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HOUSE AGRICULTURE COMMITTEE PROPOSAL WOULD CUT 2 MILLION PEOPLE OFF FOOD STAMPS, REDUCE BENEFITS FOR MORE THAN 44 MILLION OTHERS

By Stacy Dean and Dorothy Rosenbaum

The House Agriculture Committee, which the House-approved budget requires to quickly produce $33 billion in savings over the next decade, approved a proposal today that would obtain the entire amount from cuts to the Supplemental Nutrition Assistance Program (SNAP), formerly known as food stamps.[1] The cuts — which would come on top of another proposal in the House budget to cut SNAP by $133 billion over the next decade and convert it to a block grant — would reduce or eliminate benefits for all SNAP households, including the poorest.

No other program under the Committee's jurisdiction would face *any* cut under the proposal, despite frequent calls for reform of the nation's farm subsidies — 74 percent of which go to the largest, most profitable farms, according to the Agriculture Department based on 2009 data. These large commercial farms received an average annual government payment of more than $30,000 a year in 2009, while having an average annual household income of over $160,000.[2] Chairman Lucas and Chairwoman Stabenow jointly recommended reductions to other areas under the Committees' jurisdiction last fall as a part of the Joint Committee process. Others, including the Obama Administration and the Bowles-Simpson report, have called for reductions in agriculture program spending as a means to achieve deficit reduction.

- **The cuts would affect every SNAP household.** Some 2 million individuals, disproportionately working families and seniors, would lose SNAP entirely. The remaining 44 million individuals who receive SNAP would see their benefits cut. For example, in September 2012, every household of four would see its benefits cut by $57 a month; households of three would lose $31 a month.

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[1] The proposal actually cuts $2.6 billion *more* than the House budget requires. The House budget requires the Agriculture Committee to develop $33.2 billion in savings over ten years; CBO estimates that the proposal would save $35.8 billion. The legislative text and a section by section breakdown is posted on the Agriculture Committee's website at: http://agriculture.house.gov/hearings/markupDetails.aspx?NewsID=1563.

[2] USDA, "Farm Income and Costs: Farms Receiving Government Payments," updated February 14, 2011, http://ers.usda.gov/Briefing/FarmIncome/govtpaybyfarmtype.htm. USDA, "Farm Household Economics and Well-Being: Farm Household Income," updated February 13, 2012, http://ers.usda.gov/Briefing/WellBeing/farmhouseincome.htm.

- **The proposal would increase poverty and hardship and could affect the economy adversely.** SNAP lifted about 4 million people out of poverty in 2010, including about 2 million children, under a Census poverty measure that counts the value of SNAP and other non-cash benefits. The proposed cut in SNAP benefits would push some households into poverty and deepen the extent of poverty for millions of others.

  This proposal also would remove almost $8 billion from the economy from the last quarter of 2012 through 2013, when the economic recovery is likely to remain fragile. Economists find that SNAP is one of the biggest "bang-for-the-buck" policies to improve a weak economy. Mark Zandi of Moody's Analytics, for example, rated temporary increases in SNAP benefits *first* in cost-effectiveness among the 22 tax and spending options he examined to promote economic growth and jobs in a weak economy. The Congressional Budget Office (CBO) also gives SNAP increases its top rating for effectiveness in a weak economy. This is because SNAP benefits are quickly spent and injected into the economy, rather than saved.

- **The proposal would cut funds for job training at a time when the unemployment rate exceeds 8 percent.** Some proponents of large cuts in SNAP and other low-income programs argue that policymakers should place greater emphasis on promoting work. However, the House SNAP proposal would cut federal funding for SNAP employment and training programs by *72 percent* by removing federal matching funds for job training and other employment programs for jobless SNAP recipients, along with associated child care, transportation, and other work supports. This cut would make it harder for SNAP households that are unemployed to obtain jobs.

- **280,000 children would lose free school meals along with their SNAP benefits, according to the Congressional Budget Office.** These children are eligible to receive free school lunches and breakfasts because their families qualify for SNAP. The House proposal, by eliminating their SNAP eligibility, would remove them from free school meals as well.

Cutting SNAP Would Be Both Unwise and Unnecessary

No other program serves the poor as comprehensively as SNAP; for many of the poorest Americans, SNAP is the only form of income assistance they receive. Temporary Assistance for Needy Families (TANF) cash assistance, general assistance, and unemployment insurance are not available to millions of jobless households.

Eighty-five percent of SNAP households have *gross* incomes below the poverty line ($22,000 a year for a family of four in 2011), and 98.5 percent have *disposable* income (or "net income") below the poverty line. Two of every five SNAP households have gross incomes below *half* of the poverty line.

Moreover, SNAP benefits are extremely modest, averaging only about $1.50 per person per meal today which is already scheduled to drop to about $1.30 per person per meal in November 2013 (in 2012 dollars) when the temporary increase in benefits provided under the Recovery Act expires. Many researchers have questioned whether the benefits are sufficient (the Institute of Medicine is now studying this issue), and a number of households run low on food toward the end of the month. To cut back could compromise millions of Americans' ability to obtain a basic diet, with potential health effects on substantial numbers of poor children, seniors, and people with disabilities. SNAP households include 4 million seniors, 4 million adults who receive disability benefits, and 23 million children — including 10 million children in households with cash income below half the poverty live.

Finally, while SNAP costs have risen substantially in the last few years, those costs will abate as the economy recovers and the Recovery Act's temporary benefit increase expires. CBO projects that by 2018, SNAP expenditures will fall back to their 1995 level as a share of the economy. In addition, SNAP expenditures are projected to grow no faster than the economy in future decades, which indicates that SNAP is not a factor contributing to the nation's long-term fiscal problem.