

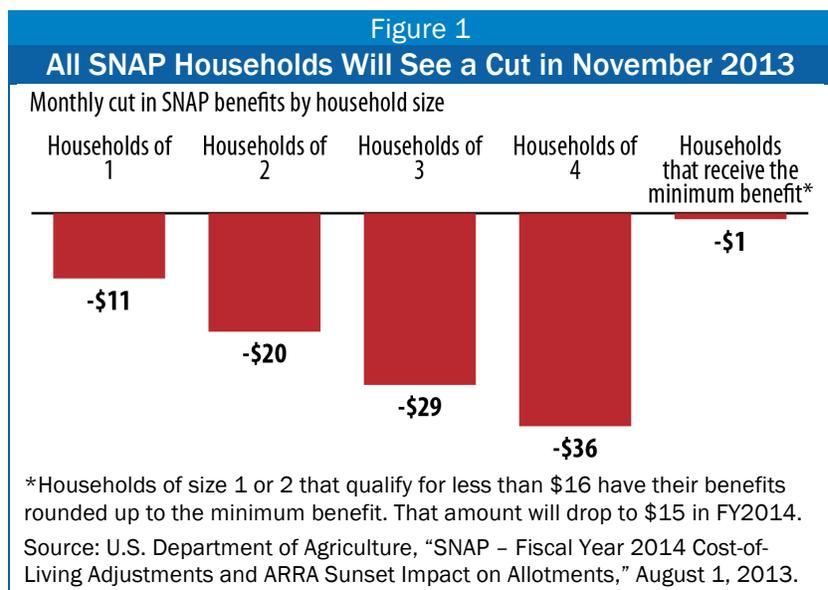
January 9, 2014: We have updated this paper to accurately reflect that SNAP participants in Hawaii did not experience a decrease in benefits.

Revised August 2, 2013

SNAP Benefits Will Be Cut for Nearly All Participants In November 2013

By Stacy Dean and Dorothy Rosenbaum¹

The 2009 Recovery Act’s temporary boost to Supplemental Nutrition Assistance Program (SNAP) benefits is scheduled to end on November 1, 2013, resulting in a benefit cut for nearly every SNAP household.² For families of three, the cut will be \$29 a month — a total of \$319 for November 2013 through September 2014, the remaining months of fiscal year 2014.³ That’s a serious loss, especially in light of the very low amount of basic SNAP benefits. Without the Recovery



¹ Art Foley, a consultant to the Center on Budget and Policy Priorities, assisted with the preparation of this paper.

² We updated this paper on January 9, 2014 to accurately reflect that SNAP participants in Hawaii did not experience a decrease in benefits. The U.S. Agriculture Department sets SNAP benefits for Alaska, Hawaii, Guam, and the Virgin Islands differently from the rest of the United States because the cost of food is different in these areas. Hawaii’s Thrifty Food Plan exceeded the Recovery Act levels beginning in fiscal year 2013, and therefore its SNAP benefits were already set higher than Recovery Act levels. Earlier versions of this paper incorrectly estimated that SNAP recipients in Hawaii would see a benefit cut. SNAP households in Alaska, Guam, and the Virgin Islands experienced a benefit cut in November 2013 that was the same in proportional terms, but slightly different in dollar terms, from the cut in the 48 other states and the District of Columbia.

³ The cut is larger than we estimated in the May 2013 version of this paper. The earlier estimate (of about \$20 to \$25 a month for a family of 3) was based on the Congressional Budget Office food inflation forecast of 2.5 percent. Food inflation turned out to be lower over the last year, at 0.7 percent, which results in a larger cut.

Act's boost, SNAP benefits will average less than \$1.40 per person per meal in 2014. (See Table 2 for estimates of the size of the SNAP cut in each state in fiscal year 2014.) Nationally, the total cut is estimated to be \$5 billion in fiscal year 2014.

It seems unlikely that Congress will enact legislation to remedy this problem, as President Obama and some members of Congress have proposed. Consequently, states need to prepare for the benefit cuts — including determining how they will provide information about the upcoming benefit reduction to participating households and other stakeholders as well as how to manage increased client inquiries when the cut takes effect.

Background on the Benefit Cut

In response to the economic downturn, the American Recovery and Reinvestment Act of 2009 (ARRA) increased Supplemental Nutrition Assistance Program (SNAP) benefits across the board as a way of delivering high “bang-for-the-buck” economic stimulus and easing hardship. ARRA increased SNAP maximum monthly benefits by 13.6 percent beginning in April 2009.⁴ Benefits increased for all participating households and by the same amount by household size (except for those households that qualified for the minimum benefit) in 2009. For example, for a one-person household, the added benefit was \$24 a month; for two persons, it was \$44 a month; for three persons, it was \$63 a month; and for four persons, it was \$80 a month. The minimum benefit (which is available to eligible one- and two-person households that otherwise qualify for a small benefit or no benefit) rose from \$14 to \$16. Because households that receive less than the maximum benefit received the same fixed dollar increase, the increase to *average* benefits was larger in percentage terms: about 20 percent.

ARRA provided that SNAP benefit levels would continue at the new higher amount until the program's regular annual inflation adjustments to the maximum SNAP benefit exceeded those set by ARRA. The maximum SNAP benefit levels for each household size, which are set each October 1, are equal to the cost of the Thrifty Food Plan (TFP) from the preceding June scaled to each household size. The TFP is the cost of U.S. Department of Agriculture's (USDA) food plan for a family of four to purchase and prepare a bare-bones diet at home.⁵ At the time ARRA was enacted, food price inflation was expected to be high and the TFP cost was expected to exceed the ARRA level in fiscal year 2014. Food price inflation, however, turned out to be *lower* than expected over the 2009 to 2013 period, resulting in the pushing out of the date that the TFP was expected to exceed the ARRA level.⁶

In August 2010, Congress passed and the President signed P.L. 111-226, which accelerated the sunset of the ARRA benefit increase to April 2014 and used the estimated savings to provide additional federal funding for education jobs and maintaining a higher federal match for Medicaid

⁴ SNAP benefits are based on the cost of the most economical U.S. Agriculture Department (USDA) food plan (known as the Thrifty Food Plan) for a four-person family with a couple aged 19-50 years and two children aged 6-8 and 9-11 years. The cost of the June plan is used for maximum benefits during the following fiscal year. Maximum benefits for other household sizes are adjusted for economies of scale.

⁵ USDA posts the Thrifty Food Plan costs each month at: <http://www.cnpp.usda.gov/USDAFoodCost-Home.htm>.

⁶ The TFP *declined* slightly in June 2009 and in June 2010 compared to the prior year (-0.8 percent in June 2009 and -0.1 percent in June 2010) before growing by 5.0 percent and 2.6 percent in the following two years and by 0.7 percent in the most recent year.

costs. Four months later, the Healthy Hunger-Free Kids Act (P.L. 111-296), which reauthorized Child Nutrition programs, further accelerated the sunset date of ARRA to October 31, 2013, to offset the cost of the legislation. As a result, beginning on November 1, 2013, SNAP benefit levels will be based on the cost of the June 2013 TFP, which is lower than the ARRA levels.

On August 1, 2013 USDA published the June 2013 TFP — \$632 — a \$36 decrease from the current maximum monthly benefit for a family of four under ARRA. (See Table 1 for an estimate of the benefit cut by household size.)⁷ This significant benefit cut will likely cause hardship for many households.⁸ The total size of the cut will be approximately \$5 billion in fiscal year 2014 and, based on the Congressional Budget Office’s May 2013 projections for food inflation in coming years, an additional \$6 billion across fiscal years 2015 and 2016.

Table 1				
SNAP Cut by Household Size Beginning November 2013				
	ARRA Maximum Benefits Through Oct. 2013	Maximum Benefits Beginning Nov. 2013	Monthly Cut	Total Cut FY 2014
Household of 1	\$200	\$189	-\$11	-\$121
Household of 2	\$367	\$347	-\$20	-\$220
Household of 3	\$526	\$497	-\$29	-\$319
Household of 4	\$668	\$632	-\$36	-\$396

Source: U.S. Department of Agriculture, “SNAP – Fiscal Year 2014 Cost-of-Living Adjustments and ARRA Sunset Impact on Allotments,” August 1, 2013.

The cuts are especially painful in light of the inadequacy of existing benefit levels. In a report issued by the Institute of Medicine and the National Research Council, nutrition experts identified several shortcomings with the current SNAP benefit allotment; noted that most household benefit levels are based on unrealistic assumptions about the cost of food, time preparation, and access to grocery stores; and recommended evaluating ways of changing the benefit calculation to better ensure that households have enough resources to purchase an adequate diet.⁹

SNAP has never experienced a reduction in benefit levels that affected all participants.¹⁰ There have been some cuts in specific states, but these cuts have not typically been as large or affected as many people as what will occur this November.¹¹

⁷ On August 1, 2013, USDA’s Food and Nutrition Service published the SNAP maximum benefit levels for each household size to go into effect in November. Cost of living adjustments for certain other SNAP benefit rules will go into effect at the beginning of fiscal year 2014 in October. The USDA memo can be found here: <http://www.fns.usda.gov/snap/government/cola.htm>.

⁸ A small number of households with three or more members that receive small SNAP benefits will lose benefits altogether.

⁹ IOM (Institute of Medicine) and NRC (National Research Council), 2013, Supplemental Nutrition Assistance Program: Examining the Evidence to Define Benefit Adequacy, The National Academy Press, <http://www.iom.edu/Reports/2013/Supplemental-Nutrition-Assistance-Program-Examining-the-Evidence-to-Define-Benefit-Adequacy.aspx>.

¹⁰ The 1996 welfare reform law lowered the maximum benefit from 103 percent to 100 percent of the TFP and froze the level of the standard and shelter deductions, which could have resulted in a nationwide across-the-board benefits cut. Because food inflation was almost 4 percent that year, the level of maximum benefits still rose slightly and SNAP

Benefit Cuts Will Increase Hardship and Food Insecurity

These cuts will likely cause hardship for some SNAP participants, who will include 22 million children in 2014 (10 million of whom live in “deep poverty,” with family incomes below *half* of the poverty line) and 9 million people who are elderly or have a serious disability. Cutting these households’ benefits will reduce their ability to purchase food. This cut will be the equivalent of taking away 21 meals per month for a family of four, or 16 meals for a family of three, based on calculations using the \$1.70 to \$2 per meal provided for in the Thrifty Food Plan. USDA research has found that the Recovery Act’s benefit boost cut the number of households in which one or more persons had to skip meals or otherwise eat less because they lacked money — what USDA calls “very low food security” — by about 500,000 households in 2009.¹²

More recent research finds that boosting SNAP benefits during the summer for households with school-aged children who don’t have access to USDA’s summer food program cut very low food security among these households by nearly 20 percent.¹³

Given this research and the growing awareness of the inadequacy of the current SNAP benefit allotments, we can reasonably assume that a reduction in SNAP benefit levels of this size will significantly increase the number of poor households that have difficulty affording adequate food this fall.

Preparing for the Benefit Cuts

Because this cut will affect nearly all households that participate in SNAP and because of the size of the cut, states may wish to begin planning for how they will implement the reductions in November. The primary considerations for such planning are:

1. Informing SNAP participants, advocates, and service providers who work with SNAP participants and other key stakeholders about the scheduled benefit cut so that they can plan and prepare;
2. Managing the influx of client inquiries and appeals in November related to the benefit reduction;
3. Implementing the benefit reduction, i.e. staff training, programming, and other systems requirements; and
4. Educating federal policymakers about the anticipated impacts of the cut in the state.

recipients did not see a cut in their nominal benefits. Benefits could have fallen in fiscal year 1993 because of a drop in food prices, but Congress intervened to hold benefits level at fiscal year 1992 levels.

¹¹ Annual cost of living adjustments to other SNAP program rules, such as income thresholds, standard deduction, and cap on the excess shelter deduction will occur on October 1, 2014. These will be small because the inflation indices to which these levels are tied were also relatively low over the past year. As a result, many households will see a small benefit increase in October (of \$1 to \$5), prior to the deeper cut in November.

¹² Mark Nord and Mark Prell. “Food Security of SNAP Recipients Improved Following the 2009 Stimulus Package,” *Amber Waves*, 9(2), June 2011, p.6, http://www.ers.usda.gov/media/227714/foodsecuritysnap_1_.pdf.

¹³ Evaluation of the Impact of Enhancement Demonstrations on Participation in the Summer Food Service Program (SFSP): FY 2011; FNS, USDA, November 2012, http://www.fns.usda.gov/ora/menu/Published/CNP/FILES/SEBTC_Year1Findings.pdf.

This paper focuses on items 1 and 2, which are primarily about engaging and informing stakeholders in developing a plan for the upcoming benefit cut.

As a first step, states may wish to work with local service providers, client advocate groups, and other stakeholders to inform them of the upcoming benefit reduction and to solicit their assistance in preparing for the cut. States will want to ensure these groups are aware of the issue — particularly its non-discretionary nature and its timing. Interested parties will likely include key state legislators, the retailer community, human services staff, advocates, legal aid groups, the emergency food network, the state’s SNAP electronic benefit transfer (EBT) vendor, other parts of state government that serve the same population (such as representatives from Temporary Assistance for Needy Families, Medicaid, the Low-Income Home Energy Assistance Program and child care programs), and key municipal authorities.

Clients may turn to these entities for information about the cut as well as seek financial or other assistance from them when the SNAP cut takes effect. Moreover, representatives from these organizations can help SNAP state agencies anticipate the consequences of such a large-scale benefit cut and take action to prepare. For example, some clients may complain to their state legislators about the benefit reduction. In different circumstances, state legislative staff might bring these complaints to the state agency and expect swift resolution. Given the non-discretionary nature of this change, however, state legislative staff might be interested in working with the agency to consider an alternative response to constituent complaints such as providing constituents with information regarding other resources to meet their food needs.

The earlier that states begin to engage and work with key stakeholders on the upcoming benefit cut, the more prepared organizations who work with SNAP clients will be for its impact. Advance planning will also give some organizations the ability to document the impact of the cuts on clients with the goal of sharing that information with federal policymakers.

Informing SNAP Participants

The benefit cut in November will affect approximately 23 million low-income households. It likely will cause hardship for many households, so SNAP participants will be better prepared for the change if they know about it in advance. With clear information about the upcoming change, SNAP participants can assess and attempt to plan for the cut’s impact on their food and family budget. Some may seek assistance from other programs or service providers. Others may use this opportunity to ask the state agency to reevaluate their income and circumstances for SNAP in the hopes that they may qualify for additional assistance. While these actions will not mitigate the full effects of the cuts, they may help some vulnerable individuals and families. In addition, if state agencies can inform program participants about the change early, there is likely to be less confusion among participants. Less confusion may reduce client inquires and appeal requests to the state agency.

Federal SNAP rules require state agencies to publicize changes that affect a significant portion of the caseload, known as a “mass change.”¹⁴ At a minimum, states must publicize mass changes

¹⁴ 7 C.F.R. 273.12(e).

through “the news media; posters in certification offices...or other sites frequented by certified households; or general notices mailed to households.”¹⁵

While a mailed notice to each affected household is not required under federal rules, states would be wise to consider such an approach. General messaging about the benefit cut will be an important aspect of each state’s plan to get the word out about the upcoming change; many participants will want and seek out more detail about the nature of the cut and its impact on their household. States may be able to avoid many of these inquiries by delivering detailed information about the change through a mailed notice. Clients are less likely to call or visit the state SNAP agency to ask about the cut if they have been sent detailed information about the change. Moreover, households have the right to appeal the benefit reduction.¹⁶ While this appeal will only be successful if the state applies the reduction incorrectly, states will have to process these appeal requests, which could drain administrative resources. Many households are less likely to request a fair hearing on the benefit cut if they understand it is a change mandated by federal law and that the state has no discretion in the matter.

In addition to sending clients notices of the change, states may want to consider other means to convey that a significant change is coming that affects all households. State agencies have many means of conveying information to SNAP households. These include:

- Traditional mail. States may opt to send a special mass mailing, postcard mailing, or combine information about the November cut with another scheduled client mailing such as notices of eligibility, periodic reporting forms, and recertification applications.
- In-person transactions. Millions of households will come in contact with state human services agency staff in the next several months, prior to the benefit cut. They may call in to report a change, visit a local office, or complete a telephone interview. This is an important opportunity for the state to inform clients of the upcoming scheduled cut.
- Electronic communication. Many states collect e-mail and client cell phone numbers and are able to communicate with clients electronically. Some use social media such as Facebook and Twitter feeds to communicate with clients and stakeholders.
- Telephone recordings. States can play recorded messages about the change for individuals who are waiting to speak with a human services employee on the telephone. Some states also have the ability to call clients with automated recorded calls.
- Agency websites. States can post alerts with time sensitive information on their websites.
- Agency newsletters.
- Flyers and posters in local offices.
- Media. Media outlets such as newspapers, television, and radio may be interested in covering this change as a news story.

¹⁵ 7 C.F.R. 273.12(e)(ii).

¹⁶ 7 C.F.R. § 273.12(e)(5). Households contesting an improper computation of the benefit reduction can continue to receive benefits at the former level. See 7 C.F.R. § 273.12(e)(6).

- EBT receipts and customer service call centers. Some states are able to print special messages on households' receipts from EBT transactions. And, some states may have the ability to work with their EBT vendor to play messages about the change for clients who are waiting to speak with a customer service representative.

State agencies can amplify their own messaging by coordinating their communication efforts with community-based organizations, retailers, and other organizations that work directly with low-income communities that participate in SNAP. State agencies, local service providers, and client advocate groups each have extensive experience conveying important information to low-income communities and SNAP participants. Working together, they can create materials that convey the key facts and anticipate likely questions from program participants. Key messages that are important to consider are:

- Federal law requires a cut in maximum SNAP benefits in November. This change means that your household's SNAP monthly allotment will also fall at that time.
- The cut will be about \$10 per person per month. For example, the benefit cut to monthly benefits for a household of three will be \$29. For households that receive the \$16 minimum benefit, the new minimum benefit level will be \$15 per month.
- We know that shopping and eating with reduced benefits will be difficult, but this change is required by federal law and we cannot stop it.
- Where you can get more information: The state agency will send you a notice with more details about this change and how it will impact your benefits in [insert month of notice]. You can also call [insert the state's toll-free number] if you have questions.

In any effort, it will be important to ensure that the messages are accurate and that the organization conveying the information is prepared with how to handle questions, either by training its staff about the change or knowing where to refer clients who seek more information.

Preparing State Operations to Handle Client Questions

Even with a robust communications strategy, many households may not understand why their November SNAP amount is lower than the previous month. These clients may visit or call their local SNAP office to find out why their benefits were cut and where they can get food to help fill the shortfall caused by the benefit cuts. Others clients who do not understand that federal law mandated this change may request a fair hearing for the reduction. State and local SNAP staff will need to be prepared for this influx of inquiries and the resulting workload. It is important to note that this fall is already likely to be an extremely busy time for state health and human services agencies as they will begin taking applications for health coverage under the Affordable Care Act.

States will need to educate all of their staff who engage with program participants and the public, such as eligibility workers and call center staff, about the benefit reduction. Staff will need information about the decrease, state plans for announcing it, and how to handle client inquiries about the reduction. In some cases, clients may call the private vendor that provides customer service for the state's SNAP debit card. As noted above, states may wish to review their contracts with their EBT vendors to explore whether the vendor can provide information about the November reduction and what it might mean for SNAP households.

Part of staff training about the change could be to remind workers about the importance of making sure that participants are getting the full amount of benefits for which they qualify. In particular, many households who are eligible for deductions that could lower their net income and result in increased benefits do not always take advantage of them. This is particularly true of the excess medical and the child care deductions. States could use this period leading up to November to place special emphasis on ensuring households are claiming all available deductions. This is important at any time, but it could be particularly helpful now in reducing the hardship that results from the cut.

Conclusion

The upcoming cuts to SNAP benefits will be significant and will have far-reaching impacts on low-income individuals and families. They will likely increase hardship for the more than 47 million Americans who rely upon SNAP to meet their basic nutritional needs. With Congress unlikely to act to mitigate the cuts, states need to begin planning for the reduction to ensure that clients and the many organizations and SNAP stakeholders who work with them are aware of the upcoming change and its effects.

Table 2

The SNAP ARRA Termination: Estimated State-by-State Impact in Fiscal Year 2014

	Total SNAP Benefit Cut to State (in millions of dollars, from November 2013 through September 2014)	Number of SNAP Recipients in FY 2014 (all of whom are impacted by the cut)	
		Total	Share of Total State Population
Alabama	-\$98	910,000	19%
Alaska	-\$12	95,000	13%
Arizona	-\$109	1,101,000	17%
Arkansas	-\$52	501,000	17%
California	-\$457	4,168,000	11%
Colorado	-\$55	511,000	10%
Connecticut	-\$44	424,000	12%
Delaware	-\$16	154,000	17%
District of Columbia	-\$15	144,000	22%
Florida	-\$379	3,552,000	18%
Georgia	-\$210	1,947,000	19%
Hawaii*	0	N/A	N/A
Idaho	-\$24	230,000	14%
Illinois	-\$220	2,031,000	16%
Indiana	-\$98	925,000	14%
Iowa	-\$43	421,000	13%
Kansas	-\$33	317,000	11%
Kentucky	-\$94	875,000	20%
Louisiana	-\$98	920,000	20%
Maine	-\$26	251,000	19%
Maryland	-\$82	774,000	13%
Massachusetts	-\$95	889,000	13%
Michigan	-\$183	1,775,000	18%
Minnesota	-\$55	556,000	10%
Mississippi	-\$70	664,000	22%
Missouri	-\$96	933,000	15%
Montana	-\$13	131,000	13%
Nebraska	-\$18	180,000	10%
Nevada	-\$37	359,000	13%
New Hampshire	-\$12	117,000	9%
New Jersey	-\$90	873,000	10%
New Mexico	-\$47	442,000	21%
New York	-\$332	3,185,000	16%
North Carolina	-\$166	1,708,000	17%
North Dakota	-\$6	57,000	8%
Ohio	-\$193	1,847,000	16%
Oklahoma	-\$66	615,000	16%
Oregon	-\$84	819,000	21%
Pennsylvania	-\$183	1,779,000	14%
Rhode Island	-\$20	181,000	17%
South Carolina	-\$93	875,000	18%
South Dakota	-\$11	104,000	12%
Tennessee	-\$141	1,345,000	20%
Texas	-\$411	3,997,000	15%
Utah	-\$26	253,000	9%
Vermont	-\$10	101,000	16%
Virginia	-\$99	941,000	11%
Washington	-\$114	1,113,000	16%
West Virginia	-\$36	350,000	19%
Wisconsin	-\$89	861,000	15%
Wyoming	-\$4	39,000	7%
Guam	-\$7	45,000	N/A
Virgin Islands	-\$4	27,000	N/A
Puerto Rico Block Grant	\$0	N/A	N/A
Total	-\$5,000	47,410,000	15%

Source: CBPP estimates based on USDA's June 2013 Thrifty Food Plan, CBO May 2013 baseline, 2011 USDA data on SNAP Household Characteristics, recent USDA administrative data on the number of SNAP participants, and U.S. Census Bureau data on state populations.

Notes: The number of SNAP recipients shown is for a typical, or average month in fiscal year 2014. In addition to the cuts shown in this table, an additional \$6 billion in cuts are expected to occur in fiscal years 2015 and 2016 under CBO's May 2013 food inflation projections.

*We updated this table on January 9, 2014 to accurately reflect the fact that due to higher food inflation in Hawaii, SNAP benefit levels already exceeded the levels set by the Recovery Act in Hawaii, and SNAP participants there did not experience a cut in November. Earlier versions of this paper incorrectly showed that SNAP households in Hawaii would experience a cut. We have not adjusted the national total to reflect this change because the total still rounds to \$5 billion.