820 First Street NE, Suite 510
Washington, DC 20002

Tel: 202-408-1080
Fax: 202-408-1056

center@cbpp.org
www.cbpp.org

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SNAP Benefit Boost in 2009 Recovery Act Provided Economic Stimulus and Reduced Hardship

By Brynne Keith-Jennings and Dottie Rosenbaum

Recognizing the effectiveness of the Supplemental Nutrition Assistance Program (SNAP, formerly food stamps) at providing economic stimulus and reducing hardship in a weak economy, policymakers included several SNAP provisions in the 2009 Recovery Act, most notably a benefit increase for all participants. During the years it was in effect, the increase provided about $40 billion in additional SNAP benefits, and research shows that it helped participants maintain adequate access to food.

When the benefit increase ended in late 2013, nearly every SNAP recipient — roughly 47 million Americans — experienced a benefit cut averaging 7 percent. The expiration reduced total SNAP benefits by about $5 billion in fiscal year 2014 and is expected to cut an additional $3 billion in benefits over fiscal years 2015 and 2016. This paper summarize the Recovery Act's effect on SNAP participants and on the economy, including state-by-state estimates.

Benefit Increase Designed to Help Economy and Needy Families

SNAP benefits are one of the fastest, most effective forms of economic stimulus because they get money into the economy quickly. Low-income individuals generally spend all of their income meeting daily needs such as shelter, food, and transportation, so every dollar in SNAP that a low-income family receives enables the family to spend an additional dollar on food or other items. Some 80 percent of SNAP benefits are redeemed within two weeks of receipt; 97 percent are spent within a month.

Because of SNAP's economic stimulus effects and its effectiveness at meeting food needs — which were growing during the recession due to falling incomes — the 2009 Recovery Act included several provisions to utilize both of those program features. The largest was an across-the-board benefit increase: the Recovery Act raised SNAP's maximum monthly benefit by 13.6 percent

Other Recovery Act Provisions Affecting SNAP

In addition to raising SNAP benefits, the 2009 Recovery Act suspended SNAP's time limit for childless adults. The 1996 welfare law limited non-disabled, childless adults ages 18-50 to three months of SNAP benefits in any 36-month period when they aren't employed or in a work or training program for at least 20 hours a week.

The 1996 law allowed states to waive this time limit in areas with high unemployment to avoid penalizing individuals for being unable to find employment when jobs are scarce. The Recovery Act suspended the time limit for these childless adults in every state from April 2009 through September 2010. (States could continue implementing the time limit for these individuals if they provided a qualifying work activity to ensure that individuals could remain eligible for SNAP if they complied with program requirements. Five states continued to implement the time limit in at least parts of the state.)

Because all but a handful of states would have qualified for a statewide waiver during this period even without the suspension of the time limit, the provision largely served to simplify administrative procedures. Without the Recovery Act's suspension of the time limit, states would have had to submit a request to the federal government for a statewide waiver; these requests require states to submit detailed economic information and analysis. Removing this step allowed those states to focus administrative resources on other priorities.

In addition, recognizing states' growing caseloads due to worsening economic conditions, the Recovery Act gave them additional administrative funding for fiscal years 2009 and 2010.

beginning in April 2009.[1] This provision was considered one of the law's most effective at the time because of the ease and quickness of implementation; the added benefits were delivered through the same channels as regular SNAP benefits and were available for participants to spend beginning in April 2009, less than two months after the law's enactment.

Benefits rose for all participating households and by the same amount for households of the same size (except for households that qualified for the minimum benefit) in 2009.[2] One-person households received an added $24 a month; households of two, three, and four persons received an added $44, $63, and $80 a month, respectively. The minimum benefit (available to eligible one- and two-person households that otherwise qualify for little or no benefit) rose from $14 to $16. SNAP benefits are based on a household's expected contribution toward buying food; households with no disposable income receive the maximum SNAP allotment.[3] Households with less than the maximum benefit received the same fixed dollar increase, so their average benefit increase was somewhat larger in percentage terms than the increase to the maximum benefit. Across all SNAP

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[1] SNAP benefits are based on the cost of the Agriculture Department's (USDA) most economical food plan (known as the Thrifty Food Plan) for a four-person family, consisting of a couple aged 19-50 and two children aged 6-8 and 9-11. The cost of the June Thrifty Food Plan is used to set maximum benefits for the following fiscal year. Maximum benefits for other household sizes are adjusted for economies of scale. The Recovery Act also expanded the Nutrition Assistance Block Grants for Puerto Rico and American Samoa, based on the same rules as the benefit increase.

[2] USDA 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. Thus, these areas experienced different benefit increases than the rest of the United States.

[3] For more information on benefit calculation, see "A Quick Guide to SNAP Eligibility and Benefits," Center on Budget and Policy Priorities, revised September 29, 2014, http://www.cbpp.org/cms/index.cfm?fa=view&id=1269.

households, average benefits were about 15 to 20 percent higher in 2009 as a result of the 13.6 percent increase to the maximum benefit.

Benefit Increase Provided Economic Stimulus to States

The Recovery Act delivered more than $40 billion in additional SNAP funding (see Table 1), which generated even more in economic activity for states during tough economic times.

SNAP benefits are spent quickly, which stimulates economic growth. Moody's Analytics estimates that in a weak economy, every $1 increase in SNAP benefits generates about $1.70 in economic activity. Similarly, the Congressional Budget Office (CBO) has found that SNAP has one of the largest "bangs-for-the-buck" (i.e., increase in economic activity and employment per budgetary dollar spent) among a broad range of policies for stimulating economic growth and creating jobs in a weak economy.

TABLE 1

2009 Recovery Act Raised SNAP by More Than $40 Billion From 2009 to 2014

Fiscal Year	Recovery Act SNAP Spending (billions)
2009 (April-September)	$4.7
2010	$11.0
2011	$12.2
2012	$8.3
2013	$6.1
2014 (October)*	$0.5
Total	$42.8

Sources: USDA Office of Budget and Program Analysis, Congressional Justifications, Explanatory Notes, fiscal years 2010- 2016. FNS Budget Office Staff.

Notes: Figures include SNAP benefits, administrative costs, increases to block grants to Puerto Rico and American Samoa, and equipment upgrade funding for the Food Distribution Program on Indian Reservations. About 97% of this spending was for SNAP benefits.

*USDA attributes a large share of total SNAP benefits for October 2013 to the Recovery Act because of the government shutdown at the beginning of fiscal year 2014. This table presents only the amounts that would have been attributable to the Recovery Act for October 2013 without a government shutdown.

Benefit Increase Helped Reduce Food Insecurity

The Recovery Act's benefit increase helped lessen "food insecurity" (lack of consistent access to nutritious food because of limited resources) among SNAP recipients. The share of households with very low food security, meaning they had to take steps such as skipping meals because they couldn't afford sufficient food, was expected to rise in 2009 due to the recession's harsh impact on incomes and employment. Yet very low food security *fell* that year — the year the benefit increase took effect — among households with incomes low enough to qualify for SNAP (130 percent of poverty or less), a study found.[4] Among households with somewhat higher incomes, in contrast, very low food security *rose* in 2009, as expected (see Figure 1). This evidence suggests that the Recovery Act's benefit increase helped cushion the blow of the recession by providing more income for families to purchase food.

Another study found that, as inflation eroded the value of the Recovery Act benefit boost between 2009 and 2011, very low food security began to rise among low-income SNAP households, from 12.1 percent in 2009 to 13.8 percent in 2011. Very low food security did *not* rise among low-

[4] Mark Nord and Mark Prell, "Food Security of SNAP Recipients Improved Following the 2009 Stimulus Package," Department of Agriculture, Economic Research Service, *Amber Waves,* Vol. 9, Issue 2, June 2011, http://www.ers.usda.gov/media/227714/foodsecuritysnap_1_.pdf.

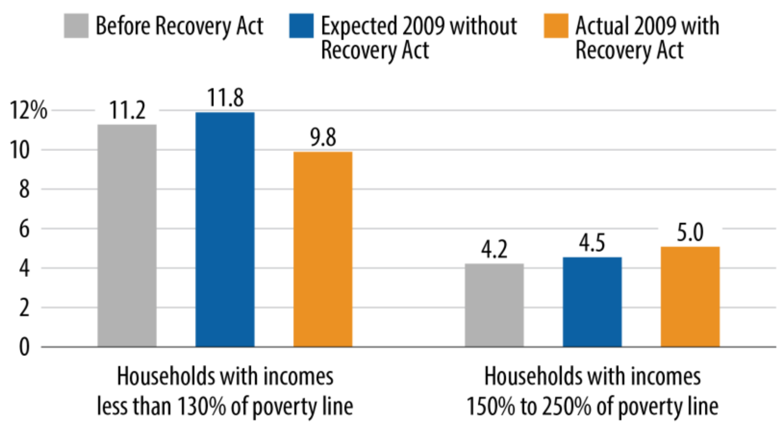
income households *not* receiving SNAP. (The study controlled for other factors that might have influenced food security among these households, such as income and employment.)[5] This, too, suggests a strong relationship between SNAP benefit levels and recipients' food insecurity.

Without the Recovery Act's SNAP benefit boost, poverty would have risen more for SNAP recipients than it did. A 2011 analysis from CBPP researchers suggests that the SNAP increases in the Recovery Act kept close to 1 million people out of poverty in 2010 alone, on top of the 3 million that the existing SNAP benefits kept out of poverty.[6]

FIGURE 1

Food Insecurity Declined for Low-Income Households Following 2009 Recovery Act

Percent of households with very low food security



Source: Economic Research Service, "Food Security of SNAP Recipients Improved Following the 2009 Stimulus Package," June 2011.

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Expiration of Benefit Increase Caused Sudden, Significant Drop in Benefits

The Recovery Act provided that SNAP benefits would continue at the new, higher level until the program's regular annual inflation adjustments to the maximum benefit overtook it. The maximum benefit levels for each household size, set each October 1, are based on the preceding June's Thrifty Food Plan (TFP) — the Department of Agriculture's (USDA) estimate of the minimum amount that a family needs to afford a bare-bones, nutritionally adequate diet.[7] When the Recovery Act was enacted, food price inflation was expected to be high and the TFP cost was expected to exceed the Recovery Act level in fiscal year 2014. Food price inflation, however, was lower than expected over 2009-2013, which delayed the date that the TFP was expected to exceed the Recovery Act level.[8]

In August 2010, Congress passed legislation (P.L. 111-226) accelerating the sunset of the Recovery Act benefit increase to April 2014 and using the estimated savings to help finance other parts of the bill, which provided additional federal funding for education jobs and maintained a higher federal match for Medicaid costs. Four months later, policymakers accelerated the sunset

[5] Mark Nord, "Effects of the Decline in the Real Value of SNAP Benefits From 2009 to 2011," Department of Agriculture, Economic Research Service, ERR-151, August 2013. http://www.ers.usda.gov/media/1155211/err151.pdf.

[6] Arloc Sherman. "Poverty and Financial Distress Would Have Been Substantially Worse in 2010 Without Government Action, New Census Data Show," Center on Budget and Policy Priorities, November 7, 2011, http://www.cbpp.org/cms/index.cfm?fa=view&id=3610. This analysis uses a definition of poverty that counts SNAP and similar non-cash benefits as income.

[7] USDA posts the Thrifty Food Plan costs each month at http://www.cnpp.usda.gov/USDAFoodCost-Home.htm.

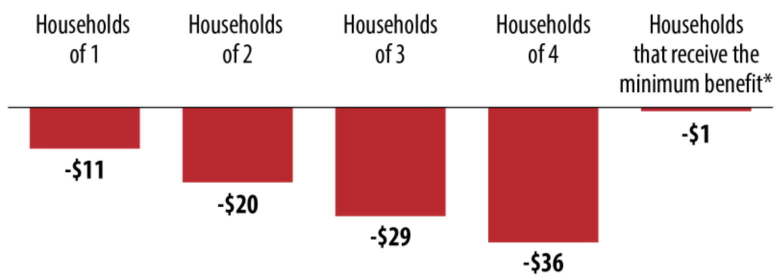
[8] The TFP *declined* slightly in June 2009 and June 2010 compared to the prior year (-0.8 percent in June 2009 and -0.1 percent in June 2010) before growing by 5.0 percent, 2.6 percent, 0.7 percent, and 2.8 percent in 2011-2014.

further — to October 31, 2013 — to offset the cost of the Healthy Hunger-Free Kids Act (P.L. 111-296), which reauthorized the child nutrition programs. As a result, every SNAP recipient except those in Hawaii experienced a benefit cut on November 1, 2013.[9]

FIGURE 2

SNAP Households Experienced a Benefit Cut in November 2013

Monthly cut in SNAP benefits by household size



Note: The cut affected recipients in every state except Hawaii.

*Households with one or two people that qualify for less than $16 have their benefits rounded up to the minimum benefit. That amount dropped to $15 beginning November 2013.

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

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In the current fiscal year and in future years, SNAP maximum benefit levels will simply keep pace with food price inflation, following the program's standard benefit adjustments.

Average benefits fell by about 7 percent due to the expiration of the benefit increase, USDA data show. Households of the same size experienced the same *dollar* cut in almost every state (see Figure 2), so households receiving less than the maximum benefit experienced a larger *percentage* cut.

The observed effects of the prior benefit *increase* on SNAP participants' food security suggests that this sudden benefit *cut* likely increased hardship for many struggling families. Benefits fell by about $20 per household per month, on average — equivalent to ten meals a month. (See Table 2.)[10] The average benefit per person per meal fell from about $1.49 to just $1.38.

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[9] USDA sets SNAP benefits for Alaska, Hawaii, Guam, and the Virgin Islands differently from the rest of the country because the cost of food is different in these areas. Because Hawaii's Thrifty Food Plan exceeded Recovery Act levels beginning in fiscal year 2013, its SNAP benefits were already set higher than Recovery Act levels, so its residents did not experience a cut when the Recovery Act provision expired in November 2013. 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.

[10] For the calculations we applied the October 2013 average benefits to actual participation figures for the rest of fiscal year 2014, with two adjustments to account for one-month anomalies in state data and better reflect the likely annual trend. Specifically, because New York made a one-time legal settlement payment to some SNAP recipients in November 2013, we used data for December 2013 instead of November 2013. For Alaska we used participation and benefit levels for September 2013 instead of October 2013, as Alaska experiences an annual one-month decline in participation and benefits due to payment of oil dividends to residents.

TABLE 2

Decline in Monthly SNAP Benefits Due to Expiration of Recovery Act Benefit Increase

	Oct. 2013	Nov. 2013-Sep. 2014	Decline in benefits	% Decrease
Maximum Benefit (Household of 3)	$526	$497	-$29	-6%
Average Benefit per Household	$276	$255	-$20	-7%
Average Benefit per Person	$134	$125	-$9	-7%

Source: CBPP Calculations Based on USDA Program Data. See footnote 10.

For fiscal year 2014, total SNAP benefits were about $5 billion below what they would have been if benefits had continued at Recovery Act levels. This estimate is very close to CBPP's prediction based on the reductions in average benefits and caseload levels in each state.[11] (Table 3 shows each state's benefit reduction for 2014.) In addition, it is estimated that participants will receive approximately $3 billion less in fiscal years 2015 and 2016 than if the benefit increase had not ended early.[12]

Benefit and Caseload Declines Reduced SNAP Spending in 2014

SNAP caseloads grew significantly between 2007 and 2011 as the recession and lagging economic recovery led more low-income households to qualify and apply for help. Caseload growth slowed substantially in 2012 and 2013, and caseloads fell by about 2 percent in fiscal year 2014 as the economy slowly improved.[13] The caseload decline, combined with the drop in average benefits resulting from the expiration of the Recovery Act benefits, caused overall SNAP spending to fall in 2014 by about $6.3 billion, or 8 percent.

[11] See Stacy Dean and Dottie Rosenbaum, "SNAP Benefits Will Be Cut for Nearly All Participants In November 2013," Center on Budget and Policy Priorities, August 2, 2013, http://www.cbpp.org/cms/?fa=view&id=3899.

[12] Earlier estimates of the total benefit reduction in fiscal years 2015 and 2016 were larger due to lower estimates of food inflation for those years. The estimate of the cut in funding for these years is based on the Congressional Budget Office's Thrifty Food Plan inflation and SNAP participation projections in the March 2015 baseline; it could change if food inflation or participation is more or less than predicted.

[13] For more information, see Dottie Rosenbaum and Brynne Keith-Jennings, "SNAP Costs Declining, Expected to Fall Much Further," Center on Budget and Policy Priorities, updated February 9, 2015, http://www.cbpp.org/cms/?fa=view&id=4054.

TABLE 3

Decline in Average SNAP Benefits in Fiscal Year 2014 From Expiration of Recovery Act Benefit Increase

	Average Benefits per Household, October 2013	Average Benefits per Household, Nov. 2013-Sep. 2014	Approximate Average Monthly Cut Per Household	Average Households, Nov. 2013-Sep. 2014 (thousands)	Average Monthly Loss in Benefits to State (millions)	Estimated Total Loss in Benefits to State, FY 2014 (millions)
Alabama	$282	$260	-$22	419	-$9	-$97
Alaska[1]	$412	$393	-$19	37	-$1	-$8
Arizona	$294	$272	-$22	448	-$9	-$103
Arkansas	$271	$248	-$23	221	-$5	-$52
California	$332	$304	-$28	2,025	-$53	-$583
Colorado	$294	$271	-$23	234	-$5	-$51
Connecticut	$253	$238	-$15	243	-$3	-$33
Delaware	$268	$256	-$12	71	-$1	-$8
District of Columbia	$245	$229	-$16	80	-$1	-$14
Florida	$258	$236	-$22	1,920	-$40	-$443
Georgia	$297	$280	-$18	835	-$16	-$179
Hawaii[2]	$446	$443	N/A	99	N/A	N/A
Idaho	$290	$272	-$19	90	-$2	-$23
Illinois	$281	$260	-$22	1,021	-$19	-$214
Indiana	$290	$268	-$22	403	-$9	-$94
Iowa	$246	$228	-$18	193	-$3	-$37
Kansas	$266	$246	-$20	131	-$4	-$44
Kentucky	$261	$243	-$18	398	-$8	-$85
Louisiana	$289	$269	-$20	395	-$8	-$93
Maine	$236	$219	-$17	121	-$2	-$23
Maryland	$250	$232	-$17	403	-$6	-$71
Massachusetts	$233	$215	-$18	488	-$8	-$89
Michigan	$263	$244	-$19	871	-$14	-$155
Minnesota	$232	$213	-$19	259	-$6	-$66
Mississippi	$271	$250	-$21	302	-$6	-$68
Missouri	$275	$253	-$21	402	-$9	-$95
Montana	$270	$246	-$23	59	-$1	-$15
Nebraska	$278	$257	-$20	77	-$1	-$16
Nevada	$254	$235	-$19	189	-$3	-$31
New Hampshire	$241	$217	-$24	53	-$1	-$13
New Jersey	$264	$243	-$21	440	-$8	-$92
New Mexico	$294	$267	-$27	196	-$5	-$55
New York[1]	$271	$249	-$22	1,697	-$31	-$346
North Carolina	$285	$259	-$26	761	-$19	-$213
North Dakota	$271	$251	-$21	25	-$1	-$6
Ohio	$269	$251	-$18	849	-$17	-$191
Oklahoma	$277	$256	-$21	278	-$7	-$76

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Oregon	$231	$214	-$16	449	-$7	-$72
Pennsylvania	$258	$239	-$19	890	-$15	-$162
Rhode Island	$249	$230	-$18	101	-$2	-$18
South Carolina	$276	$259	-$17	393	-$7	-$81
South Dakota	$304	$280	-$24	44	-$1	-$12
Tennessee	$267	$249	-$19	649	-$12	-$131
Texas	$297	$274	-$23	1,602	-$34	-$377
Utah	$315	$289	-$26	90	-$2	-$24
Vermont	$240	$222	-$18	48	-$1	-$10
Virginia	$262	$243	-$19	442	-$9	-$101
Washington	$236	$219	-$17	584	-$9	-$101
West Virginia	$243	$224	-$19	177	-$3	-$30
Wisconsin	$238	$219	-$19	421	-$6	-$70
Wyoming	$292	$267	-$25	15	*	-$4
Guam	$649	$582	-$68	15	-$1	-$14
Virgin Islands	$391	$366	-$26	12	*	-$3
United States	**$276**	**$255**	**-$21**	**22,667**	**-$462**	**-$5,086**

* less than $500,000

Note: This table calculates the average benefit loss in each state by comparing actual benefits issued over November 2013 to September 2014 to what they would have been if October 2013 average benefits had been in effect for the rest of the fiscal year (for the number of households that participated in each state over the other 11 months of the fiscal year).

[1] Alaska experienced a decrease in participation and benefits in October 2013 (as in every October) due to residents' receipt of annual oil dividends. Therefore, data shown here are for FY 2013 instead of October 2013, so they don't take into account the cost of living increase that raised average benefits in October 2013. New York experienced an increase in average benefits due to a one-time settlement payment in November 2013, so the average benefits for FY 2014 shown above are the average for December 2013-September 2014.

[2] USDA 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. Because Hawaii's Thrifty Food Plan exceeded the Recovery Act levels beginning in FY 2013, its SNAP benefits were already set higher than Recovery Act levels, so participants did not experience a benefit cut in November 2013.

Source: CBPP calculations based on USDA SNAP program data.