

## Chapter 3

# The Supplemental Nutrition Assistance Program

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**T**ransformation of the Food Stamp Program (FSP) into a near-universal system of food-oriented income support, renamed (in 2008) the Supplemental Nutrition Assistance Program (SNAP), is arguably the most significant development in American social policy during the first decade of the new millennium. Three things were the primary drivers of the change: 1) contraction of traditional welfare assistance following the 1996 transformation of Aid to Families with Dependent Children (AFDC) into Temporary Assistance for Needy Families (TANF), 2) progressive relaxation of federal eligibility requirements for food stamp receipt beginning in 2000, and 3) the demand for assistance generated by the Great Recession of 2007–2009.

A few statistics help illuminate the scale of the FSP to SNAP evolution and concomitant reconfiguration of the nation's safety net: In an average month of federal Fiscal Year (FY) 2000, the FSP served about 6 percent of the U.S. population and 12 percent of all children. The annual cost (in 2016 dollars) was \$23.2 billion, or 0.2 percent of gross domestic product (GDP). By FY 2014, five years after the nominal end of the recession, 15 percent of the population and 28 percent of children were participating in SNAP, and the annual cost had increased to over 0.4 percent of GDP. In contrast, during the same period, receipt of TANF cash benefits declined by 38 percent (despite population growth of 13 percent), and real state and federal TANF outlays for income support were down 43 percent (despite overall government outlay growth of 92 percent).<sup>1</sup>

The use of *supplemental* in the new name for food stamps is important: the program is at least nominally intended to add to some-

thing else, not to serve alone as help of last resort. Thus, assessment and evaluation of SNAP as social assistance must include interaction with other income support programs, including unemployment insurance (UI). The evolution of SNAP and the consequences for interaction with UI are the subject of this chapter. The trajectory of SNAP development has varied across states because of differences in state administrative strategies, exercise of various options, and economic circumstances. The preceding chapter on UI and this one on SNAP set the stage, from a largely national perspective, for a more in-depth look at state projects in the remainder of the book. The chapters at the heart of the book provide detail on the interaction in the six states—Florida, Georgia, Maryland, Michigan, Missouri, and Texas—that are the focus of the underlying project.

The base camp for this expedition is SNAP as it existed at the beginning of FY2009—10 months into the recession that began nationwide in December 2007 and three months after the first emergency extension of unemployment compensation.<sup>2</sup> The first section following this introduction provides an overview of the evolution in food stamp policy up to the FY2009 reference point. The second section details the system this history produced. The third section reviews the SNAP policy response to the recession and summarizes important subsequent developments. The fourth section looks at the consequences of the interaction of recession and policy for the SNAP caseload. This section provides more detailed data on the overlap between UI and SNAP receipt, which is described briefly in Chapter 1. The fifth section concludes with a preview of issues to be addressed in the literature review in Chapter 4, the subsequent state-specific chapters, and in the book's final chapter.

## **BACKGROUND: THE ROAD TO 2009**

A bit of history is useful for understanding the state of SNAP in the midst of the recession and the role the program was to play as the

recession unfolded. As with any social assistance program, there are myriad details. What is important to this chapter and to this book is the evolution of the nature of the FSP-SNAP benefit, the eligibility standards for its receipt, and the roles of federal, state, and local government in its delivery. These dimensions all affect the complementarity of SNAP and UI.

### **The First Food Stamp Program**

The program that was to become SNAP originated in the 1930s with efforts to support farm prices by federal purchase of excess commodities, followed by distribution to families in need.<sup>3</sup> The commodities distribution program, administered by the U.S. Department of Agriculture (USDA) through the Federal Surplus Commodities Corporation (FSCC), was intended to increase farmer incomes. The FSCC determined what to purchase, and states distributed the purchased goods to persons and administering institutions based on various criteria. Although dealing with agricultural surplus by distribution to the needy was widely applauded, distribution of commodities outside the established commercial food retail network proved unwieldy and unpopular, particularly among food retailers. In response, a new system was devised to support distribution through the normal retail network and implemented as a pilot program in 1939 in Rochester, New York.

Instead of commodities, participants in the new program gained the opportunity to buy vouchers for food purchases that were accepted as cash in grocery stores. The vouchers were formatted as stamps and came in two colors, orange and blue. Participants generally qualified by receiving some form of public assistance (including participation in Works Progress Administration employment), but some individuals and families not “on relief” also were certified for the benefit. Those deemed eligible were required to buy orange stamps with a total value equal to an estimate of “normal food purchases” for their household income and size—the rule of thumb was \$1 per person

per week (Coppock 1947). Orange stamps cost recipients their face value. The benefit was that each allotment of orange stamps came with free blue stamps, generally having total face value equal to half the mandatory orange-stamp purchase. The blue stamps could be used on any commodity declared to be surplus in a monthly list published by the USDA. The lists were elaborate.<sup>4</sup> The ingenious stamp format provided for fractional usage (\$0.25) by stamp tear-off, and for grocer reimbursement through submission to the managing government agency of cards affixed with stamps received.

While widely lauded, the original Food Stamp Program was never specifically authorized by Congress. It existed as an administrative response to the congressional mandate for finding use for surplus commodities. Once initiated, local government participation grew steadily, so that by early 1942, just three years after the pilot program, almost half of all counties in the country were reported to have a Food Stamp Program, and 60 percent of the U.S. population resided in covered areas (Coppock 1947). However, as the program expanded, so did the surrounding controversy. Pressures developed to add products to the surplus list, inconsistencies in administration and standards developed across states, fraud and abuse reports multiplied, questions arose about the actual impact on consumption, and participation in some adopting counties fell suspiciously below previous levels of surplus commodity use—suggesting that the purchase requirement created a barrier to access not present in direct commodity distribution. The program ended in March 1943 “since the conditions that brought the program into being—unmarketable food surpluses and widespread unemployment—no longer existed” (USDA 2014b, p. 1).

Several features of the first Food Stamp Program are usefully highlighted as points of reference in considering subsequent program changes.

First, the design focus was on promoting consumption of target commodities—“moving surplus commodities with special purpose money,” in the words of one administrator (Coppock 1947). This aspect was underscored by program operation through the USDA’s

Surplus Marketing Administration (SMA) rather than as part of the new welfare-oriented Federal Security Agency (which, like the Food Stamp Program, began in 1939). The required orange-stamp purchase was determined by a prediction of consumption in the absence of the subsidy, not by an estimate of need—the object was to push consumption beyond the amount predicted. Since expected normal consumption rose with income, in some instances better-off participants received *more* blue stamps than did those with lower incomes. Thus, from the beginning, Food Stamp Program benefits have been based on a prediction of income.

Second, the orange-stamp purchase requirement meant that the program's horizon, the time period to be covered by normal outlays, was of necessity brief. One could not ask families on relief to pre-pay a year's worth of consumption. The short horizon was consistent with general relief practice for nonelderly individuals and their dependents. In principle, a short horizon also allowed rapid response to changes in people's circumstances.

Third, the actual impact of the program on consumption of target commodities and on food consumption generally was ambiguous—depending in part on the amount of the required orange-stamp purchase and in part on the range of commodities on the blue-stamp list. It was possible for families to use the blue-stamp bonus to pay for some proportion of normal consumption of the surplus commodities, and to use the money released for other purposes—in most cases effectively rendering the orange/blue distinction meaningless. This uncertainty about the effect of food stamp programs on the behavior of recipients is a continuing theme of food stamp policy discussions (Hoynes, McGranahan, and Schanzenbach 2016).

Fourth, location of the program in an agency of the USDA and the program's association—however tenuous—with farm incomes would have lasting consequences for the political viability and resilience of the program from 1939 to the present.

A fifth and final point is that the food stamp system relied on state and local government for certification of eligibility and operations

management. The Surplus Marketing Administration never had more than 1,000 employees for a program that was, by early 1942, serving almost 5.5 million people (Coppock 1947). Combined with subdivision of the SMA operation itself into four regions, the result was considerable variation at ground level in access, operational details, and management quality. While public support for food stamps as a relief effort was strong, the program placed considerable burden and temptation on state and local government. The burden was administration, including the financial operations of selling and redeeming the stamps. The temptation was curtailment of other benefits, given that recipient families received surplus commodities. Among other things, substitution of food stamps for other relief led the SMA to establish an income floor for food stamp participation to constrain such efforts. Thus, from the beginning, predicting the consequence of food stamp policy has involved two mediating behaviors: The first is the choices made by state and local governments in creating the program as it is operated on the ground. The second is the response of potential recipients to the program as presented by their state and local governments.

### **Food Stamps and the Great Society**

The Depression-era Food Stamp Program may have ceased operation in 1943, but it was not forgotten. The structure of the original program, as well as the problems encountered in its implementation, clearly influenced the shape of subsequent proposals. Restoration efforts began in earnest in the early 1950s, in response both to the reappearance of commodity surpluses and to the recession of 1953–1954. These efforts culminated in 1959 with congressional authorization of a two-year trial of a new food stamp program to “promote the general welfare, raise the levels of health and of nourishment for persons whose incomes prevent them from enjoying adequate diets, and dispose in a beneficial manner of [surplus] food commodities.”<sup>5</sup> This citation of purpose is interesting in the primacy it attached to nutrition

and its relegation of disposal of surplus commodities to third priority. Reference to “incomes” and “persons” in the authorization provided opportunity for stand-alone eligibility determination independent of relief status.

The Eisenhower administration did not pursue the opportunity for food stamp resurrection afforded by Congress. But less than two years later, on the day after his 1961 inauguration, President John F. Kennedy issued an executive order initiating pilot food stamp projects. And through a determined effort by Kennedy’s successor, President Lyndon Johnson, the resurrection effort came to fruition in the Food Stamp Act of 1964.<sup>6</sup> While nominally in the lineage of the 1939–1943 experiment, the 1964 program—as part of Johnson’s “War on Poverty”—was, in important ways, quite different. Instead of orange and blue stamps, the new program used a special script issued in various “coupon” denominations. As with the orange stamps, participants were required to purchase a quantity of the coupons, but unlike in the original program, the purchase price was less than the face value of the coupons. The system thus delivered its benefit by making food cheaper. In the new program, the required coupon purchase was based not on estimates of “normal” outlays but on a minimal (“thrifty”) food budget established by the USDA that varied by family size. The price charged was determined by applicant income: higher-income households paid a larger proportion of the price of their purchase requirement; very-low-income households got the full allotment. The coupons could be used for virtually any unprepared food, not just surplus commodities.

The new law identified the FSP as a joint federal, state, and local operation, with the federal government paying a portion of administrative costs and all the benefit cost; the USDA remained at the helm of federal administration. Governments were given the option of operating either a commodities distribution program or food stamps within counties, but not both. State and local governments retained authority over eligibility requirements, “consistent with income standards used by [the] State [administering] agency in administration of its federally

aided public assistance programs” (Sec. 5[b]). “Such standards,” the law continued, “also shall place a limitation on the resources to be allowed eligible households.”<sup>7</sup> The most important such “federally aided public assistance program” at the time was AFDC. Thus, while the new law extended the FSP’s benefits to families not receiving other assistance, it continued a link to eligibility standards used for AFDC. The food stamp law also followed the AFDC administrative model: states were required as a condition of participation to submit for approval by the USDA a plan for FSP operation that, among other things, set out eligibility standards in detail.

### **Nixon’s Other Good Deed**

Implementation of the Food Stamp Act revealed many problems with the new law. President Nixon proposed various corrective actions in a message to Congress (Nixon 1969). The eventual outcome was a series of amendments passed in 1971.<sup>8</sup> Among other things, the amendments gave the secretary of agriculture, “in consultation with the Secretary of HEW” (the Department of Health, Education, and Welfare, now Health and Human Services), authority to establish uniform *national* resource and income eligibility standards for FSP recipients. The amendments also added a mild work test: “able-bodied adult persons” without caregiving responsibilities and not in school or training were required to register for work at a federal or state employment office as a condition of FSP participation, and turning down a suitable job offer was made grounds for benefit exclusion. Considering FSP history and the ultimate consequences the changes would have, the structural changes signaled by the new rules were very significant. The Congressional Budget Office would later declare that “with the 1971 modifications, the Food Stamp Program became the first universal, national welfare program with national eligibility standards based on need and not particular household characteristics” (Hoagland 1977, p. 7). However, this development was largely missed by most contemporary observers because of another, more dramatic initiative, the Family Assistance Program (FAP).

The requirement that national standards for the FSP be set by the USDA in consultation with HEW reflected President Nixon's intention, expressed in his initial proposal, to ensure "that the Food Stamp Program is complementary to a revised welfare program." That "revised program" turned out to be FAP, first proposed in August 1969. Over the subsequent two-and-a-half years, FAP went through various versions and protracted and contentious debate in two Congresses. Ultimately, it failed. The core of the proposal was a simple "negative tax" transfer scheme, which provided a basic income benefit that declined as household income increased. The benefit for a family of four with no other income was \$1,600 per year. After a \$600 allowance for work expenses, the payment declined by \$0.50 for every dollar of earnings beyond the \$600. The "benefit reduction rate" was thus 0.5. The Family Assistance Program was intended to replace AFDC and possibly other means-tested benefits as well, although provision was made for states with higher AFDC benefits to supplement the FAP payment. The FAP benefit reduction rate was set lower than the benefit reduction rate applied in AFDC to reduce the work disincentives that such schemes were presumed to create.

FAP's critics focused on various features, including incentive problems in states with AFDC benefits higher than the FAP standard. A common liberal criticism was that the basic "guarantee" in the program, the size of the grant for households with no other income, was too low—just \$1,600 (\$9,891 in 2016 dollars) a year for a family of four.<sup>9</sup> While the base was indeed modest, the reduction of the benefit as earned income increased was scaled so that support was extended to working families with earnings as high as \$3,800 (\$23,491 in 2016 dollars). Many of these families were ineligible for AFDC in some states because they included both parents and neither was disabled. In states that did provide aid to two-parent families, eligibility was lost if the "principal earner" was employed for more than 100 hours per month, regardless of income.

FAP's planners faced the classic problem with negative tax systems: if the benefit reduction rate was less than 100 percent (i.e., dol-

lar for dollar), an increase in the basic benefit of a dollar moved the maximum income consistent with receiving benefits—the break-even point—up by more than a dollar. This increased the number of eligible families. Thus, given the shape of the income distribution, the consequence for programs like FAP was that the effect of increasing the base benefit on costs and participation could be offset only by raising the benefit reduction rate (thus keeping the break-even the same, or even lowering it) and, in the process, presumably reducing work incentives. Compared to FAP, the food stamp reform had the politically advantageous element of stealth: it was never claimed that the program's maximum benefit would meet all basic needs. Nevertheless, because of a low benefit-reduction rate, food stamps provided support for low-income working families—and reached beyond FAP in providing benefits to households without children. Yet stamps could be promoted as aiding agriculture, without the political taint of being termed a “guaranteed income.” Thus, while between 1969 and 1971 public attention may have focused on FAP, in the background the Nixon administration and its congressional allies laid the foundation for the “universal, national welfare program” that 36 years later would become a key element in the nation's response to the Great Recession.

### **The Big Cash-Out Step, and Beyond**

Change continued. In 1973, Congress took another step in the direction of a universal benefit by requiring that food stamps be offered in all counties across the country by the following year. Structurally, the most important additional development in the 1970s occurred when the Food Stamp Act of 1977 eliminated the purchase requirement. After final implementation in 1979 of this “cash-out,” the Food Stamp benefit was delivered in coupons calculated based on household composition and income net of deductions. If 30 percent of the household income net of deductions was less than the Thrifty Food Plan, the difference was made up in a monthly coupon allocation.

The cash-out continued the gradual shift in FSP operation from targeting food consumption to more general income support. Food coupons could now be more readily substituted for food purchases that would have been made with cash, thereby releasing cash for other purposes. As McDonald (1977) points out in his landmark book *Food, Stamps, and Income Maintenance*, the cash-out change made food stamps look even more like the negative income tax (NIT) transfer program proposed by economist Milton Friedman. The NIT concept had been tested experimentally in various locations and was incorporated into the FAP proposal. But the differences were important. Unlike the Friedman proposal, the FSP was not a substitute for other means-tested benefits, nor was it ever integrated with the income tax code, and the horizon for eligibility assessment and benefit determination was a month, not a year.

FSP participation increased rapidly following implementation of the 1977 reforms. As has happened frequently over the life of the program, Congress responded to the increase in participation with restrictions. The Omnibus Budget Reconciliation Act of 1981 restricted FSP eligibility to households with gross income of less than 130 percent of the applicable poverty guideline,<sup>10</sup> regardless of deductions from income allowed by other parts of program law. The following year's budget act added a second test that denied benefits to families with incomes that, after deductions, were greater than the applicable poverty guideline. Both these "gross" and "net" income restrictions served to curtail eligibility among families with earnings, since deductions principally apply to work expenses.

Once again, the moves to FSP restriction were soon followed by liberalization. The Food Security Act of 1985 facilitated access to food stamps for households receiving cash assistance from AFDC or Supplemental Security Income (SSI) by establishing "categorical" FSP eligibility. Categorical eligibility meant that these households (and later, beneficiaries of state general assistance programs) were subject only to asset and income tests used for these programs—not to the sometimes more stringent food stamp requirements, including

the gross and net income limits. Expansion of categorical eligibility would eventually become an important factor in the growth of food stamp receipt in response to the Great Recession.

A notable change began in 1988, with authorization of experimentation with electronic benefit transfer (EBT) systems for FSP benefit delivery. This EBT innovation would ultimately lead to cessation of coupon use and a reduction in the social stigma that could result from people in line observing others paying with food stamps instead of their own money. The first year of the Clinton administration (1993) saw further adjustments in income deductions for benefit calculation and an increase in allowed “fair market values” for vehicles, both of which presumably facilitated access.

### **Welfare Reform**

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) is known for replacing the AFDC program with TANF (Haskins 2006). PRWORA also moved FSP policy in a more restrictive direction by tightening food stamp access in various ways, including elimination of assistance to most legal immigrants—a policy move that was substantially reversed by amendments in 1997 and 1998. Two features of PRWORA would prove to be particularly significant for SNAP response to the Great Recession. One was a change in eligibility requirements for able-bodied adults without dependents (ABAWDs). The other, somewhat oddly, was an alteration in the federal-state fiscal relationship for financing cash assistance.

Whereas prior law required only that unemployed ABAWDs register for work and accept suitable job offers, PRWORA placed a time limit of 3 months of FSP eligibility out of every 36 months for those not employed for 20 hours or more per week or engaged in training. States could request a waiver of this requirement for ABAWDs living in areas of high unemployment or job shortage. What counted as “high unemployment” or an insufficient number of jobs was deter-

mined by regulation; one standard subsequently adopted by the Bush administration in 2001 for statewide waivers was that the state's unemployment rate meet the criteria necessary to qualify for an additional 13 weeks of extended UI benefits (Bolen and Dean 2018). This was the first administrative connection made between the UI and SNAP systems.

The ABAWD time limit poses a serious challenge for state program agencies. Basic SNAP administration in 1996 was (and continues to be) month oriented. A person, ABAWD or not, is eligible for SNAP if income predicted for the coming month is below eligibility standards and if other requirements for current status are met. The PRWORA work requirement requires longitudinal data on recipients—it is no longer sufficient to know current status to determine eligibility; the examiner must have access to benefit history as well. Without careful programming, such data are beyond the capacity of most state food-stamp management systems. The result is considerable concern over the consequences of the rule for state error rates and, possibly, reluctance on the part of agency staff to pursue food stamp outreach to potential ABAWD recipients.

The fiscal link created by PRWORA between TANF and FSP was most likely not intended by PRWORA's authors. Understanding the link requires more detail on what PRWORA did to federal financing for state family assistance. AFDC was funded with a matching grant for state expenditures to provide cash assistance to needy families. The matching rate varied by per-capita state personal income. But for all states, at least half of all costs were covered by the federal government with an open-ended commitment because AFDC, as defined by approved state administration plans, was an entitlement: all eligible (according to the plan) families were guaranteed the benefit. In contrast, TANF is funded by a fixed block grant and a state spending requirement ("maintenance of effort," or MOE) based on nominal outlays in the years immediately prior to 1996. Compared to the former law, the new law raised the cost to states of adding families to the assistance rolls or providing more cash, and corre-

spondingly increased the savings from keeping them off the rolls or lowering benefits.

PRWORA did more than just raise the marginal cost to states of providing cash assistance. The new law expanded the uses to which federal TANF money and the required state MOE outlays could be put. Instead of being restricted generally to cash assistance, as had been the case under AFDC, TANF funds could now be used for any effort “reasonably calculated” to serve TANF’s four purposes: 1) giving aid to families with children, 2) ending reliance on public assistance, 3) reducing out-of-wedlock pregnancies, and 4) promoting “the formation and maintenance of two-parent families.” These goals can cover a lot of government services—things like child-care assistance, child protective services, even marital counseling—that do not involve cash assistance at all. Given the wording of the law, it would appear that virtually any of the activities paid for with TANF funds and reasonably calculated to serve these purposes might create categorical eligibility for food stamps. If such TANF-funded services did not include an assets test for eligibility, or included one that was more lenient, then the conveyed categorical eligibility meant that the federal assets tests for the FSP were superseded.

In response to state inquiry, the USDA issued regulations in 2000 that confirmed potential categorical FSP eligibility for recipients of noncash services funded completely or substantially with TANF funds.<sup>11</sup> In what amounted to a reversal of the trend toward federalization of FSP eligibility requirements, PRWORA was interpreted as providing a great deal of latitude for state policy in determining who could receive food stamp benefits. TANF and general relief recipients retained the “traditional” categorical eligibility established in 1985. Beyond this, states could, under the new regulations, expand categorical eligibility through certain types of targeted programs, such as TANF-funded child care or counseling. This came to be called “narrow” expanded categorical eligibility (ECE). But the new regulations also allowed states essentially to extend categorical eligibility to any low-income household by delivering to some household members a

nominal service funded by TANF that served TANF objectives. The only significant constraint was that, if the service was directed at either reducing out-of-wedlock pregnancy or promoting two-parent families, categorical eligibility required that household gross income be less than 200 percent of the applicable poverty standard, although states could adopt more restrictive standards. The upshot was that even receipt of a brochure funded by TANF could establish categorical eligibility and obviate FSP asset restrictions. States following this strategy are said to have established “broad-based categorical eligibility” (BBCE).

In response to the USDA regulation, the number of states adopting some form of ECE grew rapidly, and the USDA’s Food and Nutrition Service (FNS) struggled to keep up. The agency began regular publication of “State Options” reports tabulating state choices; however, detailing and categorizing proved difficult.<sup>12</sup> For example, in its first report, a status report in April 2002, the FNS (USDA 2002) announced that 45 states had ECE, but it provided little information about how such eligibility was conferred or its consequences for access. Over time, the agency has worked to improve accuracy and tighten definitions, eventually introducing in its ninth report (covering state policy choices as of November 2010) the distinction between “narrow” and “broad-based” ECE (USDA 2010). Obtaining reliable information on state procedures has complicated research on the effects of state policy choice.

In 2000, Congress complemented the increase in state options for FSP eligibility created by PRWORA by allowing states to substitute the vehicle-value maximum applied in their TANF program for the federal standard, if the TANF standard was higher. The Farm Bill of 2002 continued expansion of access, and it made computation of net income for benefit assessment more generous by linking the base deductions to household size and by altering treatment of utility costs. The Food, Conservation, and Energy Act of 2008 rebranded FSP as SNAP, completed the elimination of coupons, and indexed the deductions. The combination of these tweaks and changes by states

continued movement of the program in the direction of a negative tax system, but the significant differences from the way such a system was envisioned in the 1960s endured. The program retained a short (one-month) horizon for assessing income, and there was no integration of food stamp benefits with taxes, including the Earned Income Tax Credit (EITC). These differences and their consequences for interaction with UI become clearer when one looks more closely at SNAP operations.

## **FOOD STAMPS IN 2009**

We are now at the 2009 base camp for studying the interaction of SNAP, UI, and the Great Recession. The description that follows centers on the state of SNAP in late calendar year 2008—the first quarter (Q1) of FY2009. Where age is relevant, the discussion focuses on households with at least one adult beneficiary aged 18 to 59; aged 60 and older in Food Stamp regulations defines the elderly. The 18-to-59 age group is closely aligned with analysis in the state chapters that follow in this book, although generally the state work extends to households with adults aged 60 to 64.

### **Eligibility**

SNAP access begins with eligibility determination. Eligibility is determined on what is termed for the rest of this chapter a “unit” basis. By convention, SNAP units are called households, but this can be misleading when used in conjunction with the census and other sources that define households differently. In Census Bureau publications, for example, *household* refers to all persons living in a dwelling unit.<sup>13</sup> Rather than looking only to common residence, the SNAP definition also looks at the pantry and stove, referring to groups of “individuals who share a residential unit and customarily purchase and prepare food together” (Gray 2014, p. 3). It is therefore possible for

a census household to include multiple SNAP units, although related persons are generally required to be considered one unit.

Access to SNAP is virtually universal, excluding only certain felons, workers on strike, institutionalized individuals, some students, undocumented immigrants, nonimmigrant visitors, and some noncitizens lawfully residing in the country as permanent residents (Gray 2014, p. 7). Among felons, Congress specifically excludes those “fleeing,” should they apply while on the lam. SNAP applications identify a head of household, who generally is also a member of the unit receiving benefits (exceptions are, in most cases, undocumented immigrants) (p. 31).

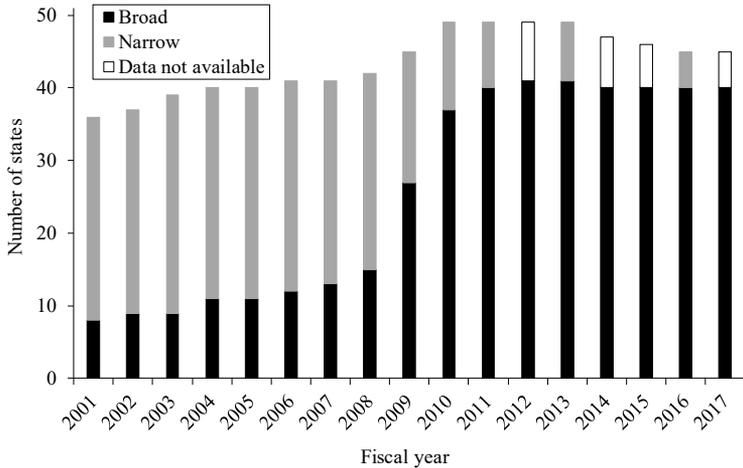
Once the constitution of the unit is established, SNAP units are subject to assets and income tests before the benefit is computed. In the absence of overriding state policies (as will be detailed later, this is an important proviso), in FY2009, applicant units could have countable assets of no more than \$2,000 (or \$3,000 if at least one unit member is elderly or disabled) (Leftin, Gothro, and Eslami 2010). The core federal income tests refer to the gross and net income standards established in 1981–1982. Gross income is required to be less than 130 percent of a variant of the federal poverty standard; net income cannot exceed 100 percent of the standard. The official poverty standard is based on annual income for a calendar year and is defined for families—“a householder and one or more people living in the same household who are related to the householder by birth, marriage, or adoption” (U.S. Census Bureau 2015). The administrative standard used for SNAP eligibility (the federal poverty guideline) over a fiscal year is based on a simplified estimate of the official poverty standard, translated into a monthly equivalent, for the preceding (and overlapping) calendar year.

Net income is gross income minus certain deductions. These include a standard fixed deduction that varies by household size, an earned income deduction of 20 percent, and deductions for certain costs related to medical care, child support, dependent care, and “excess shelter cost”—that is, rent or mortgage payments in excess

of half of net income before the housing-cost deduction is allowed (Leftin, Gothro, and Eslami 2010). The housing-expense deduction is capped for most households. For a recipient household of three with neither elderly nor disabled members, for example, the maximum excess housing-cost deduction in FY2009 was \$446.

The description of assets tests presented above is conditional on the “absence of overriding state policies.” As already discussed, beginning in 2000, overriding the statutory SNAP eligibility requirements gradually became near-universal state policy. By the end of FY2008, all states had eliminated or reduced restrictions on the value of vehicles. State adoption of some form of expanded categorical eligibility is plotted in Figure 3.1. Initially, most states moved cautiously, extending categorical eligibility to households receiving certain specific benefits such as child-care assistance—this is “narrow” ECE. But, as the graph indicates, over the following years, most switched to BBCE.<sup>14</sup>

**Figure 3.1 Number of States with Expanded Categorical SNAP Eligibility, by Type, 2001–2017**



SOURCE: USDA (2019).

By FNS count, 40 states had some form of ECE in June 2009, including all six project states. Five more were added by the end of the fiscal year. Georgia, Maryland, Michigan, and Texas had established BBCE earlier than 2009. Florida implemented BBCE in July 2010, and Missouri offered only narrow ECE, based on receipt of child care, transportation, and other work-related program support (Trippe and Gillooly 2010, Appendix A). The point here is that Figure 3.1 may be somewhat misleading as to the timing of impact of state changes in access to SNAP, and that many of the states that were not counted as meeting the full BBCE standard of general relaxation or elimination of assets and income caps as of the first quarter of FY2009 may have been moving in that direction. On the other hand, some web-based federal information sources continued to cite assets restrictions even when they were circumvented by ECE artifice (Heflin, Mueser, and Cronin 2015).

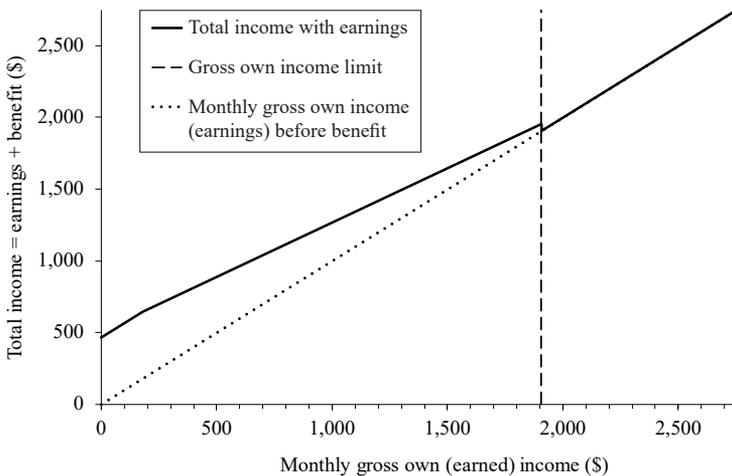
### **Benefits and the “Transfer Cross”**

Regardless of the route by which eligibility is achieved, the SNAP benefit is calculated using net income as defined by the program. Ignoring for the moment deductions other than the fixed deduction applied to all, the SNAP benefit is computed as follows: First, the unit’s maximum benefit is determined based on its composition. The schedule of benefits for each fiscal year is based on a Thrifty Food Plan (TFP) budget developed by the USDA and published in June of the preceding year. The benefit is adjusted for inflation each year, using an index of change in the cost of TFP components. In 2009, the basic FSP benefit for a family of three was \$463; for a family of four, \$588. Second, net income is calculated. The unit’s payment is the difference between the maximum benefit and 30 percent of its net income. Thus, when income goes up, benefits go down, and vice versa. For the special case of a household with income only from earnings, the effective benefit reduction rate is \$0.24 for each \$1.00 of gross earnings beyond the fixed standard deduction (\$144 in FY2009

for a family of one to three). The reduction rate comes about through the interaction of the 20 percent work expense deduction and the 30 percent of net income expenditure requirement: an additional \$1.00 of gross earnings leads to an increase of \$0.80 in net income and an increase in expected food expenditures from the unit’s own income of  $0.3 \times \$0.80 = \$0.24$ . The corresponding reduction in SNAP benefit is \$0.24 (i.e., the benefit deduction per additional dollar earned). Other income is “taxed” (i.e., SNAP benefits are reduced) at \$0.30 in SNAP benefit-per-dollar amounts beyond the fixed standard deduction. UI benefits are “other income.”

The benefit-income relationship is commonly summarized in a transfer cross diagram that relates total unit monthly income—own income plus the SNAP benefit—to the unit’s own income. *Own* here refers to income received by the household from sources other than SNAP. Figure 3.2 presents the SNAP transfer cross for a hypotheti-

**Figure 3.2 SNAP Benefits and Income from Earnings, FY2009:1, Reference Family (1 parent, 2 children)**



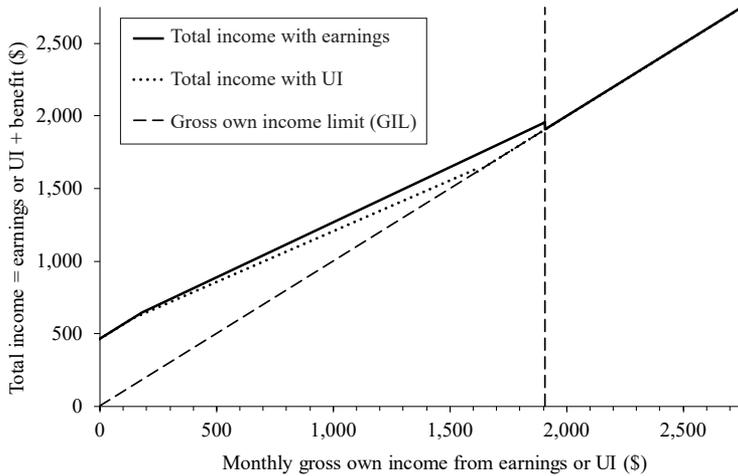
SOURCE: Leftin et al. (2010).

cal single-parent family with two children (called here the “reference family”) and no own income other than the parent’s earnings.<sup>15</sup> The dashed line running from the lower-left-hand to the upper-right-hand corner identifies points of equality between own income and total income (i.e., life without benefit). The distance between this equality line and total income is the benefit. Beyond the standard deduction (\$144), benefits fall as earnings increase. In the single-parent, two-child example shown, the maximum benefit is \$463. Benefits cease when gross monthly earnings reach \$1,907 because of the gross income limit of 130 percent of the poverty line. For a family with two adults and two children, the maximum benefit is \$588 and the overall schedule is higher. For a single individual, the maximum benefit is \$176 and the overall schedule is lower.

The vertical line with heavier dashes in the diagram identifies the level of gross earnings at which this household would, given the assumptions made about deductions and the absence of ECE, fail the gross-income eligibility test. This test—income must be less than 130 percent of the federal poverty guideline—is, when applied, generally the binding constraint for households with earnings. The other test—net income must be less than the poverty guideline—is rarely binding for households with earnings because of work expense deductions. In the discussions that follow, the net income test generally appears only for households with income from sources other than earnings, including UI. Households of one or two persons determined to be eligible for any benefit got at least a minimum allotment (\$14 in FY2009); for the sake of simplicity, this is left off the graph. Oddly, no such floor is applied for larger households.

Figure 3.2 is for income from earnings. As mentioned, income from other sources—notably, in the present context, UI—is treated slightly differently, because the 20 percent proportional allowance for work expenses does not apply. The result, illustrated in Figure 3.3, is a different benefit reduction rate and a different break-even point, but the form of the relationship between receipts and benefits remains much the same. The cutoff of benefits at income—\$1,611 for the UI

**Figure 3.3 SNAP Benefits and Own Income, FY2009:1, Reference Family with Income from Earnings versus Income from UI**



SOURCE: Leftin et al. (2010).

recipient household—results from application of the net income eligibility test.

The treatment of “unearned income” by SNAP is markedly different from that in other American transfer programs. In all state TANF programs, the marginal benefit reduction rate applied to UI is 100 percent (in some, fixed deductions apply to small amounts). The same is true for Supplemental Security Income payments received by or on behalf of persons with disabilities and the elderly poor. And the EITC provides no benefit to UI recipients other than to partially offset the federal tax liability generated by earnings outside the period of unemployment. In contrast, SNAP supplements all cash benefits.

### **Deductions Matter**

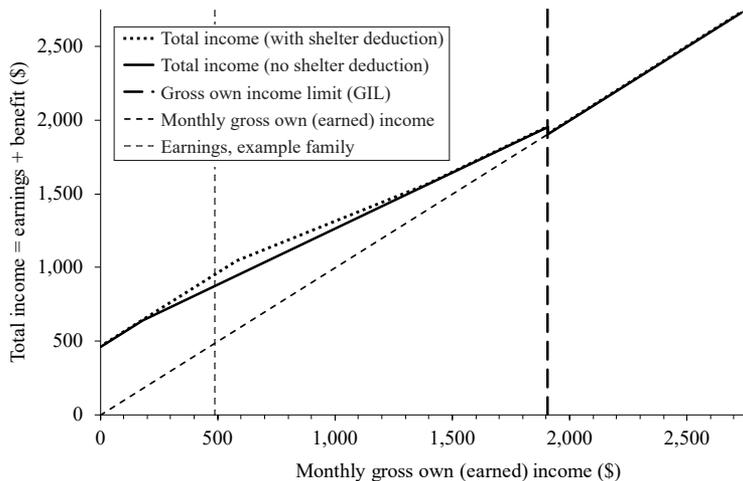
Figures 3.2 and 3.3 are abstract, and neither includes deductions beyond the 20 percent for work (in Figure 3.2) and the fixed standard deduction. In practice, the most common deduction is for “excess

shelter cost.” In FY2009, food stamp benefit calculation for 74 percent of SNAP units with children and at least one adult aged 18 to 59 included adjustment for excess shelter cost (Leftin et al. 2010). The excess shelter cost deduction (ESCD) works as follows: For benefit calculation, net income after all other deductions is reduced by the difference between a unit’s monthly rent/mortgage and half of that unit’s net income (Leftin, Gothro, and Eslami 2010). As a simplified example, if a unit has \$1,000 in rental payments (including utilities) and \$1,200 in monthly net income, its final net-income deduction would reflect an ESCD of \$400 ( $\$1,000 - [\$1,200 \div 2]$ ). As already mentioned, the ESCD was capped at a maximum of \$446 in FY2009. The cap is indexed to inflation and is not applied for units that include an elderly or disabled person.

To see how this works, consider a specific case from the 2009 SNAP quality control data for one of the project states, Michigan. The unit, called here “First Example Family,” includes two children and their mother. The mother works and earns \$487 per month. Her rent is \$483 (including utilities).<sup>16</sup> She has no other income, and her net income (before the shelter deduction) is \$246, calculated by subtracting from \$487 both her standard deduction (\$144) and a 20 percent earnings deduction ( $\$246 = \$487 - \$144 - [0.2 \times \$487]$ ). Without allowance for excess housing costs, her SNAP benefit would be \$389. However, her total housing plus utilities cost exceeds half her income by \$360, before the housing deduction. Since this excess cost exceeds her net income, she receives the *full* food stamp benefit for a family of her size—\$463. The maximum excess shelter-cost deduction applicable to this example is \$446, well above the First Example Family’s \$360 statutory excess housing expense. This example is charted in Figure 3.4 for a family with income only from earnings. At the mother’s reported earnings of \$487 (marked in the graph), the SNAP benefit is almost half of total income.

Holding rent constant, should earnings increase beyond \$487, eventually a level would be reached at which the shelter deduction no longer completely offsets net income. At this point, additional earn-

**Figure 3.4 SNAP Benefits, FY2009:1, with and without Shelter Deduction, Example Family**

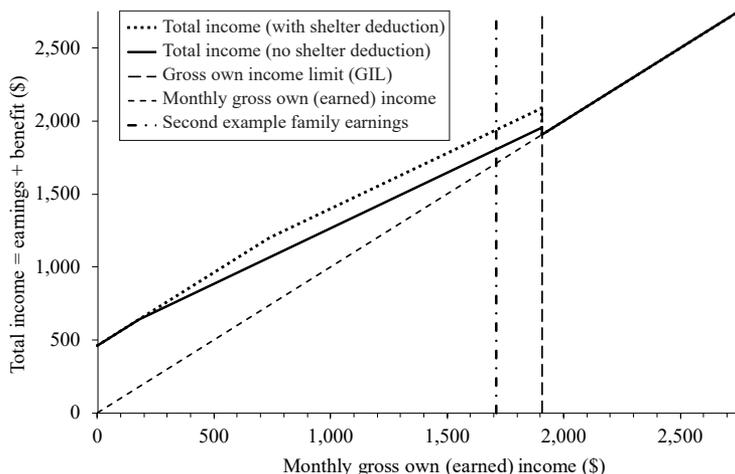


SOURCE: Calculated from parameters reported in Leftin et al. (2010) and sample data.

ings reduce the food stamp benefit. The rate exceeds the simple case of \$0.26 per dollar because additional earnings also reduce the extent to which housing costs are measured as “excess.” Indeed, every additional dollar of gross income reduces net income by \$0.36. Eventually, earnings reach the point where the rent is no more than half of net income, and at this point the benefit reduction rate falls to \$0.24.

It is common for rents to absorb a sizable proportion of a SNAP recipient’s family income. In such cases, the deduction may even continue up to the point where the unit fails the gross income test—that is, income from all sources exceeds 130 percent of the relevant poverty standard. We plot such a case, again from the 2009 quality-control sample, in Figure 3.5. This “Second Example Family” is again a single adult/two children unit. But in this case, the household head reports gross earnings of \$1,710 per month. Her rent is \$767 per month, and as the unit head she is granted the \$550 standard utility

**Figure 3.5 The SNAP Transfer after BBCE Adoption, Second Example Family, FY2009:1**



SOURCE: Leftin et al. (2010) and sample data.

allowance for her state, bringing total shelter costs to \$1,317. A shelter cost of this magnitude would ensure the maximum SNAP benefit right up to the point where gross income equals 130 percent of the applicable poverty standard of \$1,907, as depicted in Figure 3.5.

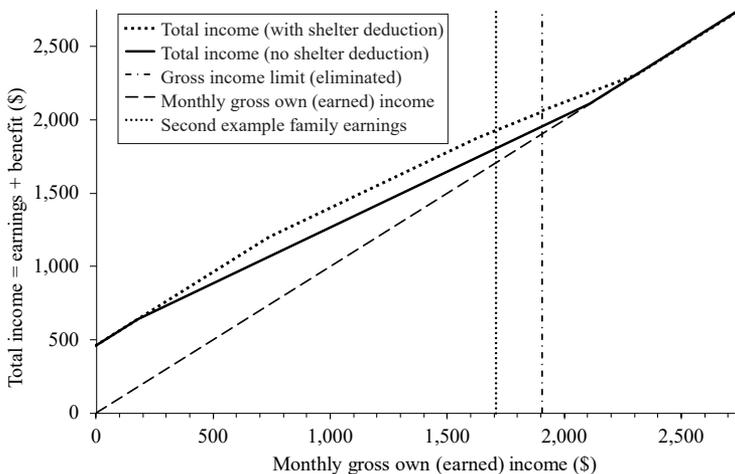
### The Effect of BBCE

The excess shelter deduction example used for Figure 3.5 illustrates the public policy importance of state adoption of BBCE. With earnings of \$1,710 and the assumed deductions other than the excess shelter cost deduction, this woman’s SNAP benefit would be \$96. Addition of the excess shelter deduction raises the benefit to \$230. Should the woman in this case increase her earnings to \$1,906 (11.5 percent), her shelter costs would still exceed half her income net of other deductions by more than the shelter deduction cap, so the benefit falls by \$0.24 per dollar of increased earnings, to \$183. This is

where, without BBCE, the gross income test would bite. In principle, if the woman in this example increased income by one more dollar, to \$1,907, she would lose her SNAP benefit in its entirety (i.e., a 100 percent benefit reduction rate, known as the “cliff”), because \$1,907 is 130 percent of the poverty guideline for a family of three.

BBCE changes this. Michigan was an early (2001) BBCE adopter, and this eliminated the net income test and raised the gross income test to 200 percent of the poverty guideline, or \$2,933 per month in 2009.<sup>17</sup> The SNAP recipient whose rent report was used for constructing Figure 3.5 would no longer face the cliff at \$1,907 in monthly income should her earnings (or UI benefits) amount to more. Given her shelter costs, the post-BBCE transfer cross appears in Figure 3.6. Note the substantial increase in the range of earnings over which she is eligible for some benefit. The effect for UI is similar, but not as extreme.

**Figure 3.6 The SNAP Transfer after BBCE Adoption, Second Example Family, FY2009:1**



SOURCE: Leftin et al. (2010) and sample data.

The implication is that BBCE, the excess shelter allowance, and the standard utility allowance substantially increase the range of gross incomes consistent with SNAP eligibility, compared to what might be inferred from looking at the simple form of the system as illustrated by Figure 3.2 or common descriptions of the program (cf. Hoynes and Schanzenbach 2015). As noted, the same holds true qualitatively if income received is from UI. As has long been appreciated, a family's decision concerning the level of housing consumption is significantly affected by long-term resources, not just current income. In a recession, families may find themselves in new income situations inadequate for sustaining their prerecession housing choices. Housing adjustment can be costly, however, and such costs multiply when the families affected are homeowners and the values of homes decline—a central feature of the Great Recession. It seems likely that in states like Michigan, which was an early adopter of BBCE, the excess shelter cost deduction contributed to access to SNAP benefits by formerly middle-income families.

### **State Motivation**

Much policy analysis is focused on the effect of transfer systems like SNAP on work incentives (Hoynes and Schanzenbach 2012). This literature concerns the behavior of individuals given the availability of the system—whether they chose to take up benefits, and how the availability of such support affects decisions about labor supply, as well as other matters of social interest. In a federal system, another behavioral response is also important in determining the ultimate effect of national policy. This is the response of state governments in two areas: 1) choosing among options presented by the program's design and 2) administering the system as defined by the options selected.

The financing system for SNAP has particularly important implications for state strategy. The federal government pays for all benefits, but states pay for approximately half of all administrative costs.

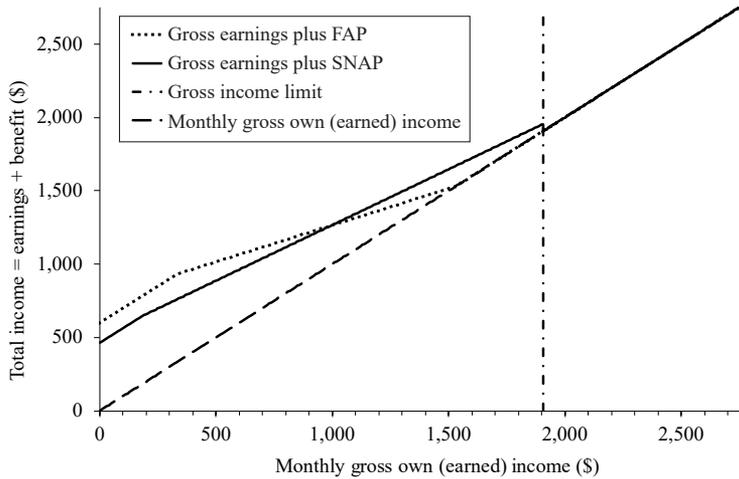
In consequence, there is little incentive to curtail receipt or to devote effort to improving precision in eligibility or benefit determination. The absence of such incentives is offset, of course, by a general sense of agency responsibility to taxpayers and by penalties generated by the federal auditing system.

One consequence of the state contribution to administrative costs is heightened interest in methods for reducing such costs by simplifying eligibility standards. Trends in reducing or eliminating restrictions on asset values, and in reducing frequency of income reassessment, undoubtedly reflect efforts to reduce barriers to SNAP access. At the same time, they also reflect state fiscal interests, because such changes reduce administrative costs and the risk of error in eligibility and benefit determination. From an administrative standpoint alone, adoption of innovations like BBCE presents a strategic tradeoff. Such a change reduces administrative costs per case. But adoption of BBCE is likely to increase the caseload, thus raising administrative costs. Many other areas of SNAP policy embody similar strategic conflicts.

### **Back to FAP**

As has been pointed out, the various versions of Figure 3.2 look very much like textbook diagrams of a “negative tax” transfer system. The zero-income benefit, or guarantee, is set by the Thrifty Food Plan; and benefits decline with income until a “break-even” point is reached—just as the Nixon administration’s FAP intended. It is thus interesting to compare SNAP 2009 to FAP. Figure 3.7 replicates Figure 3.2 and adds a calculation of the FAP benefit schedule, as transformed from annual to monthly terms and from 1970 to 2009 values. The comparison indicates that, while the base guarantee for FAP was (in 2009 dollars) greater than the 2009 SNAP benefit, for three-person families with earnings greater than roughly \$995 per month the SNAP benefit is larger, and the crossover would occur at a lower earnings level were excess shelter costs included. Given the importance attached by Sen. Daniel Patrick Moynihan and others to FAP

**Figure 3.7 FY2009:1 SNAP Benefits and the Nixon FAP, Reference Family**



SOURCE: SNAP data from Leftin et al. (2010). FAP parameters from Moynihan (1973).

and other negative tax schemes as vehicles for support of working families, this outcome is quite striking. In a sense, it is the “stealth” FSP/SNAP that has delivered the family assistance the architects of FAP were seeking but failed to achieve. Moreover, by reaching beyond families with children, SNAP covers more of the population than those targeted by FAP.

We can never know, of course, how the world would have been different had FAP become law. The relationship between FAP and food stamps was never resolved; it is possible that food stamps would have been preserved and would have operated alongside FAP, thereby raising total benefits and the rate at which total benefits were withdrawn as earnings increased. There is no reason to believe FAP benefits would have been sustained in real terms, as was presumed in Figure 3.7, although (as illustrated by Figure 3.6) adding excess shelter costs and other deductions has increased the SNAP benefit, and it

is possible that a similar political dynamic would have sustained or increased FAP. It is also unclear how FAP would have treated income from UI benefits, although the logic of the FAP proposal suggests that, beyond the initial disregard, benefits would have been reduced dollar for dollar by UI payments.

While relevant to appreciating what SNAP has become, the NIT connection can be misleading, given the concerns of the present volume. The transfer crosses in Figure 3.2 and Figure 3.3 are static. The emphasis is on the depicted transfer program as income support, producing a floor on family resources. It answers the question, “If I have this much in income, what do I get?” Contrast this with the UI question, “If I *lose* income because I lose my job, what do I get, and for how long?” As the preceding chapter indicates, for UI, policy changes in response to the Great Recession had little effect on initial access to UI given job loss, but much consequence for potential duration of benefits. For SNAP, changes in policy in the period leading up to and through the Great Recession changed access by eliminating restrictions on assets and expanding the range of income, including income from UI, as is consistent with benefit receipt. These developments presumably increased the share of all households eligible for SNAP, and over time the expansion in the eligible population would be expected to increase the number of households that apply for, and receive, the benefit. This take-up could in many cases be precipitated by unemployment. But what happens afterwards? Does SNAP receipt endure?

## POLICY EVOLUTION

In the first year of the Great Recession, the national unemployment rate rose by 2.3 percentage points, reaching 7.3 percent by the twelfth month. The initial focus of the Bush administration’s policy was on stabilizing the financial sector; the major social policy initiative, described in Chapter 2, was a federally financed extension

of unemployment benefits (EUC08) beginning in June 2008. Further social policy response did not occur until the inauguration of a new administration, in January 2009. The centerpiece of that response was the American Recovery and Reinvestment Act (ARRA), passed by Congress and signed by the president in April 2009. ARRA broke new ground by explicitly manipulating SNAP for a countercyclical purpose.

## **ARRA**

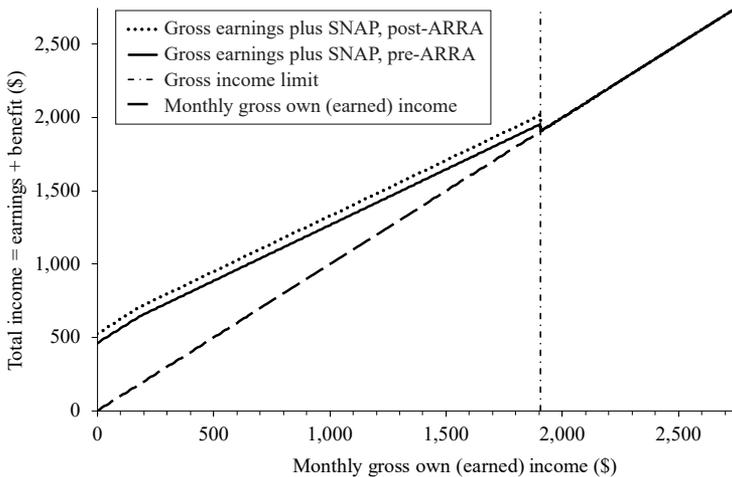
ARRA made two important changes to SNAP. The first affected benefit amounts and, in combination with BBCE, expanded the range of incomes at which households would be eligible for some SNAP benefit. The second substantially reduced work requirements for jobless ABAWDs.

The new law increased maximum allotments for each household size to 113.6 percent of the benefit initially established for FY2009. For the reference family of three with no net income, for example, the benefit amount increased from \$463 to \$526. This benefit increment applied regardless of actual benefit paid, so for households receiving less than the maximum benefit because of other incomes, the proportionate increase in payment could substantially exceed 13.6 percent.

Figure 3.8 adds the post-ARRA benefit to the baseline example depicted in Figure 3.2. Note that ARRA itself did not eliminate the gross income test, so in principle the change did not alter the range of earnings consistent with benefit receipt. However, for states with BBCE, the range of eligibility for the benefit expanded beyond the limit. The mechanics of benefit calculation imply that a change in the base benefit translates (because of the variable deduction) into a larger move in the maximum benefit consistent with eligibility if no gross- or net-income constraint is applied.

The BBCE effect is illustrated in Figure 3.9. Here the gross income limit is retained for reference, but the gross income with SNAP lines is extended to the point at which the benefit falls to zero,

**Figure 3.8 FY2009 SNAP Benefits before and after the ARRA, Reference Family**

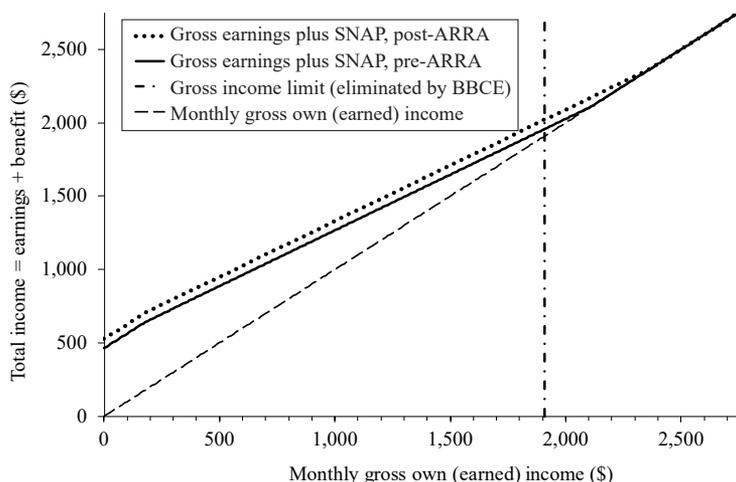


SOURCE: Leftin et al. (2010).

as would be the case for states that set the gross income test at the maximum level permitted—200 percent of the poverty standard or, in the case of the reference family,  $\$1,907 \times 2 = \$3,814$ . An addition of \$68 to the example family's base SNAP benefit pushes the break-even from \$2,209 to \$2,372 for households with earnings. In January 2009, 19 states had BBCE; by January 2010, the number had increased to 27 (Trippe and Gillooly 2010, Appendix A). Adoption of BBCE was not part of ARRA, but it likely enhanced ARRA's effects. FNS promoted BBCE to help families and reduce administration costs (Trippe and Gillooly 2010).

Figure 3.9 shows the outcome for a household with only earnings. For households reliant on UI, the effect is similar but smaller. Whereas for earnings every dollar in additional ARRA benefits increased the break-even by \$4.16, for households with UI the increase dropped to \$3.33. Not all states with BBCE were as generous as Michigan; some imposed a lower gross-income restriction (Trippe and Gillooly 2010,

**Figure 3.9 FY2009 SNAP Benefits before and after the ARRA, with BBCE, Sample Family**



SOURCE: Leftin et al. (2010).

Table 2). However, only two (Minnesota and Texas) retained asset tests, and in both cases the asset restrictions were less severe than the core federal SNAP requirement.

The second ARRA change made more childless adults eligible for SNAP. As mentioned above, before ARRA, able-bodied childless adults not complying with SNAP work requirements were generally limited to receiving SNAP for 3 months out of any 36-month period unless the state had obtained a waiver based on high unemployment or depressed labor markets. The ARRA gave all states a waiver for the remainder of FY2009, with an option of continuing this exemption through the end of FY2010. In fact, as is discussed below, the ABAWD waiver would endure in various forms well beyond FY2010.

## **Life after ARRA**

Under the original ARRA legislation, SNAP benefit levels would have remained at the fixed elevated levels (based on the 2008 Thrifty Food Plan) until inflation caused the regular benefit calculation to catch up. At that point, maximum benefit levels would again be based on 100 percent of the Thrifty Food Plan of the previous year, as had been the case prior to the ARRA increase. On the assumption of a 2 percent rate of food cost inflation, this convergence would have occurred in six or seven years (roughly in 2016). However, because of legislation passed in 2010, the elevated SNAP benefit levels ended on October 31, 2013. The maximum benefit level then returned to 100 percent of the Thrifty Food Plan value of the previous June, resulting in a decline in payments for most families. For a family of three, the maximum monthly allotment fell from \$526 to \$497 (Dean and Rosenbaum 2013).

The Agricultural Act of 2014 reauthorized SNAP. This new farm bill kept the program's basic eligibility guidelines in place but amended the criteria under which SNAP units qualify for a standard utility cost deduction. The bill included funding for major state experiments with employment and training initiatives for SNAP recipients. Ten such state experiments were in at least the planning stages by Spring 2015, and all were underway by the end of FY2016 (USDA 2016b). Of these, only two were targeted specifically at ABAWDs; most included all SNAP participants required by law to register for work.

The ABAWD waivers endured past the official end of the recession because unemployment did. By early 2012, 46 states still met the extended UI benefit "trigger" criterion for an ABAWD time-limit waiver (USDA 2012). Thereafter, continuing recovery led to contraction of eligibility, so that by the beginning of FY2017 only 11 states (including Michigan) continued to have a statewide exemption from the ABAWD time limit. Twenty-six (including Georgia and Maryland) had waivers for substate areas; 16 (including Florida, Missouri,

and Texas) had no time-limit waiver at all (USDA 2016a). Evaluation of the impact of time-limit reimposition is complicated by lack of information on timing and state administrative adjustment to the rule requirements.

As of the beginning of FY2017, most other recession-related changes in federal policy and state responses remained in effect (USDA 2017b). Forty states had broad-based categorical eligibility and eliminated the net income test for benefit eligibility. Among the six project states, only Missouri retained narrow categorical eligibility. Thirty-two states exempted all vehicles from asset tests; the remainder exempted at least one.<sup>18</sup>

In sum, beginning in 2000, federal legislation and progressive extension of categorical eligibility by states increased access to food stamp/SNAP benefits for families with children. ARRA increased the size of the benefit for all eligible families and allowed all states to waive time limits on SNAP benefits for adult recipients without children. These changes reduced barriers to, and increased incentives for, SNAP application by households receiving UI payments. The changes positioned SNAP to become a major contributor to the public response to income decline brought about by the Great Recession. While some retrenchment has occurred with respect to ABAWD access, SNAP remains much different, and much more liberal in operation, than in 2000.

## **CASELOAD EVOLUTION**

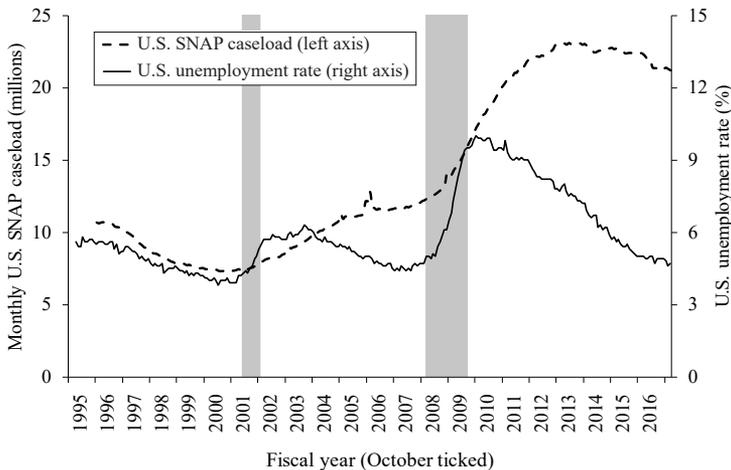
The story told so far describes the supply of assistance. The outcome (program take-up and expenditures) is the product of two things: 1) the character of state management as it evolved in response to changes in federal law and 2) family response to the program as delivered.

## Caseload Development

The policy developments after 2000, the Great Recession, and ARRA transformed the Food Stamp Program, leading to a caseload expansion that has proven remarkably persistent.

Figure 3.10 plots the monthly national SNAP caseload and seasonally adjusted unemployment rate from FY1996 through FY2016. The trend in unemployment is dominated by what might be termed the “Lesser Recession” of 2001 and the Great Recession. The entire time range is usefully divided into four phases. The first is the post-PRWORA decline, which was associated with TANF caseload contraction. The second is the long expansion from 2001 through 2007, which occurred as states promoted SNAP access. The third is the surge from 2008 through 2012, which is associated with the Great Recession and its aftermath. Finally, there is a leveling off—but little decline—beginning in 2013, as the caseload stabilized. This was fol-

**Figure 3.10 The SNAP Caseload, FY1995–FY2016**



NOTE: Gray bars show recessions.

SOURCE: USDA Economic Research Service and Federal Reserve Bank of St. Louis.

lowed by a significant decline in 2015–2016 as the time limits on participation of unemployed ABAWDs were reinstated.

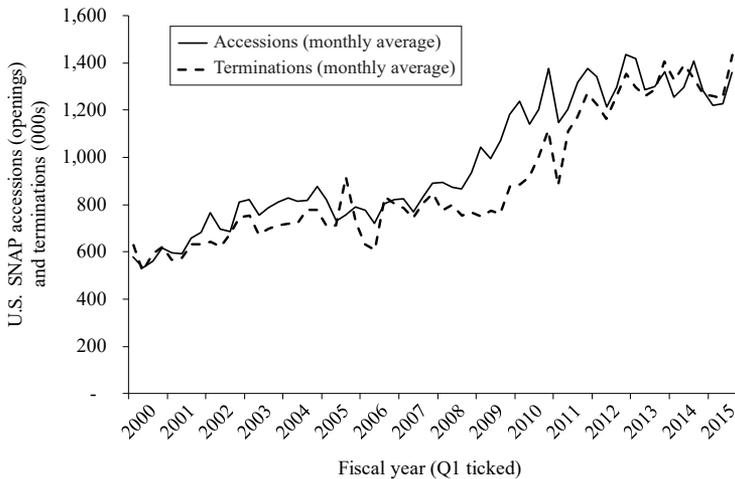
National SNAP data emphasize current case and recipient counts. However, FNS has long conducted, in collaboration with states, a sampling of SNAP cases for quality control. Conducted by state SNAP agencies following a federal protocol, this quality-control sample is designed to produce estimates of state error rates in SNAP eligibility assessment and benefits determination.<sup>19</sup> It is also used to provide detail on caseload composition. Most of the information is collected from direct review of case files, but some participant interviews occur for verification purposes. Sampling is done continuously throughout the year, so that the resulting accumulation supports estimates of characteristics of SNAP recipient units and participants in an average month. The data are systematically reviewed and cleaned by an experienced contractor. While procedures have altered somewhat over time, the changes have not significantly impaired the utility of the sample for cross-year and cross-state comparisons. The result is an analytic administrative data set on participants that is substantially better than anything available for other national social assistance programs such as TANF, SSI, or the EITC.

Of course, the quality-control data have shortcomings. One is the absence of longitudinal information: each observation records the status of a case at a particular month in time—virtually no information is included on case history. Another is that nothing is subsequently added to the one-month quality-control “snapshots” to identify case disposition thereafter. Given the orientation of SNAP toward a unit’s status in the current month, collection of such data is not warranted for administrative purposes. However, quality-control sample records do include a variable identifying the most recent administrative action for a case and the elapsed time since that action occurred. As a result, it is possible to estimate for any month the proportion of units that are “new,” meaning that the most recent action was opening. This sample-based estimate, applied to administrative counts of open cases, provides an estimate of the total number of new cases in the

month. With this estimate of openings in hand, an inventory identity plus monthly data on total participant cases can be used to calculate the number of cases open in the preceding month that subsequently closed. If the caseload is growing, openings must exceed closings. But the same caseload trend can be produced by a variety of combinations of these components, so something can be learned from looking at the components of the change.

Figure 3.11 plots SNAP openings (called *accessions*) and closings (called *terminations*) since roughly the beginning of the second phase of caseload expansion. Because the monthly estimates, based on small samples, are very noisy, the flows presented are quarterly averages of monthly flows. Several features of SNAP dynamics are evident in the graph. Both accession and termination flows are substantial. Over the entire interval, accessions average about 975,000 cases and terminations about 897,000 cases per month. Expressed as a proportion of the caseload, accessions average 7.2 percent and ter-

**Figure 3.11 State SNAP Caseloads, FY 2004—FY2016**



NOTE: Quarterly values represent monthly averages.

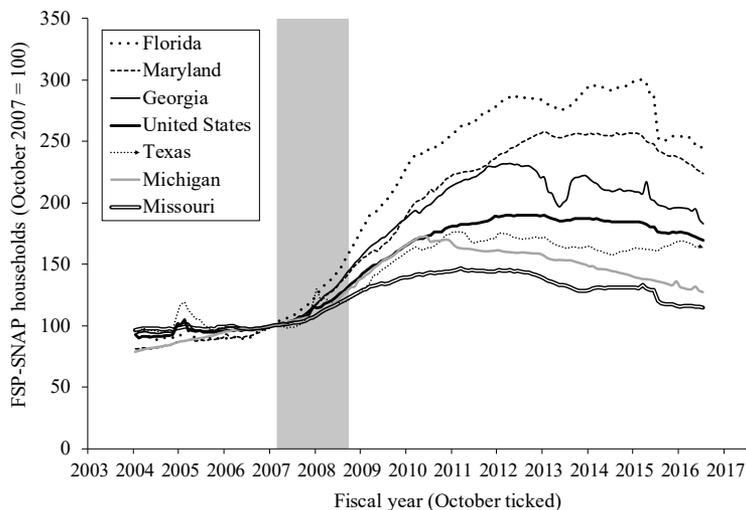
SOURCE: SNAP QC data.

minations 6.6 percent. Second, the caseload surge that began with the Great Recession was the product of an increase in accessions coupled with a near-fixed quarterly rate of closures. Third, by 2012 the monthly flow of cases both on and off was roughly 75 percent greater than was typical in 2007. Absent other changes, the implication is that state administrative costs were now substantially greater—which probably contributed to state enthusiasm for simplification of eligibility determination and review.<sup>20</sup>

### The States

As is virtually always the case, the trends in national aggregates are the summation of quite different experiences across states. This variation is illustrated by SNAP caseloads in the six project states. To assist in trend comparison, Figure 3.12 presents caseload trends for all project states and the United States, normalized on the aver-

**Figure 3.12 State SNAP Caseloads, FY 2004–FY2016**



SOURCE: Food and Nutrition Service public use files.

age monthly caseload in 2007. Missouri has clearly pursued a more restrictive SNAP policy than has Florida. By 2013, caseload growth had stabilized in all project states except Maryland.<sup>21</sup>

## Participation

Growth in state SNAP caseloads can result from several things. The simplest is growth in population. Another is expansion of eligibility within a given population when income loss or change in requirements increases the proportion of the population eligible for benefits. The third is an increase in take-up of benefits within the eligible population.

In principle, estimating SNAP participation is straightforward. One begins with a sample of households that includes sufficient demographic and financial data to identify those eligible for program participation and those currently participating. The participation rate is then the ratio of actual recipients to those estimated to be eligible. The analysis presumably would also provide an estimate of the share of total recipients receiving benefits in error. Such calculations could be done based on either units or people. An alternative is to compare administrative data on receipt (i.e., not from totals inferred from sample data) to sample-based estimates of eligibility.

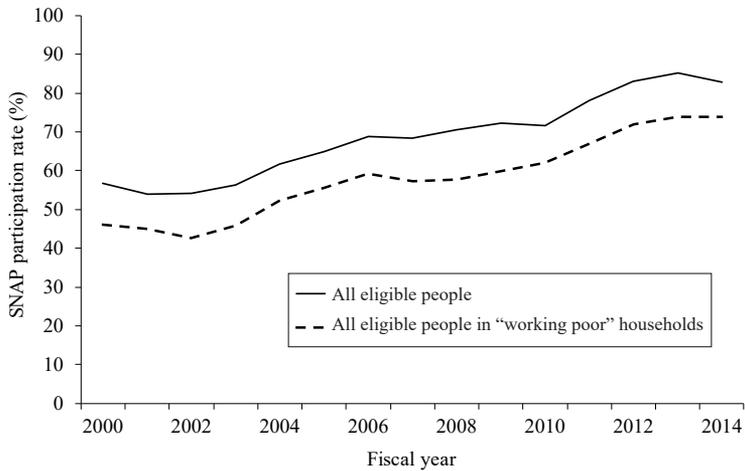
In practice, of course, there are many roadblocks to such estimation, because no available data source is perfectly suited to the task. SNAP eligibility is determined monthly, yet most major national household surveys do not collect monthly income data. In addition, the sample frame for most surveys consists of household (i.e., housing) units, “places intended for occupancy as separate living quarters.” But, as already noted, households can contain multiple potential SNAP units, and the eligibility of individuals can depend on the unit to which they are assigned. Making such judgments using demographic data from surveys is problematic at best. SNAP receipt appears to be significantly underreported in many surveys, so estimates generally use administrative totals for the participation. While use of adminis-

trative data for case counts circumvents the underreporting of participation, the estimation of participation is still clouded by uncertainty about the accuracy of household income reporting.

Not to be daunted, the FNS annually publishes estimates of rates of SNAP participation by eligible persons. The estimates are done by a contractor, Mathematica Policy Research (MPR), using household data from the Annual Social and Economic Supplement of the Current Population Survey (CPS-ASEC). Around March of each year, CPS-ASEC collects data on household composition and incomes for the previous calendar year. MPR translates these data into estimates of the number of months families and other potential recipient units within the household were eligible for SNAP receipt. Administrative totals are compared to the CPS-based count of persons judged eligible, and from this comparison is derived a general participation rate. This is complemented with an estimate of the participation rate for potentially eligible budget units that report earnings—the “working poor.”

MPR’s annual estimates are summarized in Figure 3.13. There have been changes in estimation methodology over time, and some of the difference between the participation estimates for earlier and those for later years may be attributable to such adjustments and not to genuine changes in actual rates of take-up. Nevertheless, the general upward trend in participation rate is likely real. However measured, participation in SNAP is far higher than estimates for SSI and TANF. The Urban Institute estimates that in 2011, only about one-third of families nominally eligible for TANF benefits under the rules applicable in their states of residence received TANF support, compared to upwards of three-quarters for SNAP.<sup>22</sup>

Sample sizes for states in the CPS are in many instances too small to support meaningful state-level estimates of participation. To address this problem, the agency produces estimates of the number of eligible household units (and individuals in eligible household units) by combining CPS data with estimates of potential eligibles derived from other states.<sup>23</sup> Table 3.1 shows estimated participation

**Figure 3.13 Estimated Participation of SNAP Eligibles, 2000–2014**

SOURCE: Eslami 2015; Wolkwitz 2007; Leftin, Eslami, and Strayer 2011; Cunyngnam 2017.

rates for the project states as well as for the United States for three years that overlap the general project window of interest. By 2011, five of the six project states had higher estimated participation than did the United States as a whole (Texas was the exception). But these estimates are subject to substantial sampling error. MPR estimates that the only statistically significant differences in 2011 (at the 0.10 level) are for Texas (the estimate for which was significantly lower than for the other project states) and Michigan (significantly higher) (USDA 2014a). MPR caps the estimates produced by its procedure at 100 percent; as indicated, this occurs for Missouri in 2007 and for Michigan in 2011, 2013, and 2014.

### The Characteristics of SNAP Units

The caseload growth evident for the country in Figure 3.10 and for project states in Figure 3.12 has been accompanied by important

**Table 3.1 Estimated State SNAP Participation Rates, All Eligible Individuals: Selected Years**

	2003	2007	2010	2013	2014
Florida	0.48	0.57	0.74	0.93	0.90
Georgia	0.64	0.63	0.75	0.93	0.89
Maryland	0.49	0.59	0.67	0.90	0.97
Michigan	0.63	0.89	0.94	1.00	1.00
Missouri	0.77	1.00	0.86	0.93	0.86
Texas	0.48	0.55	0.63	0.77	0.73
United States	0.56	0.69	0.72	0.85	0.83

SOURCE: Mathematica Policy Research.

changes in the demographic makeup of the SNAP caseload. The most significant alteration lies in the growing share of the caseload attributable to households with working-age adults without children, many of whom would be, in the absence of rule suspension, subject to benefit limitation if neither at work nor in a training program.

The upward trend in childless cases is evident in Table 3.2, which shows the composition of food stamp/SNAP households in various years. Over the 12-year span, the division of cases between those with only children, those with only elderly (aged 60 and older), and those that include at least one adult participant aged 18 to 59 has changed remarkably little. But within the “with working-age adults” group, the share of cases with children among all SNAP cases has declined by 10 percentage points. Judged by the diversity evident in the table, the combination of extended categorical eligibility, ABAWD waivers, and the Great Recession moved SNAP even closer to being the “universal, national welfare program” the CBO predicted 40 years ago.

### **ABAWDs and the Like**

The work requirement applied to ABAWDs (unless waived) is restricted to adults aged 18 to 49, while Table 3.2 follows common FNS practice of labeling ages 8 to 59 as “working age.” Table 3.3 elaborates on the FY2013 data from Table 3.2 to identify the subset

**Table 3.2 Estimated Proportion of SNAP Monthly Caseload by Unit Composition: Selected Years 2003–2015**

	2003	2007	2010	2013	2015
Total cases (thousands)	8,971	11,563	18,369	22,802	22,293
Child only	0.06	0.06	0.07	0.06	0.06
Elderly only	0.17	0.16	0.14	0.16	0.18
Units with adult(s) 18–59	0.78	0.78	0.79	0.78	0.76
With children	0.48	0.45	0.42	0.38	0.36
Without children	0.29	0.33	0.38	0.40	0.40
“Other” units	0.14	0.17	0.24	0.25	0.25
With adult 18–59	0.10	0.11	0.16	0.17	0.17

NOTE: “Child only,” “Elderly only,” and “Units with adult(s) 18–59” categories are mutually exclusive. “Other units” are the subset of “Units with adult(s) 18–59 without children” that also do not include any elderly or disabled individuals. The “Elderly only” category includes a small number of cases (less than 1 percent) with children.

SOURCE: SNAP annual QC data; author’s tabulation.

of the “Other” category that includes adults aged 18 to 49 and counts the adults. The units and adults that meet this restriction are termed *apparent* ABAWDs and abbreviated as AABAWDs—adults aged 18 to 49 who are living with no children, report no disabilities themselves, and live with no other disabled adults or any elderly person.<sup>24</sup> By this definition, 17 percent of SNAP units in FY2013 included adults who would be subject to the ABAWD time limit if unemployed and not in training and if living in states or counties without time-limit exemption. This is the bottom line of the table.

We can drill further. The count of persons aged 18 to 49 in this “bottom line” group is 4.6 million (the others are aged 50 to 59). These AABAWDS would be excluded from SNAP access only if they are employed fewer than 20 hours a week and have been receiving SNAP for more than three months during the past three years. The quality-control data do not include the information necessary to fully apply this definition. We can assess the proportion employed or reported to be engaged in training. In FY2013, 68 percent of the AABAWDs, 3.1 million adults, were listed as neither employed for at least 20 hours a week nor engaged in training. At best, this number gives a sense of

**Table 3.3 Looking for ABAWDs, FY2013**

	Units (thousands)	Share of units	Adults 18–59 (thousands)	Share of adults 18–59
Total cases	22,802	1.00	21,845	1.00
Child only	1,376	0.06	–	0.00
Elderly only	3,627	0.16	–	0.00
Units with adult(s) 18–59	17,801	0.78	21,845	1.00
With children	8,759	0.38	11,787	0.54
Without children	9,042	0.40	10,058	0.46
“Other” units	5,653	0.25	6,221	0.28
With AABAWD	3,930	0.17	4,759	0.22

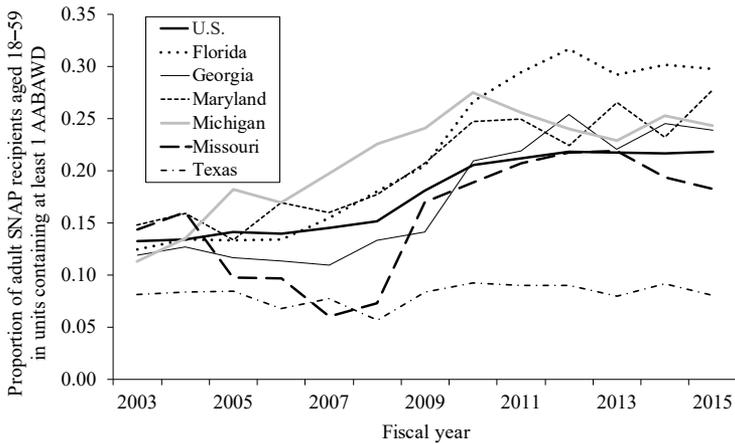
NOTE: “Child only,” “Elderly only,” and “Units with adult(s) 18–59” categories are mutually exclusive. “Other units” are the subset of “Units with adult(s) 18–59 without children” that also do not include any elderly or disabled individuals. The “Elderly only” category includes a small number of cases (less than 1 percent) with children. AABAWD is “apparent able-bodied adults without dependents.” They are adults 18–49 in units with no children, no disabilities, and no elderly coresidents. Total adults here include some aged 50–59 individuals not subject to the ABAWD time limit.

SOURCE: SNAP QC Data 2013.

orders of magnitude in discussions of the potential effect of applying the full ABAWD restriction.

In Figure 3.14, the annual equivalent of the last number in the bottom line of Table 3.3 is plotted by year, from 2003 through 2015, for the United States and for the project states. As would be anticipated from ARRA, the number of SNAP units with AABAWDs jumped substantially in Fiscal Years 2009 and 2010, and that proportion was sustained, at least until state waivers began to expire in FY2015. The general pattern for the United States is replicated for the project states, with the project states’ estimates by the end of the period generally lying above the national proportion. Texas is again an outlier: by 2013, just 8 percent of Texas’s adults were in units that included ABAWDs, compared to 22 percent for the entire nation.

**Figure 3.14 Proportion of Adult SNAP Recipients Aged 18–59 in Units Containing at Least One AABAWD, United States and Project States, FY2003–FY2015**



NOTE: AABAWDs are “apparently able-bodied adults without dependents.” We define this group as adult SNAP recipients aged 18–49 in units with no children, no disabilities, and no elderly recipients.

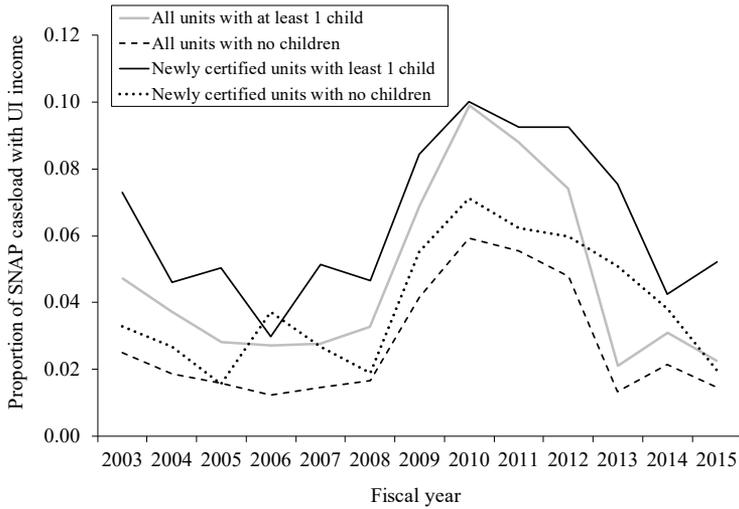
SOURCE: 2003–2015 SNAP QC data.

## Interaction with Unemployment Insurance

There are no national UI administrative data that include information on SNAP utilization by UI recipient households. It is possible to use the SNAP quality-control information to take the opposite perspective and estimate the prevalence of UI receipt among SNAP recipient households. Here again, consideration is limited to cases that include adults aged 18 to 59. Table 3.2 indicates that such cases constitute just slightly above three-quarters of the SNAP caseload.

Figure 3.15 indicates that the Great Recession saw a surge in UI receipt among SNAP recipients. Separate tabulations are reported for all units and for the newly certified, and within these groups for units without children. Across the nation, the prevalence of UI receipt was greatest for newly certified units that include a child. Recall that the

**Figure 3.15 Proportion of SNAP Caseload with Recorded UI Income, FY 2003–2015 (Includes only units with at least 1 person age 18–59)**



SOURCE: FY2003–2015 SNAP QC Data.

recession officially ended in the second quarter of 2009. Nevertheless, the peak for prevalence of UI receipt, both among newly certified units and all units, occurs in the following fiscal year. After that, the tail-off in UI receipt among new cases pulls the overall rates downward.

### The SNAP-UI Households

The SNAP quality-control data provide some justification for the use of a single-parent family with two children for sample calculations in the earlier discussion of SNAP eligibility. Table 3.4 provides more detail on the composition of SNAP recipient households that reported income from UI. In 2009, about one-third of all SNAP households with income from UI had a single parent with children. Thirty-one

**Table 3.4 Proportion of SNAP Households Reporting Current Income from UI by Composition, Average Month, Selected Years 2003–2015**

	2003	2007	2009	2010	2015
Households with children					
Single parent		0.41	0.33	0.33	0.31
Married couple		0.22	0.22	0.19	0.19
Other multiple adult		0.08	0.09	0.10	0.06
Child only		0.01	0.02	0.02	0.02
Households without children	0.24	0.28	0.34	0.36	0.43
Total households receiving SNAP and UI (thousands)	281	202	697	1,227	331
Proportion of total SNAP households	0.03	0.02	0.05	0.07	0.01

SOURCE: SNAP quality control samples.

percent of such households included multiple adults, and two-thirds of this group were households with married or cohabiting couples. Two percent of SNAP-UI households were “child only,” meaning that the family included adult recipients of UI who had incomes that were included in assessment of the children’s need but who were themselves ineligible. The remainder were households without children.

The total number of SNAP households with UI income more than quadrupled between 2003 and 2015, but thereafter the numbers fell precipitously, as indicated by Figure 3.15. This decline was more rapid among households with children than among those without, so that the quality-control data indicate that, by 2015, 43 percent of all the SNAP households that reported UI income included no children. The contraction of unemployment generally and of extended UI benefits caused the share of SNAP cases that reported income from UI to fall to 1 percent. The era of program interaction was over.

### **The Special Role of the Excess Shelter Cost Deduction**

The ESCD is important, especially for families receiving UI benefits.

Table 3.5 shows the prevalence of the ESCD across SNAP households, as well as the proportion of the SNAP benefit received that is attributable to the reduction of net income brought about by the ESCD. Since application of the ESCD is wide and growing—by 2013, over 72 percent of SNAP participant units benefited from it—this deduction has a significant consequence. The bottom portion of the table reports results of a simulation of the consequence for SNAP benefits of eliminating this deduction, all else remaining constant. By 2013, 19 percent of SNAP benefits were attributable to the ESCD.

There is a significant difference in prevalence and amount of ESCD between households with and without income from UI. By 2013, for example, 82 percent of SNAP units with UI income reported excess housing costs, resulting in an increase in benefits to this subgroup of 29 percent, compared to 19 percent for those without UI. This differential has persisted throughout the recession and recovery.

It is likely that units receiving SNAP and UI have higher housing costs than do SNAP recipients without UI, since the UI group's housing costs probably reflect choices, including purchase of a home, made before job loss when their incomes were higher. Unfortunately, the quality-control data do not identify tenure, so it is not possible to investigate the extent to which differentials between units with and without UI are related to differences in the prevalence of homeownership.

As sizable as the ESCD difference is between current UI recipients and others, it is important to keep things in perspective. As the table shows, concurrent UI recipient units are a small subset of all households. What the quality-control data cannot show is how many of the SNAP units without UI income at the time of the quality-control (QC) snapshot have simply exhausted benefits.

### **Broad-Based Categorical Eligibility**

Ostensibly, one of the most significant consequences of broad-based categorical eligibility is the loosening and, in some cases,

**Table 3.5 The Importance of the Excess-Shelter Cost Deduction**

	2005	2007	2009	2011	2013	2014
Total units (monthly)	8,502,615	9,001,244	11,738,020	16,374,692	17,801,241	17,145,432
Proportion with ESCD						
All	0.691	0.704	0.697	0.717	0.722	0.714
With no UI	0.689	0.702	0.694	0.710	0.717	0.711
With UI	0.765	0.752	0.754	0.796	0.821	0.827
Proportion of all units						
With no UI	0.977	0.978	0.943	0.928	0.956	0.974
With UI	0.023	0.022	0.057	0.072	0.044	0.026
Proportion of benefits attributable to ESCD						
All	0.180	0.208	0.179	0.192	0.195	0.210
With no UI	0.179	0.206	0.175	0.185	0.190	0.207
With UI	0.256	0.304	0.256	0.284	0.294	0.331

SOURCE: Calculations by author from SNAP quality control data.

elimination of the gross and net income tests for SNAP eligibility. However, the SNAP quality-control data indicate that this elimination had little significant consequence for the prevalence of (relatively) high-income households in the caseload. Table 3.6 shows a breakdown of 2014 national caseload data for units most likely to be affected—those with adults aged 18 to 59 but no member who is disabled or elderly. Only about 4 percent of units that meet these requirements fail either the net or gross income tests. The same is true for those cases newly opened.

**Table 3.6 Broad-Based Categorical Eligibility and the Income Tests, 2014**

	All units		Newly opened	
	Total	Proportion	Total	Proportion
All units in category	12,425,481	1.00	2,568,510	1.00
Units that pass gross & net income tests	11,961,034	0.96	2,467,099	0.96
Units that passed gross, failed net	6,646	0.00	531	0.00
Units that passed net, failed gross	336,329	0.03	76,904	0.03
Units that fail both net and gross	104,473	0.01	21,581	0.01
Units w/ net income results coded “missing” <sup>a</sup>	16,997	0.00	2,395	0.00

<sup>a</sup> Includes units enrolled under the Minnesota Family Investment Program.

SOURCE: Calculations by author using 2014 SNAP QC data; see text.

Table 3.7 carries the assessment of the proportion of SNAP households that pass both the gross and net income tests (the second line in Table 3.6) backward in time and shows separate results by state. The table’s bottom line, for the United States, indicates that 2012 saw the highest prevalence of (relatively) high-income cases in the caseload, but even this was only 6 percent of the subgroup analyzed. This national aggregate, as always, encompasses substantial variation across states. Georgia, a state with BBCE that retained the

**Table 3.7 Proportion of SNAP Units Passing Both Net and Gross Income Tests, 2004–2015**

	2004	2006	2008	2010	2012	2014	2015
Florida	0.999	1.000	1.000	0.993	0.968	0.953	0.927
Georgia	1.000	1.000	0.999	1.000	1.000	0.991	0.988
Illinois	1.000	1.000	1.000	0.997	0.974	0.997	0.998
Maryland	0.952	0.954	0.954	0.933	0.919	0.900	0.909
Michigan	0.936	0.926	0.926	0.902	0.912	0.958	0.940
Missouri	1.000	0.993	0.993	0.995	0.991	0.995	1.000
Texas	0.968	0.948	0.960	0.924	0.930	0.946	0.906
United States	0.984	0.982	0.981	0.967	0.940	0.963	0.953

NOTE: All units have at least one adult aged 18–59 and no disabled or elderly persons.  
SOURCE: Author’s calculations based on SNAP QC data.

130 percent gross income test, includes no cases having gross income of more than 130 percent of the administrative poverty standard. Maryland and Michigan, in contrast, include the greatest proportion of higher gross-income cases.<sup>25</sup>

The implication of these numbers is that if BBCE makes a difference for the caseload, the effect comes about not because of enhancing the range of earnings consistent with eligibility for SNAP benefits but because of elimination of assets tests and the simplicity of making eligibility depend primarily on ascertaining that a household’s net income is low enough to lead to a positive SNAP payment.

The importance of elimination of the asset tests in the BBCE-related increase in SNAP take-up remains difficult to assess. At least part of the effect may arise in the ambiguities surrounding asset assessment. It is one thing for an applicant to report current income. It is another to catalog and estimate the value of assets. For newcomers to SNAP, the assets language in SNAP application forms in states without BBCE might well be frightening. As late as 2014, the food stamp application (it was still called that) in Missouri asked applicants to “please list any cash, money in bank accounts, stocks, bonds, retirement accounts, settlements from accidents, insurance claims, and lottery winnings” in their possession or the possession of any

other household member. Then the applicant was told that when he/she signed the application, the applicant was “certifying . . . that you understand that information provided on this form and during the interview must be true and accurate.” The applicant then agrees to “authorize the Director of Family Support Division or his/her appointee to investigate my circumstances or statements.” The applicant certifies understanding that “it is against the law to obtain or attempt to obtain food stamp benefits to which I am not entitled.”<sup>26</sup> This of course begs the question of how the applicant would know whether she was entitled before “attempting to obtain” such benefits.

With BBCE as operated in most states, these questions go away. As public understanding of the increased ease of SNAP application grew and was confirmed by the experience of former coworkers and neighbors, a “tipping point” may have been reached in SNAP applications. People in need may have come to realize from the reports of successful applicant families that the burden and uncertainty created by asset disclosure requirements had eased.

## Summary

This largely SNAP quality-control-based study of SNAP evolution during the Great Recession has the following major implications:

- The increase in take-up was indeed remarkable, propelling SNAP to center stage in national income support policy. While take-up grew in all states, however, rates varied substantially. Some of this difference is plausibly due to variation in state policy, a matter to be investigated in subsequent chapters and in review of the literature.
- Estimated participation rates among eligible households increased during the Great Recession, and the increase has been sustained in the recession’s aftermath. This may reflect program outreach, but to some unknown degree it is likely also a product of eliminating or relaxing assets tests through BBCE.

- ABAWDs are a major factor in the Great Recession–related SNAP caseload expansion. A substantial proportion of ABAWDs were, at the time of accession, not working.
- The prevalence of UI receipt among SNAP cases peaked after the Great Recession ended in 2010. It is not possible to say much about the pattern of interaction between receipt of the two benefits leading up to this peak and the falloff thereafter. This, too, is an important target for investigation at the state level.
- The excess shelter-cost deduction is an increasingly important feature of SNAP operation, and it appears to play an important role in the interaction between SNAP and UI.

## **CONCLUSION: LOOKING TO THE STATES, AND THE FUTURE**

Food Stamps began as a late afterthought to the Great Depression, aimed primarily at increasing agricultural incomes rather than sustaining income, consumption, or nutrition among poor households. Over the next 70 years, culminating in its use during the Great Recession, the program effectively became a near-universally available income support system—thus massively increasing its potential for supplementing need-related benefits from other safety-net programs. The extent to which this potential was realized is an important issue, both for understanding what happened during the Great Recession and for finding opportunities to improve SNAP operation in the future.

Judging SNAP success in fulfilling the safety-net supplementary role requires, of course, analyzing its interaction with other safety-net components. In the context of counter-recession assistance, UI has historically been the most important feature of the safety net—and UI expansion was a major part of the national policy response to the Great Recession downturn. The previous chapter in the book complements this chapter’s SNAP overview by providing an overview of

recession-related UI expansion. The data developed for this chapter confirm that families often received benefits from both the SNAP and UI systems. The chapters that follow use data for individual states—as well as state-specific perspectives on the development of SNAP and UI policy at the state level—to take a detailed analytic look, using administrative data, at how these two programs interact to produce the overall picture painted here.

Regarding the future, the effectiveness of SNAP as an instrument of counter-recessionary fiscal policy in the Great Recession is the product of the increase in benefits created by ARRA, the expansion of eligibility of ABAWDs, and promotion of extended categorical eligibility, especially broad-based categorical eligibility. Repetition of this effectiveness in some future downturn turns on the willingness of Congress to again expand benefits, relax restrictions on ABAWDs, and sustain in some way the program changes achieved by states through implementation of BBCE. In many ways, BBCE seems a weak foundation for national policy, since the eligibility it creates turns in many cases on an entitlement generated via brochure. It is easy to imagine someone questioning this subterfuge and proposing reimposition of some form of assets test or income restriction as simply an enhancement of program integrity. Such a change could have substantial effects on access to SNAP support for working families. So we end with a paradox: on the one hand, BBCE has moved SNAP to become the “universal, national welfare program”; on the other, the model remains heavily dependent on the artifice of BBCE rather than logical program design.

## Notes

1. Population figures are from the U.S. Census Bureau. Food stamp/SNAP recipient estimates are based on data from the FY2000 and FY2014 SNAP quality-control sample (discussed later in the chapter). TANF data are from the Office of Family Assistance, Administration for Children and Families, U.S. Department of Health and Human Services. GDP and government consumption figures are from FRED (<https://fred.stlouisfed.org>) and the Commerce Department's Bureau of Economic Analysis.
2. Here, as elsewhere in the book, reference to the timing of the Great Recession is based on the National Bureau of Economic Research's chronology, which puts the start of the downturn at December 2007 and the end of the contraction at June 2009. In some instances, timing is identified by quarter—i.e., from FY2008:Q1 to FY2009:Q3. See <http://www.nber.org/cycles.html>.
3. Except where otherwise noted, the summary of SNAP history that follows draws on Coppock (1947), McDonald (1977), and USDA (2014b, 1941).
4. The September 26, 1939, *New York Times* reported that the blue-stamp-eligible surplus commodities list effective for the following month included butter, eggs, raisins, apples, pork lard, dried prunes, onions (except green onions), dry beans, fresh pears, fresh snap beans, wheat flour and whole wheat flour, and corn meal. Raisins, apples, pork lard, and snap beans appeared on the list for the first time. Foods removed from the surplus list effective October 1 included cabbages, fresh peaches, fresh tomatoes, rice, and fresh green peas. Cited in Simon (2010).
5. Amendments to the Agricultural Trade Development and Assistance Act of 1954, Sec. 11, Pub. L. No. 86-341, 68 Stat. 454 (1959).
6. Food Stamp Act of 1964, Pub. L. No. 88-525, 78 Stat. 703 (1964).
7. Food Stamp Act of 1964, Sec. 5(b).
8. Amendments to the Food Stamp Act of 1964, Pub. L. No. 91-671, 84 Stat. 2048–2052 (1971).
9. A bit of perspective: the proposed FAP “guarantee” in updated dollars exceeded the 2014 TANF benefit in all states save Alaska, California, and New York (Cohen et al. 2016, Table II.A.4). The best reflections on the episode are in Burke and Burke (1974) and Moynihan (1973).
10. The poverty “guidelines” are an administrative variant of the national income standard for identifying families in poverty. This measure was first introduced in the early 1960s and has continued, with inflation

adjustment and other minor adjustments, to the present. The poverty standard varies by family size and composition. A family is officially poor if its pretax, postcash assistance income falls below the standard. The official standard has long been criticized for, among many other things, failing to include food stamp benefits in the income measure. Unemployment benefits are included as income.

11. 65 Fed. Reg. 70198, amending 7 C.F.R. 273.2(j) (Nov. 21, 2000).
12. A complete listing of these reports is available at USDA (2019).
13. “A [census] household consists of all people who occupy a housing unit regardless of relationship” (U.S. Census Bureau 2016).
14. Figure 3.1 is based on data from the FNS State Options reports (see note 12), two separately funded studies of state policy (Laird and Trippe 2014; Trippe and Gillooly 2010), and a recent report from the Congressional Research Service (Falk and Aussenberg 2018). Where possible, the data are intended to describe state policy at the end of the indicated fiscal year, but in some cases the timing is difficult to ascertain.
15. Of course, other compositions could be used for reference, and in the discussions that follow some alternatives are considered when useful. But the issues raised generally apply to all SNAP units with children. Actual household composition for SNAP recipients with income from UI is discussed later in the chapter.
16. Methods for calculating utility expenses vary by state. Most states use a standard utility allowance (SUA), which applies for all units that pay at least their heating and cooling costs, instead of calculating exact utility costs. For example, in Michigan in 2009, the SUA was \$550 per month. For units that do not pay their heating and cooling costs, specific deductions, such as water and telephone bills, are calculated. Units that receive help from the Low-Income Home Energy Assistance Program (LIHEAP) are automatically eligible for the SUA, regardless of their utility costs. For more information, see Holleyman, Beggs, and Fox (2017).
17. Technically, categorical eligibility would require that the family receive some TANF-funded service or simply be put on notice that the family was eligible for some TANF-funded service, however trivial (Falk and Aussenberg 2018). In the Michigan case, the “service” provided was information about the Domestic Violence Prevention Service, which was included in the SNAP application (Laird and Trippe 2014, Appendix A).
18. These numbers are from the FNS SNAP web page on eligibility (USDA 2017c). The FNS counts include Guam and the Virgin Islands as “states” and no longer provide details on vehicle exemption policies by state.

19. There is evidence that in recent years, some states have altered financial details for some households included in the quality-control sample to reduce estimated error rates. There is no indication that these actions have affected the demographic data, and the interventions do not appear sufficiently large to affect conclusions drawn later in this paper. See USDA (2017a).
20. The administrative data for caseloads count only units that have received benefits during the month. Some of this turnover is probably the result of administrative “churning,” in which units that have benefits suspended in a month are counted as closures, even if benefit payment is resumed in the next month (Mills et al. 2014). Such terminations are generally not genuine departures from assistance in the sense that regaining benefits requires a full reassessment of eligibility. Given the definition of case opening used in constructing Figure 3.11, the exaggeration of “real” terminations by the inventory estimation procedure is diminished, because in any month, temporary loss of cases through payment suspension is offset by the number of cases now returned to the count following compliance—an action not counted as an accession.
21. The downturn in Georgia’s caseload in 2014—outside the analysis window for this book—is the result of administrative problems created by, among other things, flawed implementation of a major expansion of its social-services-management information system. Downturns in Georgia and other states—notably Florida—three months after the beginning of FY2015 reflect expiration of waivers for the three-month time limit for unemployed ABAWDs.
22. See DHHS (2014), p. II–17. These participation estimates are done on a unit basis, not an individual basis as is done for SNAP in Figure 3.13. The comparable SNAP unit participation rate for 2011 is 81.8 percent, compared to 78.0 percent for individuals.
23. The estimates are Bayesian in the sense that the predicted numbers of eligible families derived from earlier years’ and other states’ data are used to form a “prior” estimate of numbers of eligible units; this is combined with CPS results to produce, across states, the best “posterior” fit for the current year. The procedure yields estimates of precision that can be used to judge the significance of differences in estimated outcomes across states.
24. The SNAP quality-control questionnaire includes a variable for ABAWD designation, but it is clear from the data that states were uncertain, at least in prior years, about identification.
25. Here, again, it is important to retain perspective. The quality-control data cover current receipt, not situation on entry. It is possible that the elimination of the gross income test does result in greater case in-flow,

but once receipt is established, units reduce earnings so that income falls to the point of not being counted in Table 3.6 and Table 3.7. We lack data on situation at application.

26. Missouri Department of Social Services, Family Support Division, Application for Food Stamp Benefits. Form MO 886-0460 (05/14).

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