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RYAN BUDGET WOULD SLASH SNAP FUNDING BY $127 BILLION OVER TEN YEARS

Low-Income Households in All States Would Feel Sharp Effects

By Dorothy Rosenbaum

House Budget Committee Chairman Paul Ryan's budget plan would cut the SNAP program (formerly known as food stamps) by $127 billion — almost 20 percent — over the next ten years (2012-2021), which could throw millions of low-income families off the rolls, cut benefits for many households, or some combination of the two.[1]

While Congressman Ryan has outlined some key features of his proposal, such as converting the program to a block grant beginning in 2015, he has provided no details on how the cuts would be achieved or the timing of the cuts over the ten-year period.[2]

Whether he intends for Congress to impose these cuts or for states to do so as they redesign the program under a much smaller block grant program, policymakers could not possibly achieve cuts of this magnitude without scaling back SNAP eligibility or reducing benefits deeply, with serious effects on families and individuals.[3] [4] Table 1 provides state-by-state estimates of the potential impact of the cuts in each state.

- **Cuts in eligibility:** If the cuts were to come solely from eliminating eligibility for categories of currently eligible households or individuals, *more than 8 million people* would need to be cut from

[1] House Budget Committee staff provided this figure verbally in response to a question from Rep. Chris Van Hollen during the mark-up of the proposed budget resolution on April 6, 2011.

[2] *The Path to Prosperity: Restoring America's Promise,* House Budget Committee, April 5, 2011, page 41.

[3] More than 90 percent of SNAP expenditures are for food assistance benefits for low-income households. The remainder goes to the federal share of state administrative costs for the program, block grants for nutrition assistance in Puerto Rico and American Samoa, funds for commodities for The Emergency Food Assistance Program (TEFAP), and funding for the Food Distribution Program on Indian Reservations (FDPIR). For purposes of this analysis we assume that those other activities would bear a proportional share of the cuts. As a result, we assume that SNAP *benefits* would need to be cut by $114 billion over the period. This is a conservative estimate of the share that would come from benefits; in the past, Congress has favored these activities and not looked to them for budget cuts.

[4] All estimates use CBO's March 2011 baseline assumptions.

the program, if the cuts began taking effect in 2012.[5] If the cuts did not begin until 2015, an average of 10 million people would have to be cut from the program in the years from 2015 through 2021 to achieve the required savings.

Put another way, the benefit cut over a ten-year period would equal the total amount of SNAP benefits projected to go to the 30 smallest states and territories over that period. (These are Alaska, Arkansas, Colorado, Connecticut, Delaware, the District of Columbia, Guam, Hawaii, Idaho, Iowa, Kansas, Maine, Maryland, Minnesota, Mississippi, Montana, Nebraska, Nevada, New Hampshire, New Mexico, North Dakota, Oklahoma, Rhode Island, South Dakota, Utah, Vermont, the Virgin Islands, West Virginia, Wisconsin, and Wyoming.)

- **Cuts in benefits:** If the cuts were to come solely from across-the-board benefit cuts, the maximum SNAP benefit would have to be set at 88 percent of the Thrifty Food Plan (TFP), USDA's estimate of the minimum amount a family needs to afford a bare-bones, nutritionally adequate diet. (Under SNAP rules, the maximum benefit levels for each fiscal year — which are the benefit amounts that go to households with no disposable income, after deductions for certain necessities — are set at 100 percent of the cost of the Thrifty Food Plan for the preceding June.)[6]

  The impact of such a change would be very pronounced. All families of four — including the poorest — would see their benefits cut by $147 a month in fiscal year 2012, or $1,764 on an annual basis. All families of three would be subject to cuts of $116 per month, or $1,392 on an annual basis.[7]

Of course, policymakers could shield some households from such deep cuts, but then other households would need to bear even larger cuts in order to produce the $127 billion in savings.

While Congress might not seek to hit the Ryan targets through eligibility cuts or benefit cuts alone, these examples illustrate the magnitude of the proposed funding reductions that would have to be made. There would *not* be a lot of other places to go to achieve the required cuts; nearly all (more than 90 percent) of SNAP expenditures are for food assistance benefits for low-income households, and most of the remainder are for administrative costs that states would continue to incur to determine eligibility and run the program properly.

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[5] This assumes the cut would go into effect in 2012, would be proportional to projected SNAP spending in each year (as estimated by CBO), and that the individuals who would be cut would otherwise have received the average benefit. Under these assumptions, the cut would be smaller than 8 million in later years, because CBO assumes that the number of people participating in SNAP will decline as the economy reaches a full recovery.

[6] See USDA's estimates of the monthly cost of the Thrifty Food Plan at: http://www.cnpp.usda.gov/usdafoodcost-home.htm.

[7] To estimate an across-the-board cut, we reduced the size of maximum benefits relatively to the TFP. The impact of this change is larger in fiscal year 2012 because benefits are temporarily set at higher levels (113.6 percent of the June 2009 TFP) as a stimulus measure. An alternative to implementing immediate, across-the-board cuts that remain consistent across the budget window would be to cut progressively deeper in the later years of the budget window.

As a recent Center analysis explains,[8] recent growth in SNAP expenditures is primarily a result of the depth of the recent recession, not a sign that the program is growing "out of control." Moreover, the program does not contribute to the nation's long-term budget problem, because it is projected to grow no faster than the economy over time. In fact, CBO's latest projections show that once the economy recovers fully, SNAP is expected to return essentially to pre-recession levels as a share of the Gross Domestic Product.[9]

SNAP Benefit Cuts Would Primarily Affect Very-Low-Income Families with Children, Seniors, and People with Disabilities

The Ryan budget documents state that savings could be achieved by capping spending and "freeing states to come up with innovative approaches to delivering aid to those who truly need it" through a block grant. That description leaves the mistaken impression that the program is not serving a population that is overwhelmingly poor and that savings could be achieved without causing significant harm to millions of vulnerable Americans.

Unlike most means-tested benefit programs, which are restricted to particular categories of low-income individuals, SNAP is broadly available to almost all households with very low incomes.[10] As a result, cutting SNAP would affect broad swaths of the low-income population. Currently there are more than 44 million people on the program. Census data show that in 2009 (the latest year for which these data are available), 43.6 million Americans lived below the poverty line, and 59.8 million lived below 130 percent of poverty.

- **The overwhelming majority of SNAP households are families with children, seniors, or people with disabilities.** Three-quarters of SNAP participants are in families with children; one-third are in households that include senior citizens or people with disabilities.

- **SNAP households have very low incomes.** Eighty-six percent of SNAP households have incomes below the poverty line (about $22,350 for a family of four in 2011). Such households receive 93 percent of SNAP benefits. Two of every five SNAP households have incomes below *half* the poverty line. (See Figure 1.) These individuals and families have no flexibility in their monthly budgets to cope with deep reductions in food assistance.

- **Low-wage workers rely on SNAP to boost their monthly income.** Millions of Americans live in households whose earnings are not sufficient to meet basic needs. In 2009, some 37

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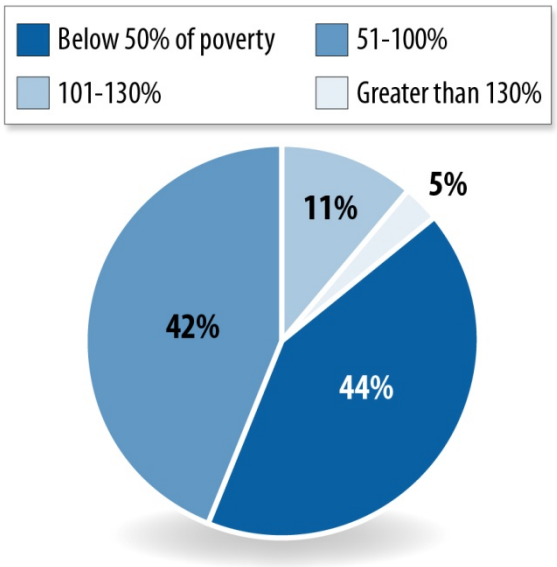
[8] Dottie Rosenbaum, "Chairman Ryan's Proposal to Block Grant SNAP (Food Stamps) Rests on False Claims about Program Growth," Center on Budget and Policy Priorities, April 5, 2011.

[9] *Ibid.*

[10] Under federal rules, a household's monthly income must be at or below 130 percent of the poverty line — or roughly $1,980 a month (about $23,800 a year) for a family of three in 2011 — to qualify. There are some exceptions; for example, households with seniors and people with disabilities are not subject to the gross income test but must have household net income (after deductions for certain necessary expenses) at or below the net income test of 100 percent of the federal poverty line. And, states have some flexibility to lift the gross income test for certain other households. Some categories of people are not eligible for SNAP regardless of how low their income and assets may be, such as strikers, certain legal immigrants, and all undocumented immigrants. Unemployed childless adults may receive SNAP benefits for only three months out of every three years, except in areas with high unemployment.

million people (1 in 8 Americans) lived in a working family with cash income below 130 percent of the poverty line (about $28,540 for a family of four). Low incomes like these — which are typically due to low wages or limited work hours — can leave families unable to afford necessities like food and housing on a reliable basis. SNAP benefits play a crucial role in boosting families' monthly income: a typical working mother with two children on SNAP earns $1,027 per month ($12,324 on an annual basis) and receives $385 per month in SNAP benefits. If the Ryan proposal were implemented via across-the-board cuts, this family's monthly benefits would be cut by $116 per month — or 30 percent — in fiscal year 2012.[11]

More than 40 Percent of SNAP Households Are Very Low Income, Living Below Half of Poverty Line



Source: USDA Food and Nutrition Service Quality Control Data, FY 2009.

Deep SNAP Benefit Cuts Would Increase Hunger and Poverty

SNAP cuts of this magnitude would almost certainly increase hunger and poverty. Research conducted by USDA has found that 80 percent of SNAP benefits are redeemed in the first two weeks of the month and 97 percent of benefits are redeemed by the end of the month. Emergency food providers report that more people ask for help in the latter half of the month, after households' SNAP benefits have run out. A cut of the magnitude the Ryan budget proposes would mean that a typical household's SNAP benefits would run out a number of days earlier, placing greater strain on household finances and on emergency food providers and significantly increasing the risk of hunger.

Similarly, deep SNAP cuts would likely cause more families and individuals to fall into poverty and deep poverty. Currently, the program helps lessen the extent and severity of poverty; Census Bureau data on disposable family income (which account for the value of food stamps and other non-cash benefits and taxes as well as cash income) show that:

- SNAP lifted 4.6 million Americans above the poverty line in 2009, including 2.1 million children and 200,000 seniors.[12]

[11] The impact of this change is larger in fiscal year 2012 because benefits are temporarily set at higher levels as a stimulus measure.

[12] Based on preliminary Census Bureau estimates using the "Supplemental Poverty Measure." See Kathleen S. Short, "Who is Poor? A New Look with the Supplemental Poverty Measure," Bureau of the Census, January 2011, tables 3 and 4, http://www.census.gov/hhes/povmeas/methodology/supplemental/research/SGE_Short.pdf. The Supplemental Poverty Measure defines poverty as family income (cash income after taxes plus the value of SNAP and other food

- No benefit program kept more children from falling below half the poverty line in 2009 than SNAP — 1.1 million.[13]

The Ryan SNAP cuts would thus have a sharp adverse effect on millions of the lowest-income Americans. Moreover, these cuts would not occur in isolation. Nearly two-thirds of the Ryan plan's $4.3 trillion in budget cuts over ten years would come from programs that serve people of limited means.[14] Many vulnerable families would lose health coverage, housing assistance, and other important supports such as child care at the same time that their SNAP benefits were being cut deeply.

Under a Block Grant, Cuts Could Be Even Larger

As noted, Representative Ryan has called for block-granting SNAP in 2015 in addition to $127 billion in spending cuts to the program. Under a block grant structure, the program would be unable to respond automatically to increased need resulting from rising poverty and unemployment during an economic downturn. A capped funding structure would constrain the program whether the downturn was of the scale of the most recent recession or localized to a state or region. As a result, the Ryan proposal likely understates the magnitude of cuts. A forthcoming CBPP paper will explore this and other ramifications of converting SNAP to a block grant, including the potential impact on families and local food banks and private charities.

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assistance, housing assistance, and energy assistance, minus out-of-pocket medical and work expenses) below an updated poverty line, and uses a broader family unit that includes unmarried partners and foster children.

[13] Unpublished CBPP analysis of the March 2010 Current Population Survey using a preliminary version of the Supplemental Poverty Measure.

[14] See Robert Greenstein, "Chairman Ryan Gets Roughly Two-Thirds of His Huge Budget Cuts from Programs for Lower-Income Americans," Center on Budget and Policy Priorities, April 5, 2011.

Table 1: **Illustrative State-by-State Impact of the Ryan Budget's SNAP Cuts**		
State/Territory	Number of SNAP Participants in Fiscal Year 2012[1]	Proportional Distribution of Ryan's SNAP Benefit Cuts over Fiscal Years 2012-2021 (in billions of dollars)[2]
Alabama	919,000	-2.16
Alaska	87,000	-0.28
Arizona	1,162,000	-2.8
Arkansas	533,000	-1.21
California	3,697,000	-10.03
Colorado	462,000	-1.21
Connecticut	384,000	-1
Delaware	128,000	-0.3
DC	135,000	-0.35
Florida	2,972,000	-7.78
Georgia	1,816,000	-4.52
Guam	42,000	-0.17
Hawaii	158,000	-0.63
Idaho	222,000	-0.53
Illinois	1,879,000	-4.91
Indiana	929,000	-2.27
Iowa	389,000	-0.93
Kansas	308,000	-0.71
Kentucky	888,000	-2.09
Louisiana	943,000	-2.27
Maine	262,000	-0.63
Maryland	640,000	-1.55
Massachusetts	855,000	-2.05
Michigan	2,028,000	-4.95
Minnesota	491,000	-1.1
Mississippi	657,000	-1.49
Missouri	1,029,000	-2.4
Montana	130,000	-0.31
Nebraska	186,000	-0.42
Nevada	317,000	-0.73
New Hampshire	119,000	-0.27
New Jersey	710,000	-1.82
New Mexico	407,000	-0.95
New York	3,148,000	-8.78
North Carolina	1,537,000	-3.65
North Dakota	68,000	-0.17
Ohio	1,835,000	-4.82
Oklahoma	665,000	-1.59
Oregon	805,000	-1.88
Pennsylvania	1,798,000	-4.11
Rhode Island	159,000	-0.42
South Carolina	910,000	-2.21
South Dakota	109,000	-0.27

Table 1: **Illustrative State-by-State Impact of the Ryan Budget's SNAP Cuts (cont.)**		
State/Territory	Number of SNAP Participants in Fiscal Year 2012[1]	Proportional Distribution of Ryan's SNAP Benefit Cuts over Fiscal Years 2012-2021 (in billions of dollars)[2]
Tennessee	1,397,000	-3.46
Texas	4,055,000	-9.6
Utah	282,000	-0.65
Vermont	98,000	-0.22
Virginia	898,000	-2.14
Virgin Islands	23,000	-0.08
Washington	1,091,000	-2.44
West Virginia	389,000	-0.86
Wisconsin	817,000	-1.76
Wyoming	40,000	-0.09
Other SNAP spending[2]	NA	-13
United States	46,010,000	-127

Notes:

1. We distributed CBO's March 2011 projections of national fiscal year 2012 SNAP participation based on each state's share of fiscal year 2010 average monthly participation. Not all SNAP participants would necessarily be affected by Ryan's cuts.

2. The total cut to the SNAP program under the Ryan budget plan is $127 billion over fiscal years 2012 to 2021. More than 90 percent of SNAP expenditures are for food assistance benefits for low-income households. The remainder goes to the federal share of state administrative costs for the program, block grants for nutrition assistance in Puerto Rico and American Samoa, funds for commodities for The Emergency Food Assistance Program (TEFAP), and funding for the Food Distribution Program on Indian Reservations (FDPIR). We assume that those other activities would bear a proportional share of the cuts ($13 billion). This is a conservative estimate of the share that would come from SNAP benefits because, in the past, Congress has favored these activities and not looked to them for budget cuts. Under these assumptions, SNAP benefits would need to be cut by $114 billion over the period. The $114 billion in benefit cuts were distributed by state shares of fiscal 2010 total SNAP benefits. Due to rounding, the state-by-state benefit amounts may not add to the national total.