnings patterns as shown in SNAP case records and as reported by employers in quarterly wage data (available for this study only in Florida) provide little indication that changes in earnings are a significant cause of churn, particularly among those who churn for one month or less.
- Although local-area characteristics appear to have small effects on churn, households are more likely to churn if their area has more per-capita community food providers (such as food pantries). These may be high-poverty areas where both clients and agencies are challenged to keep pace with required reporting, notices, and casework.
- Compared to non-churners, households that churn tend to have experienced changes in circumstances that could affect their ability to recertify. For instance, churners are much more likely than non-churners to have moved within state to a new ZIP code before a recertification. (Out-of-state moves were not observable in the data.) The disruption of moving may make it more difficult to comply with recertification procedures. Or, participants who move may be less likely to receive notice of an upcoming recertification, as they may not have reported their address change to the SNAP office (or did so, but the agency did not act on the change).
- Other changes associated with churn at recertification include changes in household composition, employment, and earnings. All these factors could affect benefit eligibility, but the low gross earnings amounts indicated in the SNAP case records suggest that household instability (versus ineligibility) plays a key role in churn. With respect to household composition, any change (upward or downward) in household size (number of adults or children) increases the likelihood of churn.
- Households with elderly or disabled members are less likely than others to churn within the ensuing year, as their longer certification periods make them less likely

than others to face a recertification or required interim report in the upcoming 12 months. When one focuses specifically on households coming due for recertification, households with elderly or disabled members are more likely than others to churn. This pattern suggests that improvements to the recertification process itself (rather than any further lengthening of their certification periods) are needed for such cases.

### **What costs are associated with churn, for both agencies and clients?**

- Churn imposes costs both to program clients and to agencies administering the program. For agencies, churn increases costs by requiring agencies to process additional applications from households reentering the program. For clients, costs include the loss of benefits that they otherwise would have received, the administrative burdens involved in the steps taken to reenter the program, and other burdens related to coping during the period without benefits.
- Churn imposes added certification costs because reapplications for households returning to the program take more staff time than recertifications. Staff interview responses suggest that the reapplication procedures for churners at reentry are essentially the same as for an initial application for benefits. The time required to process the reapplication is typically two to three times as much as a recertification or interim report. One thus expects that churn would lead to a net increase in the staff time spent on certification-related activities.
- On average among the six states, the certification costs associated with churn are approximately \$80 for each instance of churn requiring a full reapplication. This amount varies widely among states, from less than \$30 to more than \$130. These estimates are based on analysis of statewide administrative cost data and churn spells identified using administrative datasets, and they reflect the assumption that a full reapplication is twice as costly as a recertification. Higher estimates of the added costs of churn result if one assumes that a reapplication is three times the cost of a recertification.
- The added annual certification costs associated with churn range from \$0.1 million in Idaho to \$6.0 million in Illinois, equaling an estimated 1 to 4 percent of total certification costs in the States studied. To derive these estimates, we applied the certification cost per instance of churn to the number of instances of churn in each

state for households considered likely benefit-eligible and where churn appears to have led to a full reapplication.

- Churn also leads to a partial cost offset through a reduction in case maintenance costs. This is associated with the time spent off the program by churning households that are classified as likely benefit-eligible. When combined with the added certification costs, the estimated net administrative costs of churn for states range annually from \$0.1 million in Idaho to \$3.9 million in Illinois.
- The annual amount of SNAP benefits forgone by households that churn ranges from \$2.2 million in Idaho to \$108.2 million in Florida. These estimates assign a benefit loss only to those households considered likely benefit-eligible during their churn spell.
- Other notable costs to churning households are not included in the above estimate of forgone benefits. Households who churn must devote time and effort to reapply for SNAP benefits or otherwise rectify the situation that led to their case closure. They also face material hardship when they do not receive SNAP benefits, relating not only to shortages of food but also to housing insecurity (which can occur when rent money must be used for food), an inability to meet other basic expenses, and a general increase in anxiety and stress. In addition, some of the steps that they take to cope with the loss of benefits involve out-of-pocket costs, such as the travel cost to food pantries.

## **Policy Implications**

The quantitative and qualitative evidence examined in this research suggests that SNAP churn has adverse consequences to agencies and clients that are sufficient to warrant consideration of actions to reduce churn. One should recognize that some amount of churn is unavoidable in light of fluctuating circumstances among low-income households. Decisions on whether to adopt changes in program policy or administrative procedure to reduce churn will involve trade-offs among multiple objectives: program integrity, benefit access, and budgetary cost. A lower rate of churn is clearly a desirable goal; it represents an improvement in benefit access and service quality for program clients. A lower churn rate may be very difficult to achieve, however, without some risk of compromising other objectives, such as maintaining low error rates and keeping total program costs within budget constraints. The information in this study is a first step in providing the systematic evidence needed to inform such choices.

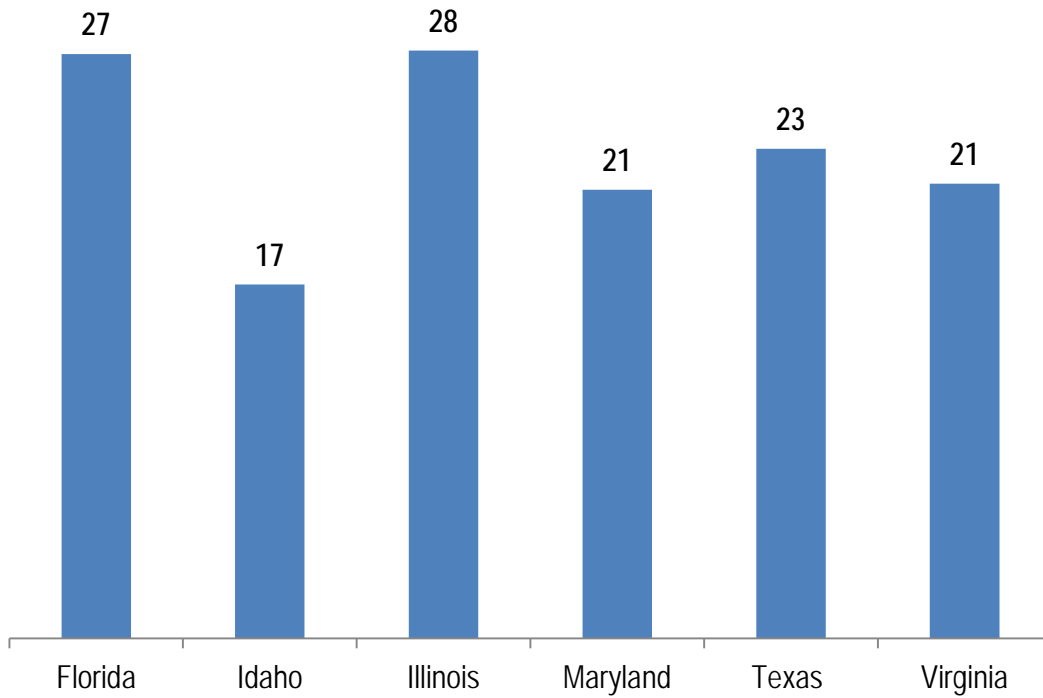


The perspectives of local SNAP administrators and caseworkers are noteworthy, as they were asked to comment on aspects of program and policy that can reduce churn, based on their experience. Here were some of the factors they cited as enabling them to prevent churn:

- Align the recertification dates for SNAP, TANF, and Medicaid. A SNAP client receiving multiple benefits then faces fewer recertification deadlines over the course of a year.
- Eliminate the requirement for a face-to-face interview at recertification. As permitted under state option, clients can be interviewed by telephone or by designated community-based organizations (such as food banks) rather than having to visit the SNAP office.
- Use call centers to handle routine client communications with the agency. This enables clients to notify the agency of an address change, to clarify information provided in a written notice from the agency, and to inquire about the status of a pending recertification, including whether the agency is awaiting documentation from the client.
- Allow clients a “30-day grace period” for failing to provide required documentation at recertification or an interim report (as allowed at state option under a “break-in-service” or “re-instatement of eligibility” waiver from FNS). If clients miss a deadline, they are allowed 30 additional days to submit documentation without having to go through a complete reapplication to renew their benefits. At a minimum, this would reduce the agency administrative costs and client burden associated with restoring benefits.

We were unable to assess the impact of such program changes on rates of churn, as the study states did not provide opportunities for before-and-after measurement. However, these are relatively straightforward procedural improvements that many states have implemented and that, unlike more basic changes in program eligibility rules, would not require difficult tradeoffs on matters of integrity, access, and cost.

Figure 1. Rate of Churn by State, FY 2011 (%)



Source: Urban Institute tabulations of state administrative data for FY 2011.

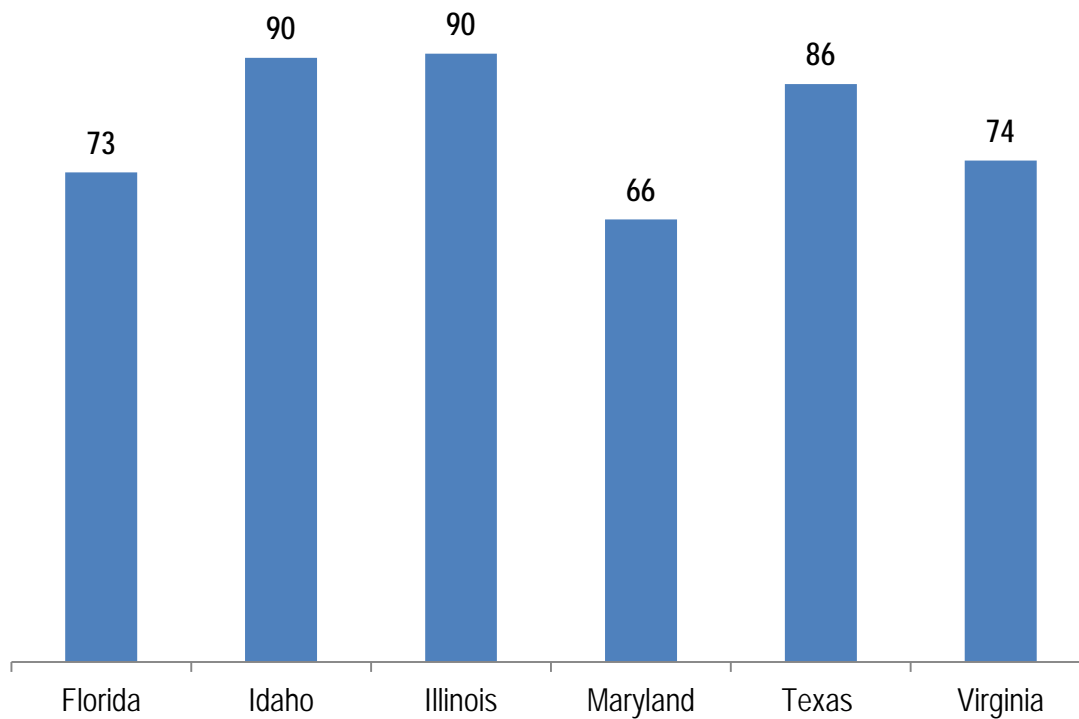
Note: The rate of churn is the percentage of households receiving SNAP benefits at any time during the year who experienced at least one break in participation of four months or less that started and/or ended during the year.

Table 1. Distribution of Churners by Months off SNAP, FY 2011

State	Churners by months off SNAP (%)			
	One month or less	Two months	Three months	Four months
Florida	74	11	8	7
Idaho	62	15	12	11
Illinois	67	19	8	6
Maryland	68	15	9	8
Texas	79	10	7	5
Virginia	77	9	7	6

Source: Urban Institute tabulations of state administrative data for FY 2011.

Figure 2. Among Cases that Churn, Percentage that Churn at Recertification or Required Interim Report



Source: Urban Institute tabulations of state administrative data for FY 2011.

Table 2. Distribution of Churners by Likely SNAP Benefit Eligibility During Time Off SNAP: All Churners and Churners with One Month or Less off SNAP, FY 2011

State	All churners (%)				Churn spell of one month or less (%)			
	Likely benefit-eligible	Likely benefit-ineligible	Indeterminate eligibility	Total	Likely benefit-eligible	Likely benefit-ineligible	Indeterminate eligibility	Total
Florida	50	5	45	100	56	4	41	100
Idaho	34	17	49	100	43	10	47	100
Illinois	48	0	51	100	52	1	48	100
Maryland	46	4	50	100	51	4	45	100
Texas	33	7	60	100	36	5	59	100
Virginia	53	7	40	100	60	3	38	100

Source: Urban Institute tabulations of state administrative data for FY 2011.

Notes: Likely benefit-ineligible individuals are rarely identified in Illinois due to missing information for most cases on the reason for closure.