



Statement before the U.S. House Committee on Agriculture

Does SNAP Support Work? Yes and No

July 24, 2014

Robert Doar

Morgridge Fellow in Poverty Studies

American Enterprise Institute

The views expressed in this testimony are those of the author alone and do not necessarily represent those of the American Enterprise Institute.

Chairman King, Ranking Member Fudge, and other members of the committee: Thank you for the opportunity to testify today before the Subcommittee on Department Operations, Oversight, and Nutrition of the House Committee on Agriculture. I greatly appreciate being invited to discuss the Supplemental Nutrition Assistance Program (SNAP) and its role, along with other government assistance programs, in both alleviating poverty and supporting work for low-income Americans.

My name is Robert Doar and I am the Morgridge Fellow in Poverty Studies at the American Enterprise Institute (AEI). Prior to joining AEI, I spent eighteen years working in government social services programs for the State and City of New York. From 2004 to 2006, I was commissioner of the New York State Office of Temporary and Disability Assistance where I was responsible for the oversight of SNAP as well as other public assistance programs in New York State. For the seven years directly before I joined AEI, I was the commissioner of the New York City Human Resources Administration and had the day to day operational responsibility of determining eligibility for SNAP. My extensive experience with the management of SNAP has given me considerable insight into how the program is actually working for American families- insight which I would like to now share.

My testimony will address the following issues:

- I. **The importance of SNAP.** SNAP provides needed resources to low income Americans. SNAP benefits alleviate material hardship, reduce poverty and support employment.
- II. **The rapid growth of SNAP.** The program's growth during the past 14 years has been both dramatic and unprecedented and can be attributed to both a weak economy and significant programmatic changes.
- III. **The low responsiveness of SNAP to recent economic improvements.** Today, five years after the official end of the recession, the number of SNAP recipients has not fallen at the rate that would normally be expected in a post-recession period. In fact, SNAP's responsiveness to reduced unemployment seems to have decreased significantly since 1980.
- IV. **Work and SNAP.** While many SNAP recipients are working and using SNAP benefits as an important work support, a remarkably high number of nonelderly, nondisabled SNAP recipients are not reporting earnings from work and are not facing any effective work requirement associated with SNAP.
- V. **The role of SNAP in the context of other public assistance programs.** SNAP does not operate alone in providing assistance to low income Americans. For those SNAP recipients who are also receiving TANF funded cash assistance, SNAP works in conjunction with a program which has a strong emphasis on work requirements in return for assistance. For those who are disabled or elderly, SNAP provides needed additional assistance to very vulnerable individuals and families. But for the very many SNAP individuals and households who are not on TANF and who are not disabled or elderly, SNAP can, when combined with other forms of government provided

assistance, encourage a household to place less emphasis on the importance of full-time employment than it should.

- VI. **Asset tests and the LIHEAP loophole.** The widespread ending of an asset test for SNAP is a mistake. Those decisions should be revisited, with the goal of preventing people with significant assets from receiving SNAP benefits. In addition, while Congress attempted to close the LIHEAP loophole, the extent to which states have been able to continue to falsely characterize public housing residents as being in need of LIHEAP assistance shows that, for some, programs such as SNAP are not about encouraging work—and thereby reducing poverty—but about drawing down as much federal aid as possible.

SNAP Growth through the Recession

SNAP has experienced unprecedented growth in the 2000s. Today the program serves 46.2 million people -- double the number of participants from just ten years ago.¹ This tremendous program expansion can be attributed to four main factors: the negative economic consequences of the 2008-09 recession and a disappointingly weak recovery; changes in program rules which have significantly eased program entry; large growth in the number of recipients who are working; and promotional efforts by the U.S. Department of Agriculture (USDA), and others, which have encouraged use of the program.

I. *The Recession*

Lingering effects of the recent recession have only been exacerbated by the anemic recovery of the labor force. The unemployment rate remains higher than in pre-recession years and as of 2012, 11.8 percent of all families in the United States were living in poverty.^{2,3} Even those who are working are still struggling to make ends meet as wages have not increased and part time work has grown.

In the wake of this increased need for supplemental aid for families and individuals, programs like SNAP have grown dramatically (see Figures 1 & 2). From 2000 to 2013 the number of SNAP participants increased from fewer than 17.2 million to more than 47.6 million individuals.⁴ In that same time period, total benefits paid to participants increased fivefold.⁵ SNAP has supported families in and near poverty through difficult economic times by alleviating their material hardship and reducing their financial need.

¹ Supplemental Nutrition Assistance Program Participation and Costs, *U.S. Department of Agriculture Food and Nutrition Service*. Accessed 14 July 2014, <<http://www.fns.usda.gov/sites/default/files/pd/SNAPsummary.pdf>>, <<http://www.fns.usda.gov/sites/default/files/pd/29SNAPcurrPP.pdf>>.

² "Employment status of the civilian noninstitutional population, 1943 to date," *Bureau of Labor Statistics*. Accessed 3 July 2014, <<http://www.bls.gov/cps/cpsaat01.pdf>>.

³ "Families in Poverty by Type of Family: 2011 and 2012," *U.S. Census Bureau*. Accessed 3 July 2014, <<http://www.census.gov/hhes/www/poverty/data/incpovhlth/2012/table4.pdf>>.

⁴ "Supplemental Nutrition Assistant Program Participation and Costs," *U.S. Department of Agriculture Food and Nutrition Service*. Accessed 3 July 2014, <<http://www.fns.usda.gov/sites/default/files/pd/SNAPsummary.pdf>>.

⁵ *Ibid.*

Figure 1: SNAP Participants & the Poverty Rate, 2000-2012

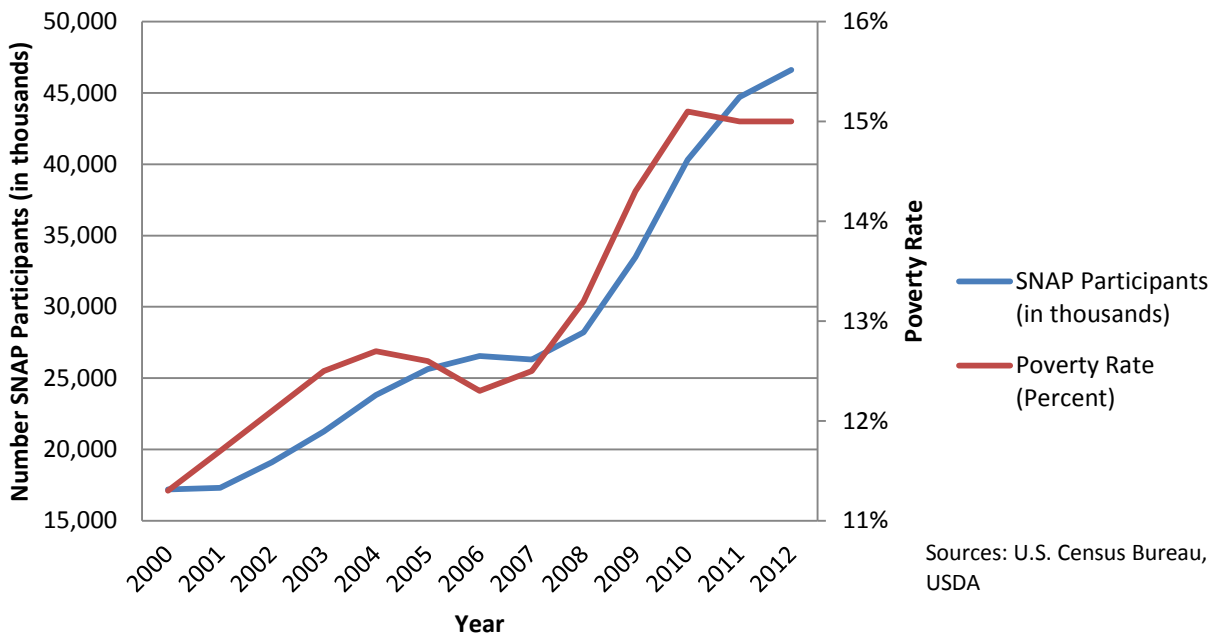
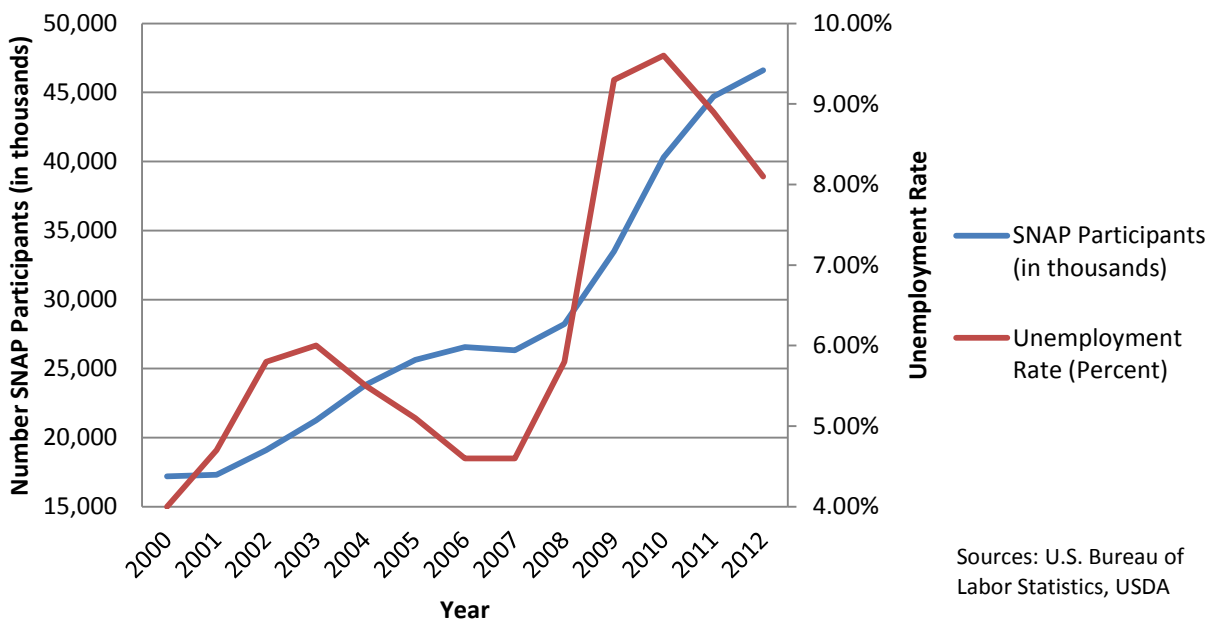


Figure 2: SNAP Participants & the Unemployment Rate, 2000-2012



II. Program Changes

At the same time, SNAP rules and requirements have been modified to enhance program access. Altering asset and work requirements as well as recertification timelines has contributed significantly to the increase in program participation. With support from USDA, states have also reduced the requirement for face to face eligibility interviews and promoted the use of telephone interviews and online applications. All of these changes make the eligibility rules of SNAP much different than those for TANF.

The participation rate of eligible people in the U.S. increased from 55.7 percent in 2000 to 79 percent in 2011.^{6 7} Many states had even higher participation rates: Michigan and the District of Columbia both showed 99 percent participation, and Maine, Oregon, and Washington all achieved 100 percent program participation among all eligible individuals.⁸ Another similar and more recent measure of participation, the Program Access Index (PAI), the proportion of people below 125 percent of the poverty line who receive SNAP benefits, shows a continuing increase in access from 69 percent in 2010 to 74 percent in 2012.^{9 10}

III. Growth of the Working Population

Partly as a result of changes intended to make the program easier to navigate for low wage workers, the number of working SNAP recipients has increased by 4.6 million since 2000.¹¹

This could be seen as a positive development that shows that the program has evolved to be a source of supplemental income for working families. In New York City for example, we encouraged the use of the program for low wage workers in order to help them make their earnings go farther. During my time as welfare commissioner of New York City, the number of SNAP recipients living in households which did not receive benefits from TANF or SSI grew by 500,000. This remarkable growth was used to demonstrate the extent to which the program had become a significant work support.

⁶ "A User's Guide to Measures of Food Stamp Program Participation Rates," Table 1, *U.S. Department of Agriculture Food and Nutrition Service*. Accessed 3 July 2014, <<http://www.fns.usda.gov/sites/default/files/ParticipationUsersGuide.pdf>>.

⁷ "Reaching Those in Need: State supplemental nutrition assistance program participation rates in 2011," *U.S. Department of Agriculture Food and Nutrition Service*. Accessed 3 July 2014, <<http://www.fns.usda.gov/sites/default/files/Reaching2011.pdf>>.

⁸ *Ibid.*

⁹ "Calculating the Supplemental Nutrition Assistance Program (SNAP) Program Access Index: A Step-by-Step Guide for 2010," *United States Department of Agriculture Food and Nutrition Service, Office of Policy Support*. Accessed 15 July 2014, <<http://www.fns.usda.gov/sites/default/files/PAI2010.pdf>>.

¹⁰ "Calculating the Supplemental Nutrition Assistance Program (SNAP) Program Access Index: A Step-by-Step Guide for 2012," *United States Department of Agriculture Food and Nutrition Service, Office of Policy Support*. Accessed 15 July 2014, <<http://www.fns.usda.gov/sites/default/files/PAI2012.pdf>>.

¹¹ "USDA Characteristics of Supplemental Nutrition Assistance Program Households," *U.S. Department of Agriculture Food and Nutrition Service*. Accessed 18 July 2014, <<http://www.fns.usda.gov/sites/default/files/2000Characteristics.pdf>>, <<http://www.fns.usda.gov/sites/default/files/2012Characteristics.pdf>>.

IV. Promotion by the USDA

In an effort to increase accessibility to the program and remove any existing social stigmas associated with program participation, the USDA has revitalized the program's image. Changes have included changing the program name and promoting it as a positive resource rather than an indicator of need. The USDA and others have also expanded outreach efforts. This encouragement of the use of SNAP has contributed to increased participation.

All of these forces have culminated in a massive increase in aid being distributed through SNAP. From 2000 to 2013, the amount of total benefits distributed to program participants jumped from less than \$15 billion to over \$76 billion.¹² Over that same time period the average benefits paid out to each person nearly doubled from \$72.62 to \$133.07.¹³

In all, SNAP has been an extremely responsive tool to combat the economic downturn and has provided substantial assistance to low income Americans. SNAP enables low wages to go farther and has played an integral role in the fight to reduce poverty. Studies such as one by Tiehan, Jolliffe & Smeeding for the Institute for Research on Poverty have shown that SNAP decreases poverty by as much as 16 percent, and cuts extreme poverty in half, making it an extremely effective antipoverty program.¹⁴ In 2011 alone SNAP helped 3.7 million people out of poverty, 3.4 million out of deep poverty, and lowered the poverty rate by 8 percentage points.¹⁵ The positive effect of SNAP can also be seen in studies of poverty using consumption measures where the extent and severity of poverty is shown to be significantly lower than measures which focus on income.

Given the enormous growth of SNAP as a response to the recession, two important questions emerge: First, why, now that the economy has begun to strengthen, is the number of recipients not dropping faster? Second, have efforts to increase SNAP's reach and impact allowed for too much non-work among able recipients?

Slow Decline in Participation Post-Recession

Today, five years after the end of the recession, the number of SNAP participants and the amount of benefits paid are just beginning to decline. From April 2013 to April 2014 there was a 2.7% decrease in participants and an 8.4% drop in total benefits paid.¹⁶ Given the substantial increase in the number of recipients of SNAP, these decreases are remarkably modest: the number of participants increased by as

¹² "Supplemental Nutrition Assistant Program Participation and Costs," *U.S. Department of Agriculture Food and Nutrition Service*. Accessed 3 July 2014, <<http://www.fns.usda.gov/sites/default/files/pd/SNAPsummary.pdf>>.

¹³ *Ibid.*

¹⁴ Tiehan, Laura; Jolliffe, Dean; Smeeding, Timothy. "The Effect of SNAP on Poverty," *Institute for Research on Poverty*, Working Paper No. 1415-13. 28 October 2013.

¹⁵ *Ibid.*

¹⁶ "Supplemental Nutrition Assistance Program" *U.S. Department of Agriculture Food and Nutrition Service*. Accessed 14 July 2014, <<http://www.fns.usda.gov/pd/supplemental-nutrition-assistance-program-snap>>.

much as 7 million a year immediately following the recession, while the past year has shown a decrease of only 1.3 million.^{17 18}

In fact, looking at the years following this most recent recession in comparison to the years following previous downturns, it is apparent that SNAP is responding differently than it has in the past (see Figure 3). In the four years following the recession of the early 1980s, during which unemployment levels rivaled those of the most recent recession, the number of food stamp participants decreased by over 2 million and food stamps participants as a percentage of the population dropped by over 1.5 percent from the beginning of the recession.¹⁹ Similarly, in the four years following the recession of the early 1990's, the number of participants remained fairly constant after adjusting for population.

The past five years have not followed this pattern of economic recovery. In the four years following the end of the downturn in 2009, the number of SNAP recipients *increased* by 7.3 million.²⁰ Moreover, the percentage of the population receiving food stamps increased from 13 percent to 15 percent. To give perspective on this number, we can compare the recent recovery with the recovery after the recession of the 1980's, whose duration and unemployment levels are most comparable. Adjusting for population, in the four years following the 1981-82 recession, there was a 12.5 percent decline in food stamp recipients. In the four years following the 2007-09 recession, SNAP recipients increased by 15.6 percent. Were this recent recovery to have behaved similarly to that of the 1980's, by 2013 only 11.5 percent of the population would have been receiving SNAP benefits: 36 million individuals as opposed to 47.6 million.²¹ That is not a small difference.

¹⁷ "Supplemental Nutrition Assistance Program Participation and Costs," *U.S. Department of Agriculture Food and Nutrition Service*. Accessed 14 July 2014, <<http://www.fns.usda.gov/sites/default/files/pd/SNAPsummary.pdf>>.

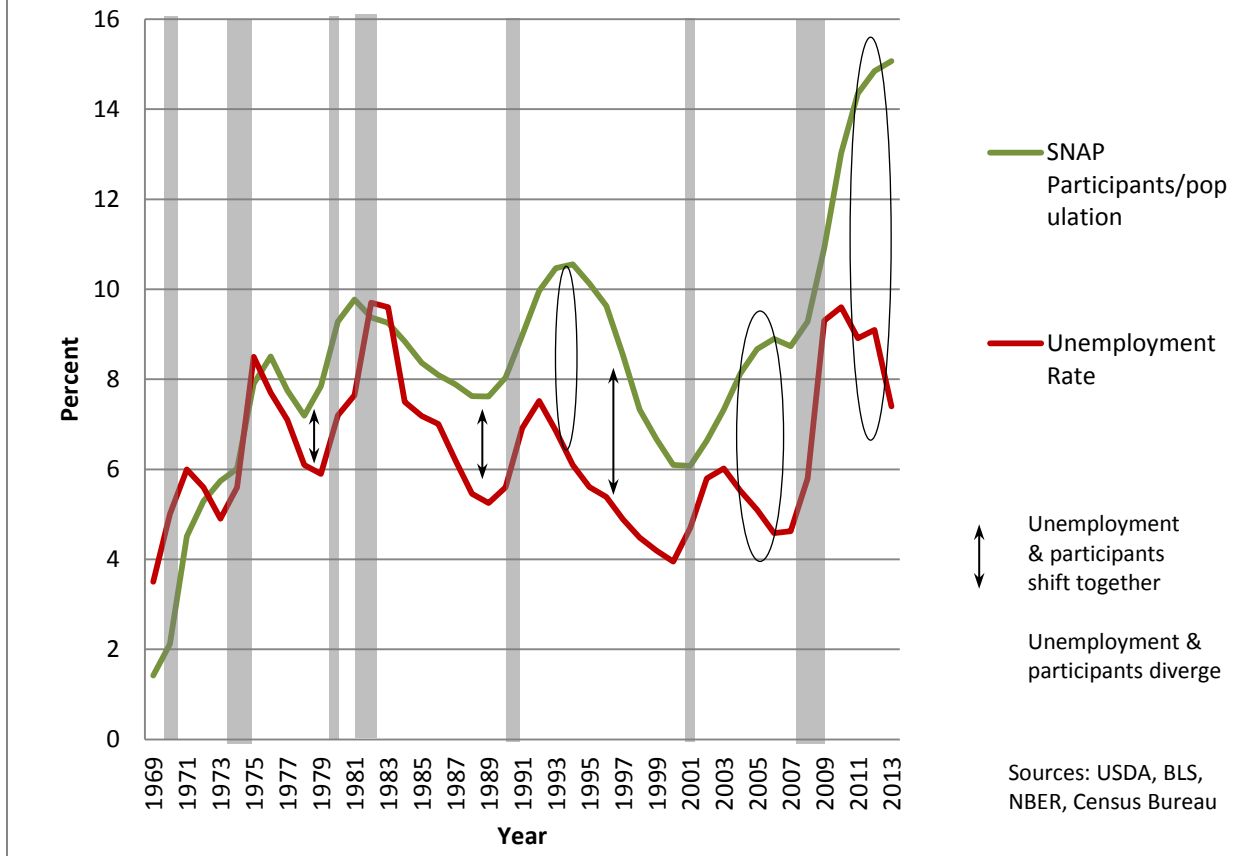
¹⁸ "Supplemental Nutrition Assistance Program" *U.S. Department of Agriculture Food and Nutrition Service*. Accessed 14 July 2014, <<http://www.fns.usda.gov/pd/supplemental-nutrition-assistance-program-snap>>.

¹⁹ AEI calculations using USDA, BLS, NBER, and Census Bureau data.

²⁰ AEI calculations using USDA, BLS, NBER, and Census Bureau data.

²¹ AEI calculations using USDA, BLS, NBER, and Census Bureau data. To obtain the 35 million individuals in 2013 the percent change in population on SNAP from 1983-86 was applied to the portion of the population on SNAP in 2013.

Figure 3: SNAP Trends Through Recessions, 1969-2013



Work Requirements among Able Adults

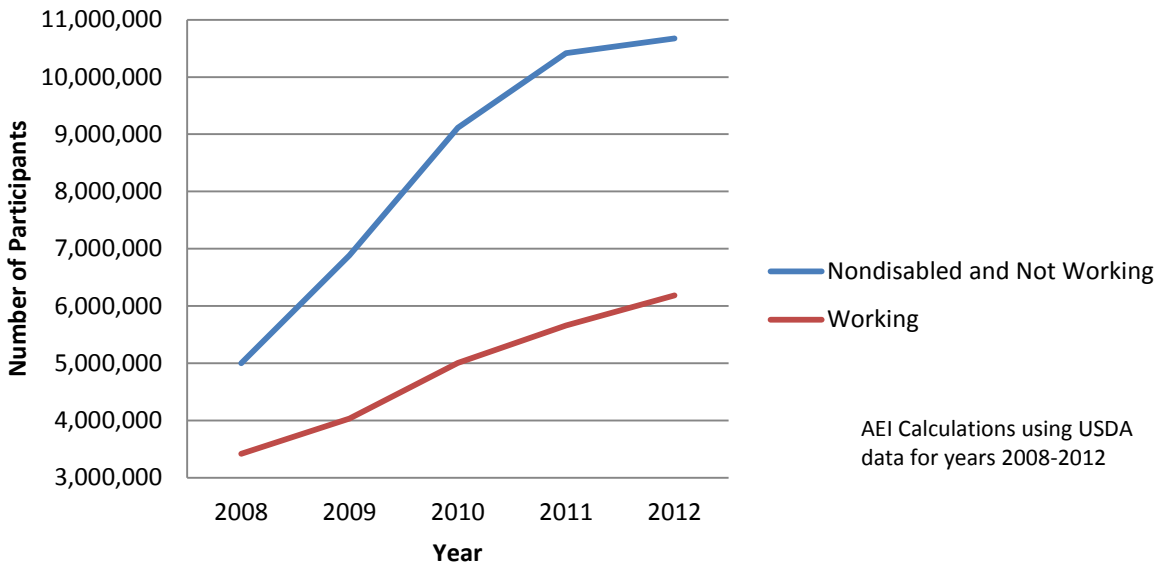
While the SNAP working population has grown, there are many individuals receiving SNAP benefits who are not working or at least not reporting earnings to SNAP eligibility offices. Under recent program changes, the process of applying has become less rigorous, and while this has expanded the program to meet the needs of many Americans, it has also opened the door for many non-workers and off-the-book workers, to receive SNAP benefits without facing any effort to help them get into regular employment.

From 2008 to 2012 the number of nonelderly, nondisabled SNAP recipients who were not reporting earnings ballooned from 5 million (18 percent of SNAP recipients) to over 10.6 million (23 percent).^{22 23} As of 2012, almost half of these individuals were not even participating in the labor force.

²² “USDA Characteristics of Supplemental Nutrition Assistance Program Households: Fiscal Year 2008,” U.S. Department of Agriculture Food and Nutrition Service. Accessed 14 July 2014, <<http://www.fns.usda.gov/sites/default/files/2008Characteristics.pdf>>.

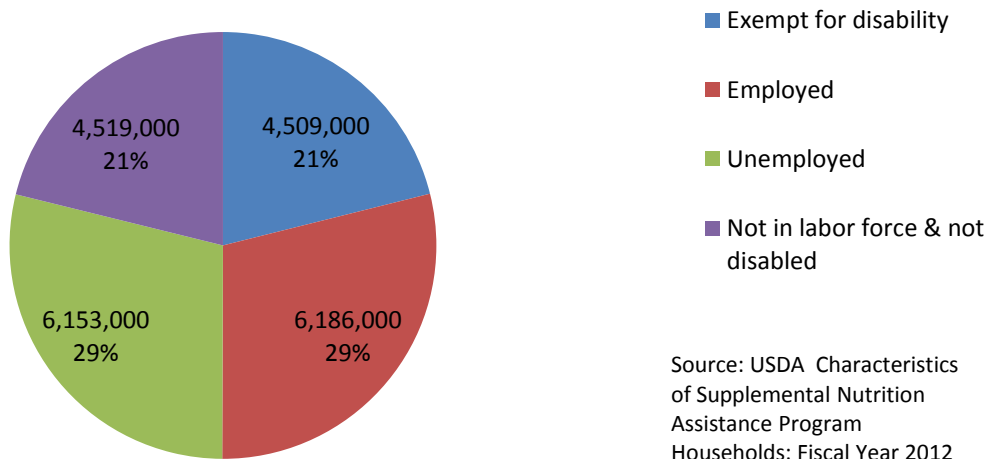
²³ “USDA Characteristics of Supplemental Nutrition Assistance Program Households: Fiscal Year 2012,” U.S. Department of Agriculture Food and Nutrition Service. Accessed 14 July 2014, <<http://www.fns.usda.gov/sites/default/files/2012Characteristics.pdf>>.

Figure 4: Nonelderly Adult Participants by Work Status, 2008-2012



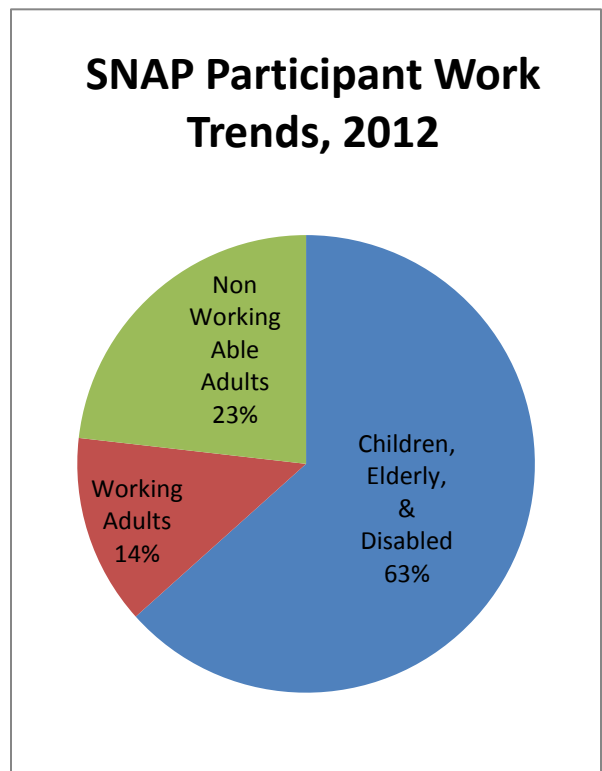
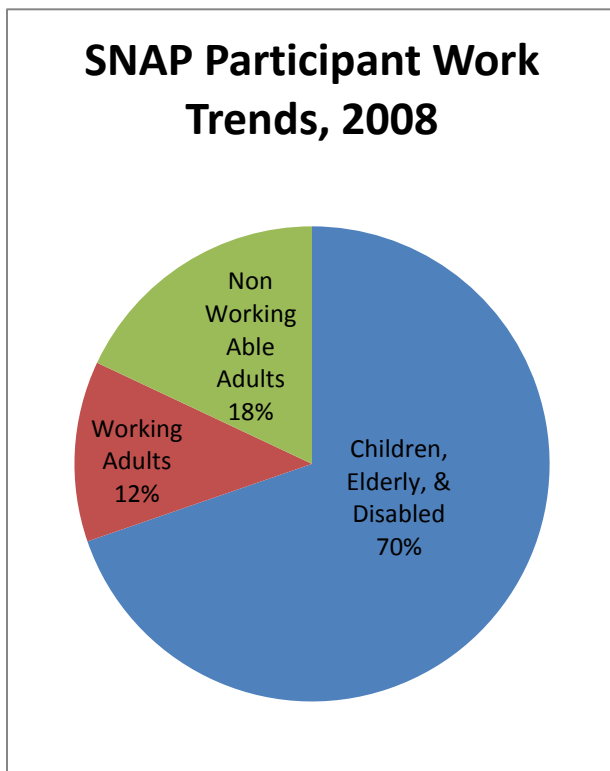
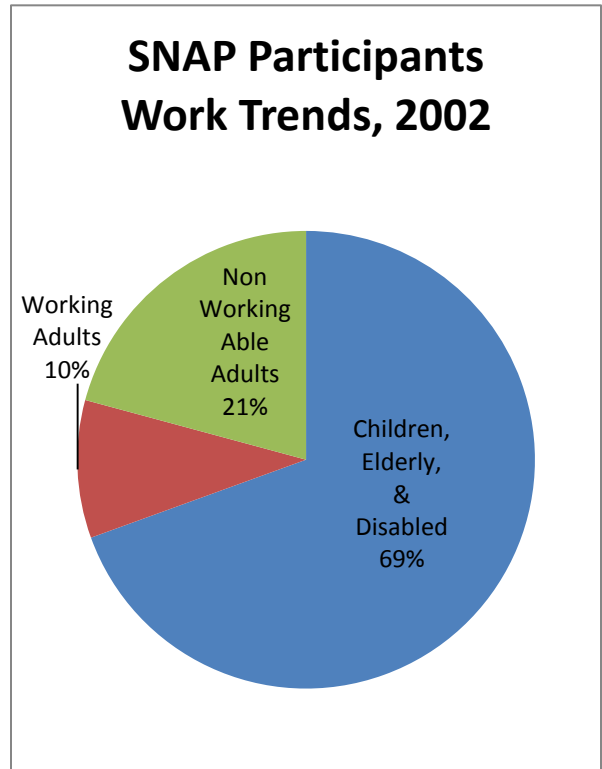
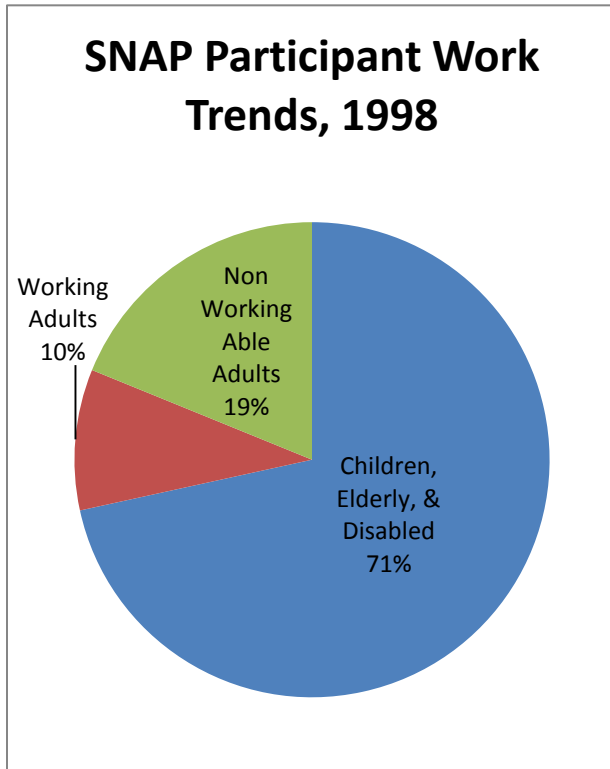
24

Figure 5: Employment Status among Nonelderly Adult SNAP Participants, 2012



²⁴ The number of nondisabled, nonelderly and nonworking was derived from the “Characteristics of Supplemental Nutrition Assistance Program Households” for fiscal years 2008 to 2012. A summation of nonelderly adults not in the labor force and not looking for work, minus those exempt for disability, and nonelderly unemployed adults looking for work yields the total number of presumably able-bodied nonelderly persons who are not working. This number is an estimate, as it does not account for the possibility that some of these recipients may be working off-the-books, be otherwise incapable of work, or have other motivations for non-work.

Figures 6-9:



This number, which includes some recipients who are also on TANF, and others who are receiving unemployment insurance benefits, has doubled through the recession and this growth far exceeds that of working SNAP participants. While there may be some explanation for some of this non-work status (individuals in the process of applying for disability status for instance, or going through a short spell of unemployment), the growth in this number is troubling. SNAP benefits are not intended to satisfy a household's needs beyond supplementing an existing income to provide for food. Helping these individuals gain employment would greatly strengthen the economic situation of their households.

Another group over which we need to be concerned is Able-Bodied Adults Without Dependents (ABAWDs). In 2012, only 1.5 million out of 5.5 million households not containing children, elderly or disabled individuals reported earned income.²⁵ Additionally, out of approximately 4.4 million childless households containing at least one nondisabled adult, only 1.2 million reported earned income.²⁶ Only a little more than a quarter of these able and childless adults is working.

To achieve the goal of labor market integration for all of these able bodied adult recipients, we must examine what we can do to facilitate, motivate, and require work. My experience at both the state and local levels has led me to believe that the best way to move individuals receiving public assistance into employment is to send a strong message that work is both expected and required for those who are able.

One of the most significant effects following the implementation the welfare reform legislation was the large number of AFDC recipients who declined to pursue cash assistance when they were asked to participate in regular activities associated with receiving assistance. The clear conclusion which I and many others reached was that these former AFDC recipients were already working in some capacity but not in on-the-books employment. Further study on this issue is needed but it is clear to me that at least some of the apparent non-work of SNAP recipients can be attributed to recipients who are engaged in the off-the-books economy and are also able to apply for and receive SNAP benefits.

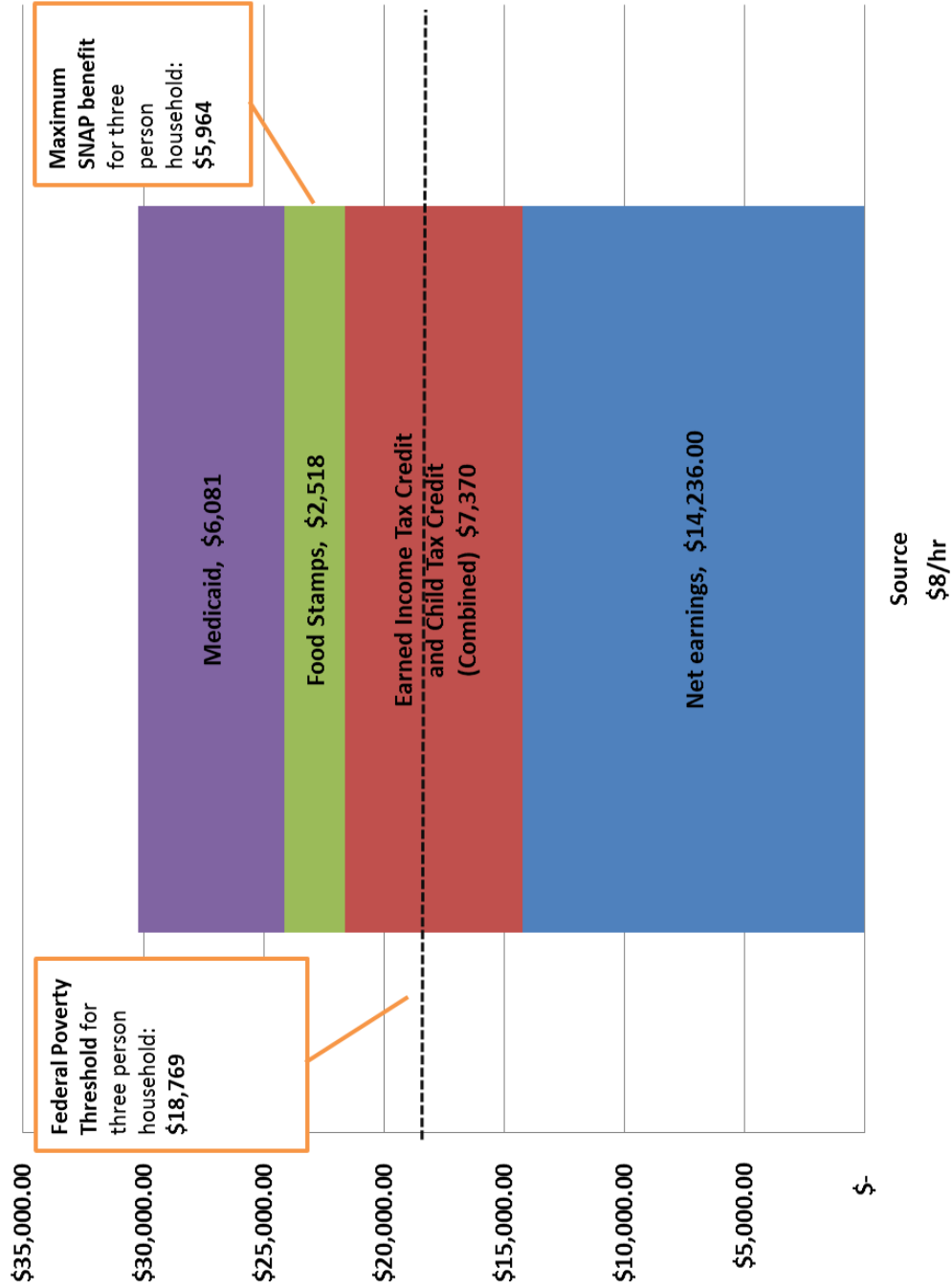
SNAP Does Not Operate Alone

SNAP is not the only program that acts as a support for working families. The Earned Income Tax Credit, public health insurance, child care assistance, child support collections and other programs all can – when working correctly – help to make work more attractive than welfare for low wage workers living in households with children. As the charts below show, by using just three federal programs, EITC, SNAP and Medicaid, a single mother or father can “gross up” an \$8 an hour job. A single parent working for \$8 an hour but working only half-time can also make her wages go significantly farther by applying for and receiving aid.

²⁵ “USDA Characteristics of Supplemental Nutrition Assistance Program Households: Fiscal Year 2012,” Table A.16. *U.S. Department of Agriculture Food and Nutrition Service*. Accessed 14 July 2014, <<http://www.fns.usda.gov/sites/default/files/2012Characteristics.pdf>>.

²⁶ *Ibid.*

Estimated Value of Wages and Select Federal Benefits for a Low-Income Earner with Two Children Working Full Time at \$8/hr = \$30,204

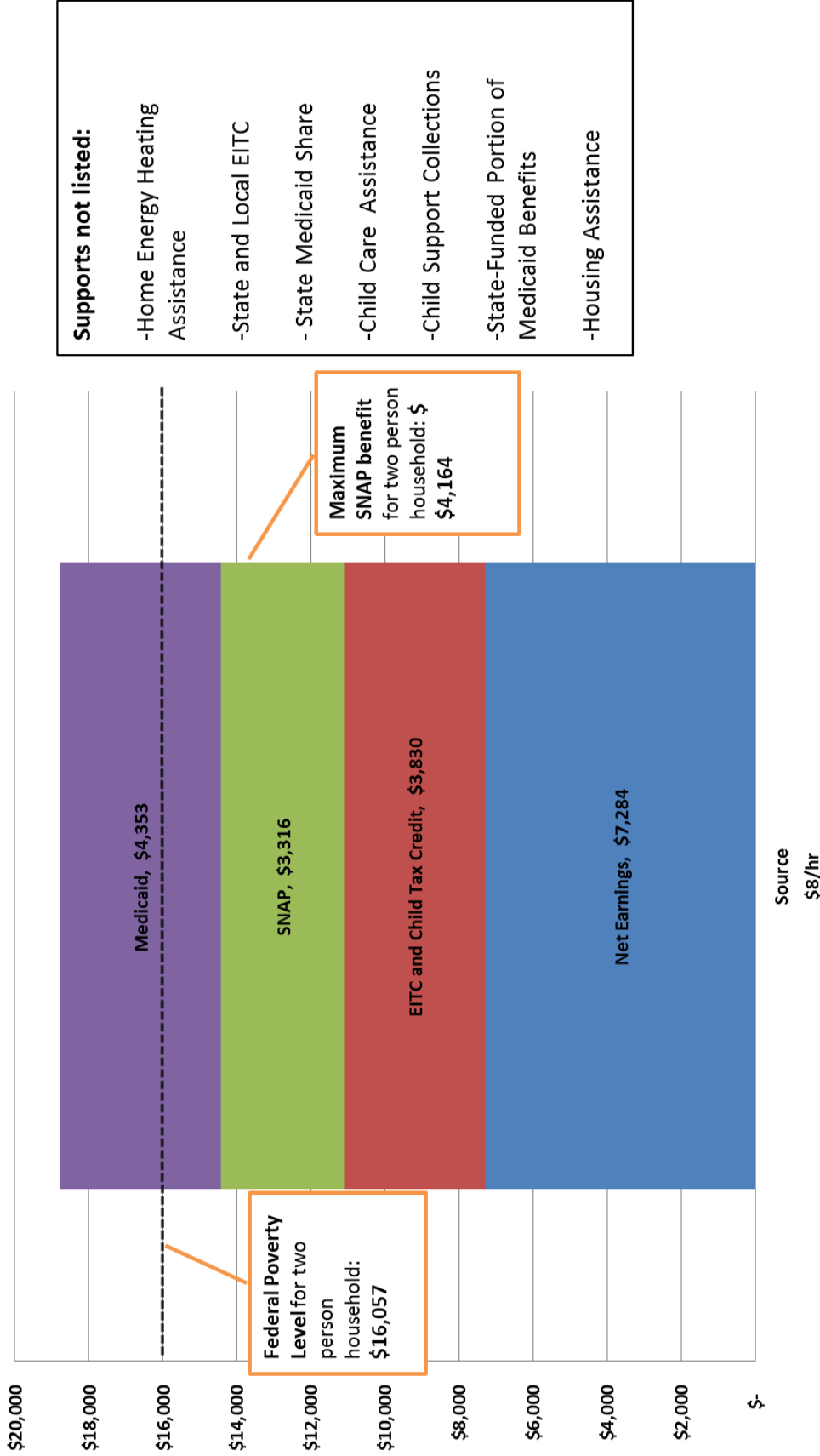


Federal Poverty Threshold for three person household: \$18,769

Maximum SNAP benefit for three person household: \$5,964

- Supports not listed:**
- Home Energy Heating Assistance
 - State and Local EITC
 - State Medicaid Share
 - Child Care Assistance
 - Child Support Collections
 - State-Funded Portion of Medicaid Benefits
 - Housing Assistance

Estimated Value of Wages and Select Federal Benefits for a Single Mom with One Child Working Half-time at \$8/hr= \$19,251



However, while these “supports for working people” clearly reward work, they may also replace work, especially when multiple supports are combined with each other. At the very least, this combination of assistance can reduce the incentive for someone to increase their hours, or take regular on-the-book employment. My experience in New York – where many, many residents asked for and received SNAP and Medicaid, but declined TANF (and its accompanying work requirements and employment assistance), and yet still reported to our offices very low earnings, led me to believe that the issue of well-intentioned “work supports” potentially reducing on-the-book employment needs to be studied.

Asset Testing and the LIHEAP Loophole

The use of broad-based categorical eligibility to allow SNAP programs to waive the asset test has been a mistake. That is not to say that we should return to the old and insufficient asset test. A limit of \$10,000 in assets (not including primary residence and a car) seems to me to be appropriate. I say this for two reasons: first, by refusing to allow SNAP offices to investigate assets, applicants who have assets are able to avoid declaring them. This encourages people who do not want to lie on a government form to take advantage of the program and apply for assistance they do not really need. Second, a central principle of government assistance for the poor should be that applicants and recipients should be encouraged to first use their own resources and efforts to help themselves and their families before they turn to government. Ending the asset test has encouraged abuse, and discouraged personal responsibility.

Residents of public housing often do not have utility expenses billed directly to them. Those costs are supported by the rent they pay and the subsidy they receive to keep their rent low. These same residents may also be in need of SNAP assistance, which they should be able to receive. However, to artificially increase the amount of their SNAP benefit by suggesting that they have burdensome utility expenses when, in reality, they do not, is a gimmick that is unfair to both the SNAP program and the thousands of LIHEAP recipients who *do* have utility expenses which are only partially offset by LIHEAP assistance. By continuing to exploit the LIHEAP loophole, states are showing that they are more interested in drawing down maximum federal dollars than they are in running programs that promote work and provide properly tailored assistance to people in need.

Conclusion

Our nation’s Supplemental Nutrition Assistance Program provides important assistance to needy Americans. SNAP alleviates material hardship, reduces poverty, helps the elderly and disabled, and provides needed food to children in low income families. By supplementing low wages, SNAP can encourage and sustain work while discouraging the use of cash welfare.

Despite these positive aspects of SNAP, my experience with the program during the past ten years, especially during the period following the 2008-09 recession, leads me to believe that some efforts to promote the use of SNAP may have reduced the work support aspect of the program. By itself, SNAP benefits may not be enough to reduce the incentive for a recipient to go to work, or to move from part-

time to full-time regular employment, but when combined with unreported earnings or other assistance programs -- perhaps most notably unemployment insurance benefits -- the program does appear to allow a significant number of adult recipients to remain out of work longer than they might otherwise. Without some effort to require these SNAP recipients to participate in employment programs such as those offered under TANF, I fear that the number of non-working, nonelderly, nondisabled SNAP recipients will remain high. This will contribute to slower economic growth -- but more important, it will keep these families poor.