

**Testimony of
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on the subject of “Nutrition Programs: Perspectives for the 2018 Farm Bill”
before the U.S. Senate Committee on Agriculture, Nutrition and Forestry
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Chairman Roberts, Ranking Member Stabenow, and Members of the Committee:

Thank you for the opportunity to appear before you today at this hearing on nutrition programs in advance of the 2018 Farm Bill.

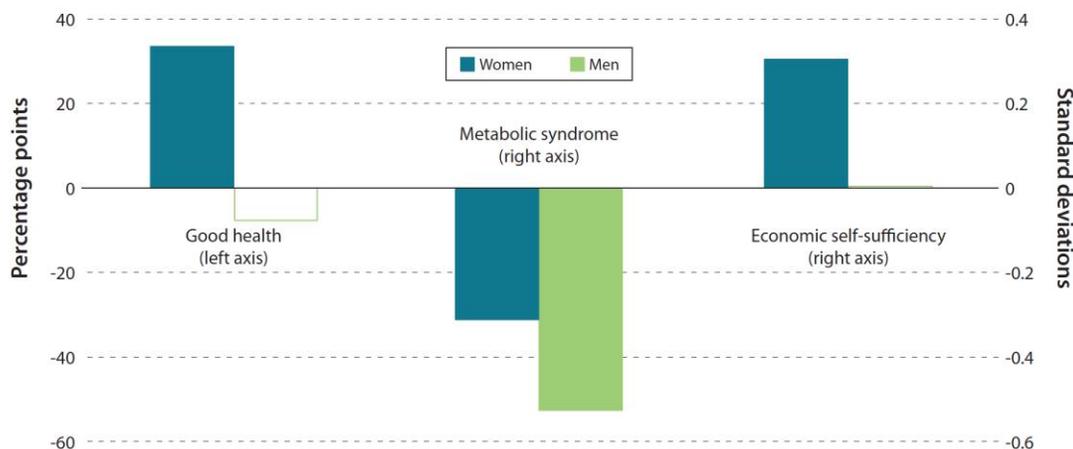
My name is Diane Schanzenbach, I am Director of the Institute for Policy Research at Northwestern University, where I am also the Margaret Walker Alexander Professor of Social Policy and Economics. For the past two decades, I have conducted and published numerous peer-reviewed research studies and book chapters on SNAP. I also study childhood obesity, food consumption, and food insecurity. I recently served as a member of the Institute of Medicine’s Committee on Examination of the Adequacy of Food Resources and SNAP Allotments. My testimony today draws primarily from research that I have conducted or reviewed that considers the role of SNAP and other influences on food consumption, food insecurity, and economic well-being.

SNAP is a highly efficient and effective program, designed to work through the normal channels of trade by supplementing the cash resources that a family has to purchase food, so that between SNAP and their other income they can afford to buy a sufficient diet. Average monthly benefits in 2016 amounted to \$255 per household, or \$126 per person—which come to about \$4.20 per person per day. SNAP kept 8.4 million people out of poverty in 2014 (the most recent data available), including 3.8 million children. It also lifted 2.1 million children out of deep poverty (Sherman & Trisi, 2015). SNAP is efficiently targeted to families who need benefits the most, reduces the likelihood that families have trouble affording food, and serves as an automatic fiscal stabilizer in times of economic downturns. SNAP also offers vital long-term benefits to children. Research has shown that SNAP provides key benefits across people’s lives, boosting health and self-sufficiency outcomes. Recent research that I conducted found that those who had access to SNAP benefits as children were more likely to graduate from high school and grew up to be healthier; women in particular were more likely to become economically self-sufficient due to childhood access to SNAP benefits, as shown in Figure 1.

Figure 1.

Impact of access to food stamps during early life on adult health and economic outcomes

Access to food stamps in early life improves health outcomes in men and women and economic self-sufficiency in women later in life.



Sources: Hoynes, Schanzenbach, and Almond 2016.

Note: Hollowed bars are not statistically significant.



A key reason for SNAP’s success is that it relies on the private sector to provide efficient access to food through grocery stores and other retail outlets. The program’s reliance on the free market system has been a critical feature of SNAP from the beginning.

Characteristics of SNAP participants

SNAP serves a diverse caseload. The overwhelming majority of individuals who participate—nearly 80 percent in 2015—are children, seniors age 60 or older, disabled, or working adults. Overall, about 32 percent of households had earned income in 2015, a rate that has consistently climbed over the past two decades. Among SNAP households without elderly or disabled members, at least one adult is employed in more than 60 percent of households with children, and there is no evidence that SNAP has a sizeable negative impact on employment. Some 22 percent of recipient households report having no cash income.

Impacts of SNAP on the economy

SNAP provides many benefits to both individuals and society. It benefits the wider economy by providing an effective economic stimulus in difficult economic times, and by also ensuring that recipients preserve their ability to buy food. By design, SNAP can very quickly adapt to economic downturns. As more households become eligible for the program—for example, due to job loss—they can be quickly enrolled, with total program outlays automatically increasing along with need. SNAP payments and caseloads increased in the wake of the Great Recession, but have been falling since their peak at the end of 2012, with the Congressional Budget Office predicting further declines in the coming years in response to a strengthening economy (Rosenbaum, 2017).

SNAP has an important stimulus impact on the economy. Its recipients quickly spend the benefits, providing a relatively rapid fiscal stimulus to the local economy including the retail, wholesale, and transportation systems that deliver the food purchased. The USDA estimates that every \$5 in new SNAP benefits generates as much as \$9 of economic activity. This translates into almost 10,000 jobs from \$1 billion dollars in total SNAP spending (Hanson, 2010). Alan Blinder and Mark Zandi (2015) have found that Congress' authorization of a temporary SNAP increase during the Great Recession had a larger fiscal stimulus impact than any other potential spending increase or tax-cut policy.

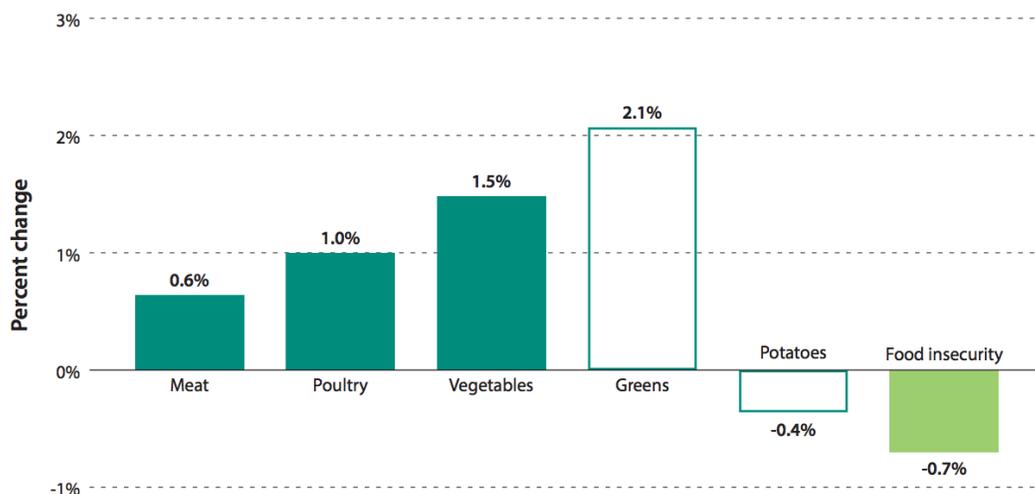
SNAP's entitlement structure, therefore, is one of its greatest strengths. Block granting or otherwise capping the program would fundamentally undermine its stabilizing impact on the macro-economy. If the program does not automatically expand during economic downturns, some families who would normally be eligible during such downturns might not receive benefits. Even though Congress could allocate additional resources in times of economic need, this would necessarily come with delays, reducing our nation's ability to quickly stimulate the economy and help lower-income Americans who are particularly vulnerable at such times.

SNAP Improves Diets

One of SNAP's primary benefits is that it provides consumption insurance for families who experience temporary economic setbacks. By increasing resources available to purchase food, SNAP increases food spending, lifts millions of people out of poverty, reduces food insecurity, and improves both the quantity and the quality of foods purchased. When families receive SNAP, they are able to buy more nutritious foods they otherwise could not afford. A recent study found that a monthly \$30 increase in SNAP benefits would increase participants' consumption of nutritious foods such as vegetables and healthy proteins, while reducing food insecurity and fast-food consumption, as shown in Figure 2 below (Anderson & Butcher, 2016).

Similar impacts were found in a randomized-controlled trial of a Summer Electronic Benefits Transfer (EBT) program that gave families \$60 per month in benefits per eligible child during the summer months to offset the loss of school meals. The study found that those children assigned to receive additional benefits improved their diets, consuming more fruits, vegetables, whole grains, and dairy products, and fewer sugar-sweetened beverages (Gordon et al., 2016).

Figure 2.
 Estimated Impact of a \$30 Increase in Monthly Per Capita SNAP Benefits



Source: Anderson and Butcher 2016.

Note: Percentages for the dark green bars represent change in consumption. Food insecurity is defined as having difficulty at some time during the year providing enough food for all household members due to a lack of resources. The hollowed bars are not statistically significant.



Long-term benefits from SNAP

Recent research has documented important benefits of SNAP beyond the short-term “in the moment” reductions in poverty and food insecurity. **SNAP is a very good investment that helps prevent lasting negative effects of inadequate childhood resources, demonstrably improving children’s health in the short, medium, and long run, and their economic outcomes in the long run.**

A series of papers that I coauthored with Hilary Hoynes and Douglas Almond studied birth cohorts that had differential access to SNAP—then called the food stamp program—when they were in utero and during their childhoods. Congress phased in the program across different counties over the span of a decade, which provides the opportunity to statistically isolate the program’s impact by comparing children born at different times—and living in different counties in the same states—during the rollout period.

We find that when a pregnant woman had access to the program during her third trimester, her baby not only weighed more at birth, but the newborn was also less likely to weigh below the clinical threshold of low birth weight. (A child that has a weight below this clinical threshold is more likely to encounter health and development problems.) The improvements seen from SNAP were largest among the babies with the lowest birth weight, and in counties with the highest poverty rates (Almond, Hoynes and Schanzenbach, 2011).

Subsequently, we were able to directly investigate the impact of access to the program on a host of adult economic and health outcomes for individuals who had differential access to the Food Stamp Program during their childhoods in the 1960s and 1970s. We found that adult

health—measured as an index comprising obesity, high blood pressure, diabetes, and other measures associated with metabolic syndrome—was markedly improved if the individual had access to the safety net during childhood. **Food stamp access increased the high school graduation rate by 18 percentage points.** Looking at a broader range of economic and education outcomes, among women food stamp access improved an index of adult economic outcomes including higher earnings and educational attainment, and reduced the likelihood that they would become reliant on the safety net during adulthood. In other words, in households with young children, SNAP is not a “welfare trap.” Instead, it is the opposite: By providing critical benefits to children at important stages of their development, it apparently allows them to invest in the skills that, in turn, will enable them to escape poverty when they grow up (Hoynes, Schanzenbach, and Almond, 2016).

Analysis of potential reforms to SNAP eligibility

SNAP is effective, and it would be even more effective if the benefit were better aligned with families’ needs. Today, food preparation is dramatically different from when SNAP was introduced. High-quality prepared and convenience foods—pre-washed bagged salads, cleaned baby carrots, rotisserie chickens, etc.—have helped reduce the time it takes to prepare meals, and has helped drive a shift in time use (especially among women) away from food preparation and towards other productive activities, such as nurturing children and paid employment. SNAP benefits, however, are based on an increasingly outdated formula that assumes that household recipients can allocate a substantial amount of time to prepare meals from scratch (Ziliak, 2016). Evidence suggests that even a modest, \$30-per-month increase in SNAP benefits would improve dietary quality and reduce food insecurity.

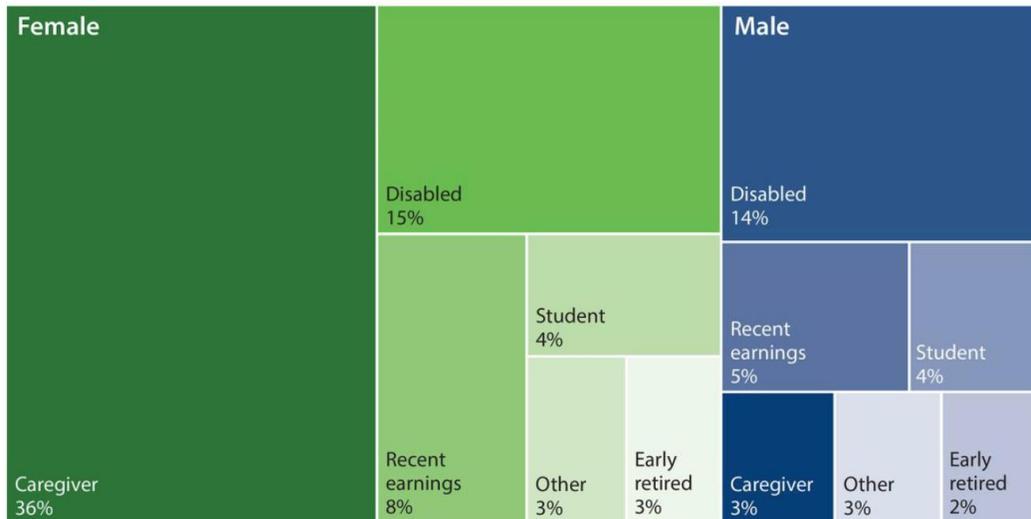
SNAP could use market-based policies to encourage participants to consume a healthier diet. Over the past decade, fresh fruits and vegetables have become relatively more expensive compared with foods considered less healthy. In response, market-based policies can increase the affordability of healthy foods and provide incentives for SNAP participants to purchase them. One approach that merits further consideration is the USDA’s randomized controlled pilot trial of the Healthy Incentives Pilot in Massachusetts. This pilot program gave SNAP recipients an immediate 30-cent rebate for every dollar they spent on a narrowly defined group of fruits and vegetables. **In response to this price rebate, consumption of the targeted healthy foods increased by 25 percent.** In recent years, many other incentive strategies have been funded through the Food Insecurity Nutrition Incentive (FINI) program authorized by the 2014 Farm Bill. For example, some programs have allowed SNAP participants to double their food dollars for purchases of fruits and vegetables at farmers’ markets and grocery stores. To date, these programs have been successful. Exploring ways to replicate or scale these types of programs nationally would provide a constructive and effective path forward toward increasing healthy food consumption by SNAP recipients.

Research has documented the importance of adequate nutrition in early life on later-life health and economic outcomes. However, WIC participation rates are quite low among children; while 84 percent of eligible infants participate in WIC, the share drops to 33 percent by age 4. All pregnant and postpartum women, infants, and toddlers on SNAP are automatically eligible for

WIC. Measuring and establishing performance metrics for cross-enrollment of eligible SNAP participants into WIC, similar to the performance metrics for the National School Lunch Program, would turn needed attention to serving this important and vulnerable group.

With recent declines in our nation’s labor force participation rates, I expect that there will be a lot of discussion at this hearing about work and those who are not employed. I want to call your attention to a recent report I did on why prime-age Americans are not participating in the labor force. In 2016, more than 70 percent of labor force nonparticipants reported that caregiving, disability, or early retirement kept them out of the labor force, as shown in Figure 3 below. Another 13 percent were not in these categories but had recent earnings, indicating that they had been employed at some point during the previous year (Schanzenbach, Bauer, Nunn, and Mumford, 2017).

Figure 3.
Classification of Reasons for Prime-Age Nonparticipation, by Gender



Source: Current Population Survey Annual Social and Economic Supplement, Bureau of Labor Statistics 2016 and authors' calculations.

As an economist, I am deeply concerned about those who quit looking for work and drop out of the labor force, and in particular, about those in this group with low levels of education. However, reforms to SNAP are likely not the means to solve this problem. **Using SNAP as leverage to motivate this group to work would not address their barriers to work and could even be harmful.** While SNAP might be a good venue to identify and connect nonparticipants to job training, placement, and other forms of assistance, this should be done in a way that preserves their access to food benefits.

Some discussion has taken place about further restricting benefit eligibility for so-called “ABAWDs” (Able-Bodied Adults Without Dependents), or those who are not elderly or disabled, and are not living with children. In 2015, approximately 10 percent of individuals receiving SNAP fell into this category. Typically located in one-person households, ABAWDs are eligible for modest benefits, with a maximum benefit amount of just under \$200 per month and average benefits of approximately \$160 per month, or \$5.30 per day. If an individual’s only resources come from SNAP, the maximum benefit level allows them to consume at a level equal to 20 percent of the poverty threshold. **In most of the United States, SNAP is the only safety net program available to ABAWDs** (Rosenbaum, 2013). **Many of those subject to the time limit face substantial barriers to employment, including low levels of education and criminal records** (Bolen & Dean, 2017).

In normal economic times, ABAWDs face strict time-limit requirements—they are allowed only 3 months of eligibility for SNAP unless the recipient is employed for at least 20 hours per week or is engaged in a workfare or training activity (not including job search). States are not required to offer a job or training program to individuals subject to the SNAP time limit, and the law limits the characteristics of training programs that a state can provide. As a result, the requirements are mismatched, not adequately meeting needs of the population to be served. The rule is also administratively complex, and one of SNAP’s most error-prone aspects (Bolen & Dean, 2017).

States are currently permitted to apply for temporary waivers to the time-limit rules in areas where it can be demonstrated that not enough jobs are available. States qualify for a waiver in all or part of their state under the following conditions:

- they have eligibility for extended unemployment insurance benefits;
- they had a recent unemployment rate above 10 percent;
- they had a recent 24-month period during which the average unemployment rate was elevated 20 percent above the national unemployment rate during the same time;
- or the U.S. Department of Labor designates the area as a Labor Surplus Area.

Waivers are typically granted for one year.

The option to pursue temporary waivers to the 3-month time limit in unfavorable economic conditions is an important design feature of SNAP, enabling the program to respond quickly to sharp economic downturns and provide automatic countercyclical government spending. It does not, however, address the problem these individuals can have finding stable employment

in areas of low unemployment. Individuals with limited education, health issues, etc., can struggle to find and maintain consistently 20 hours a week of employment.

A related problem is the limited funding for job training programs and the narrow definition of allowable work; the requirement that job training programs last 20 hours per week under the rule limits states' flexibility on how to engage their caseload in work activities when time limits are not waived. As a result, when waivers are not in place the rules might undermine states' abilities to craft work requirements that are tailored to their needs—including local economic conditions and available education and job training programs. **A more robust investment in the SNAP employment and training program for ABAWDs would support states' efforts to move more participants into the workforce.** Ideally, this would be coupled with an easing of the time limit, such as redefining eligibility to 6 months out of 12—which passed out of this Committee in its 2002 and 2008 Farm Bill proposals. This would give individuals more time to find a job and to experience a month or two of employment with less than 80 hours of work per month without losing access to food benefits. The 2013 Farm Bill authorized 10 employment and training pilots to test new approaches to job training. At least two of these pilots are for individuals subject to the time limit. These pilots will offer meaningful evidence to this Committee, and they should inform your consideration of new options to assist this very poor population.

Make Federal investments in reducing fraud and error

Two recent innovations have been successful at further improving the program's fidelity, and merit expansion.

First, the National Accuracy Clearinghouse (NAC) now monitors for dual SNAP enrollment across multiple states. Dual enrollment might occur, for example, if parents living in different states and sharing custody each claim the same children on their SNAP application, or if a participating family moves across state lines, enrolls in SNAP in the new state but fails to discontinue enrollment from the prior state. The NAC established a shared cross-state database of SNAP eligibility, updated daily, to monitor dual enrollment. The Committee might want to consider the impacts of expanding this initiative.

Second, providing access to the “work number” service, which provides real-time data on employment and wages, can be used for data verification. Currently, states must purchase the service (although since the Federal government matches the state's administrative costs, it already pays for half of the total cost of accessing the service). Not all states currently participate, but Federal support for the service would expand its use. In addition, the Federal government already provides states access to the service for their Medicaid programs. Federal support for purchasing the service through Medicaid could be offered to states for SNAP, reducing total costs to the programs.

Conclusions

Strengthening SNAP and reducing food insecurity in the more than 22 million U.S. households that receive nutritional assistance on a monthly basis is a smart public investment that will improve both public health and economic growth.

Thank you, and I look forward to answering any questions you might have.

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