Supplemental Nutrition Assistance Program
SNAP

SNAP

- What is SNAP?
  - Provides monthly food vouchers (in-kind)
    - Can be spent at grocery stores or other food retailers
    - Cannot be spend on "hot" or prepared foods, alcohol, non-food items
  - Broadly available to lower-income households
  - Benefits vary across households:
    - Benefits increase with household size
    - Benefits decrease with income

SNAP

- Food Stamp origins:

  1939-1943: USDA's first food stamp program. People on relief can buy orange stamps to exchange for any food at participating retail stores; for each dollar orange stamp purchased, USDA provides a blue stamp worth 50 cents for surplus commodity foods at those stores.

SNAP

- ▶ SNAP History:
  - ▶ Authorized by Food Stamp Act of 1964, national requirement by 1974
  - ▶ 1996: PRWORA restricts food stamp eligibility, reduces benefits (slightly), some work requirements
  - ▶ 1999: Allowed BBCE
  - ▶ 2008: Renamed SNAP, EBT use
  - ▶ 2009-2013: 13% increase in benefits during Great Recession
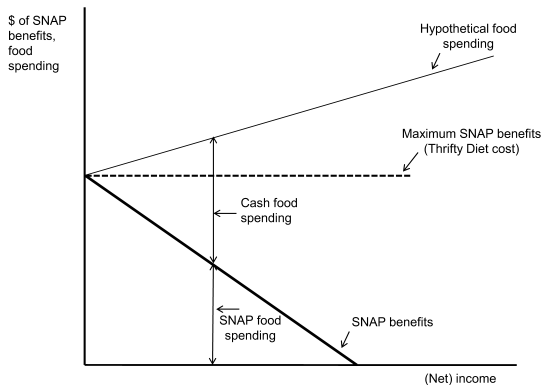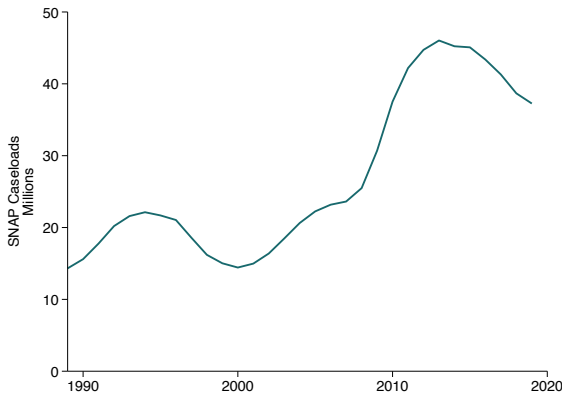 - ▶ 2021: TFP 21% increase (first since 1975)

SNAP

▶ SNAP Benefit formula:

Fig. 3.1 Stylized representation of SNAP benefit formula
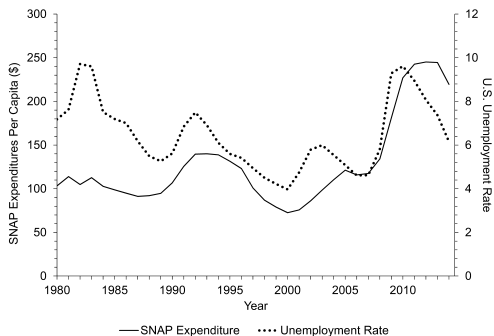*Source:* Hoynes, McGranahan, and Schanzenbach (2015).

SNAP

- ▶ SNAP Caseloads over time:

SNAP

▶ SNAP Caseloads and the Business Cycle:

SNAP

- ▶ Who is on SNAP?
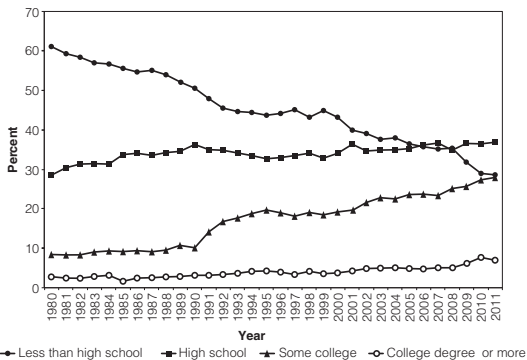- ▶ By Education:

Figure 1.8. Trends in distribution of SNAP households by education attainment of head.
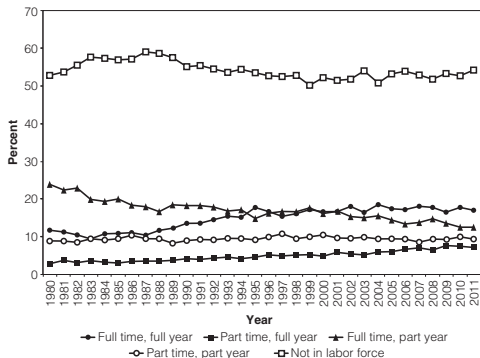
SNAP

- ▶ Who is on SNAP?
- ▶ By Employment:

Figure 1.7. Trends in distribution of SNAP households by employment status of head.

SNAP

- SNAP during the pandemic:
  - Suspended many reporting or interview requirements
  - Automatic benefit maximums ($\approx 35\%$ benefit increase)
  - TFP increase in 2021 (21% increase)

SNAP

- What are costs/benefits of providing food benefits (as opposed to cash)?
- Benefits
    - Limited distortions (?)
    - Budget distortions (good)
        - Paternalism
        - Transfers to children
    - Targeting (good)
- Costs
    - Budget distortions (bad)
        - Car repairs? Childcare? Clothing? ect.
        - Targeting (bad)
        - Administrative costs and burden