Center on Budget and Policy Priorities

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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RYAN BUDGET WOULD SLASH SNAP FUNDING BY $134 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 includes cuts in SNAP (formerly known as the Food Stamp Program) of $133.5 billion — more than 17 percent — over the next ten years (2013-2022),[1] which would necessitate ending assistance for millions of low-income families, cutting benefits for millions of such households, or some combination of the two. Chairman Ryan proposed a similarly deep SNAP cut last year.

While Chairman Ryan has outlined some key features of his proposal as it affects SNAP — in particular, converting SNAP to a block grant beginning in 2016 — he has provided little information on how the cuts would be achieved or their timing over the ten-year period.[2] And the total cuts under the Ryan plan could turn out to be somewhat larger than $133.5 billion.[3]

Since more than 90 percent of SNAP expenditures are for food assistance benefits for low-income households, and most of the remaining funds go for necessary state administrative costs to determine program eligibility and operate the program properly, policymakers couldn't possibly achieve cuts of this magnitude without substantially scaling back SNAP eligibility or reducing benefits deeply, with serious effects on low-income families and individuals.[4] [5] Table 1 provides state-by-state estimates of the potential impact in each state.

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[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 March 21, 2012.

[2] House Budget Committee, *The Path to Prosperity: A Blueprint for American Renewal,* March 20, 2012, page 39. During the mark-up, House Budget Committee staff mentioned two policies in addition to the block grant: "expanded categorical eligibility" and "heat and eat." These would yield a very small share of the $133.5 billion in savings, as they would be in effect only for fiscal years 2013 through 2015. By 2016, the block grant presumably would supersede these policies.

[3] The Ryan budget plan also assigns $33 billion in cuts to the Agriculture Committee under "reconciliation instructions," and it is not clear whether the $133.5 billion in SNAP cuts includes some of this $33 billion. The total SNAP cuts under the Ryan plan could be somewhat deeper than $133.5 billion if the Agriculture Committee sought to achieve cuts toward its $33 billion target through SNAP cuts that are not part of the $133.5 billion.

[4] 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, employment and training and nutrition education services for SNAP households, funds for commodities for The Emergency Food Assistance Program (TEFAP), and funding for the Food Distribution

- **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 the program, if the cuts began taking effect in 2013.[6] If the cuts did not begin until 2016, an average of almost 10 million people would have to be cut from the program in the years from 2016 through 2022 to achieve the required savings.

  Looked at another way, the benefit reduction over a ten-year period would exceed the total amount of SNAP benefits projected to go to the 29 smallest states and territories over this period. (Those 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, and Wyoming.)

- **Cuts in benefits:** If the cuts were to come solely from across-the-board benefit cuts, SNAP benefits would have to be cut by about $22 to $27 per person per month in 2016 dollars. This would require setting the maximum benefit at about 86 percent of the Thrifty Food Plan (TFP), USDA's estimate of the minimum amount that 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.)[7]

  The impact of such a change would be pronounced. All families of four — including the poorest — would see their benefits cut by about $90 a month in fiscal year 2016, or more than $1,100 on an annual basis. All families of three would be subject to cuts of more than $70 per month, or almost $900 on an annual basis.[8]

Program on Indian Reservations (FDPIR). For purposes of this analysis, we assume 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 $121.5 billion over the period. This is a conservative estimate of the share that would come from benefits; in the past, Congress has favored these other activities and not looked to them for large budget cuts. In addition, during the Budget Committee mark-up committee staff indicated that under a block grant, states could cut benefits in order to fund other activities, such as job training. So the cut to SNAP benefits could be deeper than this analysis assumes.

[5] All estimates use CBO's March 2012 baseline assumptions. These estimates do not separately take into account the two policy proposals that House Budget Committee staff indicated were included in the $133.5 billion (see footnote 2). Rather, they are intended to be illustrative of the size of the cuts that would be required.

[6] These estimates are relative to CBO's participation projections. This assumes the cut would go into effect in fiscal year 2013 (i.e., starting this October) and 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 reduction in the number of beneficiaries would be somewhat smaller than 8 million in later years, because CBO assumes that the number of people participating in SNAP will decline as the economy recovers more fully.

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

[8] To estimate an across-the-board cut, we reduced the size of maximum benefits relative to the TFP by 12 percent each year. Because benefits are temporarily set at higher levels (113.6 percent of the June 2009 TFP) as a stimulus measure, this would result in two benefit cuts, one in October 2012 and another in November 2013 when the benefit increase from the Recovery Act is scheduled to expire. There are other alternatives for timing across-the-board cuts.

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 $133.5 billion in savings.

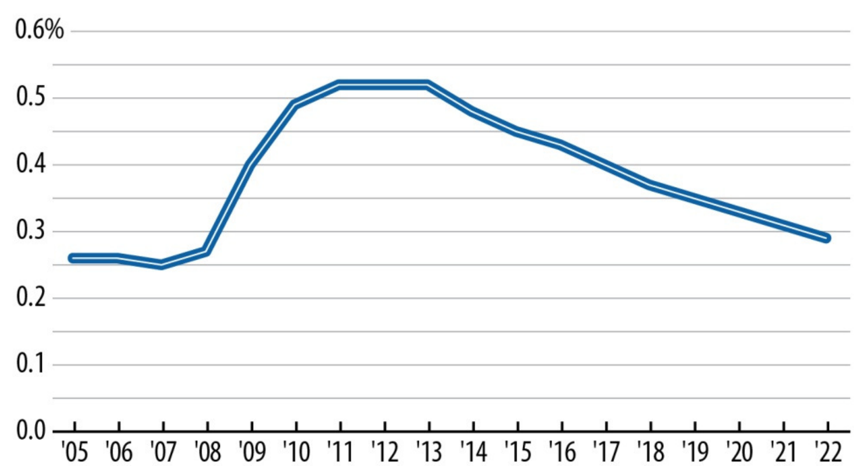
While Congress might not seek to hit the Ryan targets through eligibility cuts or benefit cuts alone, these examples illustrate the magnitude of the proposed funding reductions that would have to be made. There would not be a lot of other places to go to achieve the required cuts; as noted, more than 90 percent of SNAP expenditures are for food assistance benefits for low-income households.

Proposal Rests on Inaccurate Claims About Program Growth

Chairman Ryan says that "this program cannot continue to grow at its current rates."[9] But the recent growth in SNAP expenditures is temporary and primarily a result of the depth of the recent recession, not a sign that the program is growing in a "relentless and unsustainable"[10] way. 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. As Figure 1 indicates, CBO's latest projections show that once the economy fully recovers, SNAP is expected to return essentially to pre-recession levels as a share of the Gross Domestic Product.

Figure 1

CBO Projects SNAP Will Shrink as Share of GDP



Source: Congressional Budget Office, CBO March 2012 baseline outlay and economic forecast.

The most recent SNAP data on the number of participants (through December 2011) are consistent with continuing (though disappointingly weak) recovery, which also is reflected in the CBO forecast. The rate of growth in the number of SNAP participants rose substantially during the

[9] *The Path to Prosperity: A Blueprint for American Renewal,* House Budget Committee, March 20, 2012, page 39.

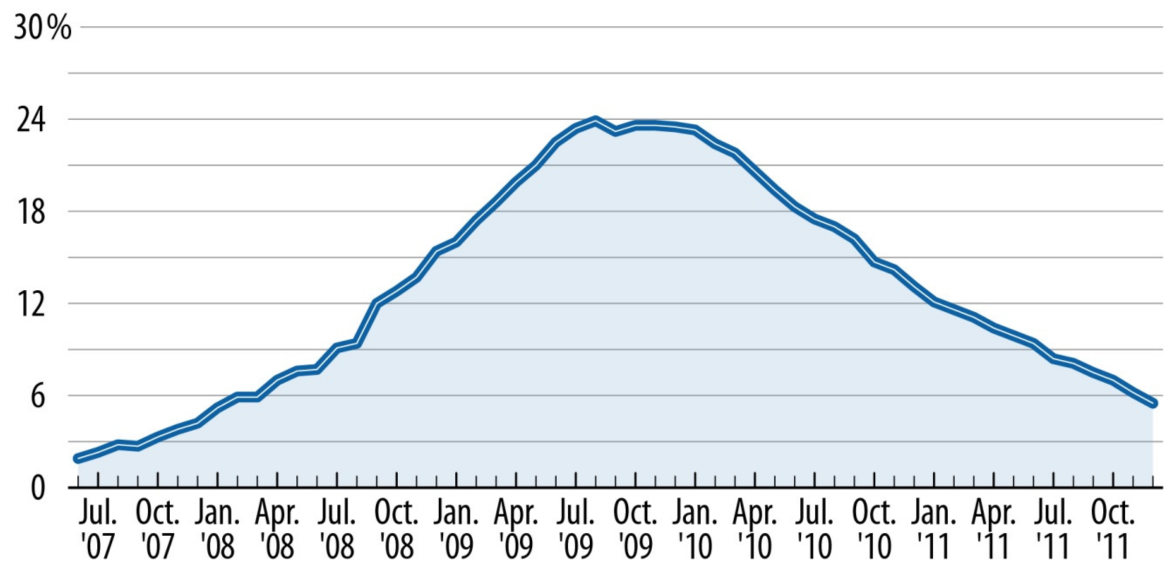
[10] *Ibid.*

recession and peaked in the fall of 2009. But in recent months the rate of growth has slowed to a path that suggests the caseload may start to decline in the near future. (See Figure 2.)

Figure 2

SNAP Participation Growth Has Slowed Dramatically Since the End of Recession

Percent increase in participants compared to same month of previous year



Source: USDA monthly SNAP participation data, with CBPP adjustment to remove spikes from Disaster SNAP participants in order to estimate the underlying trends in SNAP participation.

Chairman Ryan's budget documents also criticize longstanding bipartisan efforts at both federal and state levels to increase SNAP participation among eligible low-income households. The current and previous two Administrations and governors from across the political spectrum have sought to boost participation among low-income individuals who are eligible for SNAP but not participating. These efforts have largely aimed at working-poor families and low-income elderly people, the two eligible groups with the lowest participation rates: 57 percent and 34 percent, respectively. Chairman Ryan suggests that one benefit of capping SNAP funding would be to halt such efforts by inducing states to cease working to connect eligible low-income people to SNAP.

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

The Ryan budget documents assert that Congress could achieve the required savings by capping federal funding for SNAP 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.

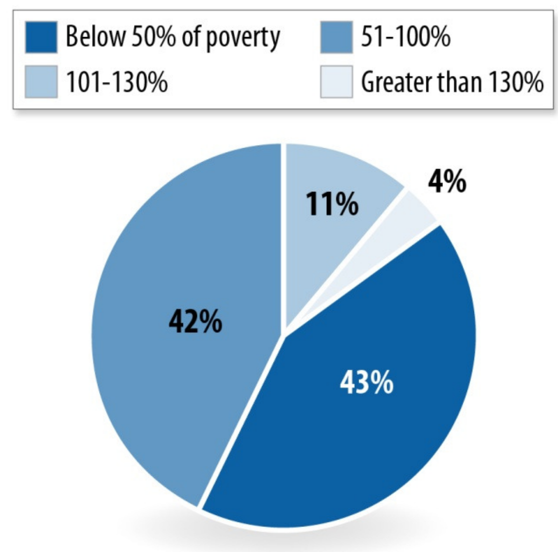
Unlike most means-tested benefit programs, which are restricted to particular categories of low-income individuals, SNAP is broadly available to almost all households with very low incomes. As a result, cutting SNAP would affect broad swaths of the low-income population. Currently, 46.5 million people receive SNAP assistance to help them buy food for their families. Census data show that in 2010 (the latest year for which these data are available), 46.2 million Americans lived below the poverty line, and 63 million lived below 130 percent of the poverty line, SNAP's gross income limit.[11]

- **The overwhelming majority of SNAP households are families with children, seniors, or people with disabilities.** Almost three-quarters of SNAP participants are in families with children; more than one-quarter are in households that include senior citizens or people with disabilities.

- **SNAP households have very low incomes.** Eighty-five percent of SNAP households have incomes below the poverty line (about $23,050 for a family of four in 2012). Such households receive 93 percent of SNAP benefits. Two of every five SNAP households have incomes below *half* of the poverty line. (See Figure 3.) Such individuals and families have little flexibility in their monthly budgets to cope with deep reductions in food assistance.

Figure 3

Two-Fifths of SNAP Households Are Below Half the Poverty Line



Source: USDA Food and Nutrition Service Quality Control Data, FY 2010.

- **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 2010, some 37 million people (1 in 8 Americans) worked or lived in a working family with cash income below 130 percent of the poverty line (about $29,000 for a family of four). Low incomes like these — which typically reflect 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 $1,146 per month ($13,762 on an annual basis) and receives $375 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 $67 per month — or 17 percent — in fiscal year 2016.

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[11] 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 *net* income (after deductions for certain necessary expenses) at or below 100 percent of the poverty line. States have some flexibility to lift the gross income test for certain other households, while 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.

Deep SNAP Benefit Cuts Would Increase Hunger and Poverty

SNAP cuts of the magnitude that the Ryan budget proposes would almost certainly lead to increases in 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 their SNAP benefits have run out. A cut of the magnitude that the Ryan budget calls for 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.

Deep SNAP cuts also would cause more families and individuals to fall into poverty and cause poor families to fall deeper into poverty. Currently, the program helps lessen the extent and severity of poverty; Census Bureau data on disposable family income that include the value of food stamps and other non-cash benefits and taxes, as well as cash income, show that:

- SNAP lifted about 4 million Americans above the poverty line in 2010, including about 2 million children.[12]
- SNAP kept more children — 1.3 million — from falling below *half* of the poverty line in 2010 than any other program.[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. The Ryan budget contains steep cuts in other low-income assistance programs as well, compounding the effects of the SNAP cuts. Many vulnerable families would lose health coverage, housing assistance, and other important supports such as child care at the same time they faced cuts in their SNAP benefits.

Cuts Could Be Even Larger if Economy Is Weaker Than Expected

As noted, Chairman Ryan's budget calls for block-granting SNAP in 2016. Under a block grant structure, the program would lose its ability to respond automatically to the increased need that results from rising poverty and unemployment during economic downturns. Annual federal funding would remain fixed, regardless of whether the economy was in a recession or how severe a downturn was. As a result, the House Budget Committee staff's estimate that the Ryan plan would cut SNAP by $133.5 billion over ten years may understate the magnitude of the cut — the cuts would be still more severe if the economy performs less well over the coming decade than CBO currently projects.

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[12] Based on preliminary Census Bureau estimates using the "Supplemental Poverty Measure." See Kathleen S. Short, "The Research Supplemental Poverty Measure: 2010," Bureau of the Census, January 2011, tables 1 and 3a, http://www.census.gov/hhes/povmeas/methodology/supplemental/research/Short_ResearchSPM2010.pdf. The Supplemental Poverty Measure defines poverty as family income (cash income after taxes plus the value of SNAP and other food assistance, housing assistance, and energy assistance, minus out-of-pocket medical and work expenses) that falls below an updated poverty line. It uses a broader family unit that includes unmarried partners and foster children.

[13] Unpublished CBPP analysis of the March 2011 Current Population Survey using a poverty measure that follows National Academy of Sciences recommendations.

In addition, the Ryan budget would require the House Agriculture Committee to produce $33 billion in savings over the 2013-2022 period via reconciliation instructions. It is not clear whether these cuts would be in addition to the recommended $133.5 billion in SNAP cuts. The House Agriculture Committee could produce savings from any combination of mandatory programs under its jurisdiction, including farm, conservation and nutrition programs. As a result, the net impact of the Ryan budget on SNAP could be even larger than the recommended $133.5 billion in cuts.

Table 1		
Illustrative State-by-State Impact of the Ryan Budget's SNAP Cuts		
State/Territory	**Projected Number of SNAP Participants in FY 2013, and Hence the Number of People Who Would Be Placed at Risk[1]**	**Proportional Distribution of Ryan's SNAP Benefit Cuts over Fiscal Years 2013-2022 (in billions of dollars)[2]**
Alabama	970,000	-2.53
Alaska	91,000	-0.30
Arizona	1,125,000	-2.79
Arkansas	512,000	-1.22
California	3,869,000	-10.97
Colorado	477,000	-1.29
Connecticut	399,000	-1.10
Delaware	142,000	-0.35
District of Columbia	142,000	-0.39
Florida	3,239,000	-8.71
Georgia	1,875,000	-4.89
Guam	43,000	-0.18
Hawaii	168,000	-0.70
Idaho	241,000	-0.61
Illinois	1,890,000	-5.07
Indiana	924,000	-2.35
Iowa	394,000	-0.96
Kansas	315,000	-0.77
Kentucky	868,000	-2.13
Louisiana	932,000	-2.35
Maine	261,000	-0.65
Maryland	703,000	-1.75
Massachusetts	857,000	-2.19
Michigan	2,032,000	-5.33
Minnesota	533,000	-1.18
Mississippi	656,000	-1.56
Missouri	994,000	-2.43
Montana	131,000	-0.33
Nebraska	184,000	-0.43
Nevada	351,000	-0.84
New Hampshire	119,000	-0.28
New Jersey	800,000	-2.05
New Mexico	436,000	-1.07
New York	3,160,000	-9.05
North Carolina	1,675,000	-4.02
North Dakota	64,000	-0.16
Ohio	1,874,000	-5.05
Oklahoma	648,000	-1.60
Oregon	814,000	-2.01
Pennsylvania	1,810,000	-4.48
Rhode Island	169,000	-0.47
South Carolina	890,000	-2.27
South Dakota	107,000	-0.27

Tennessee	1,344,000	-3.47
Texas	4,190,000	-10.14
Utah	299,000	-0.68
Vermont	97,000	-0.23
Virginia	905,000	-2.26
Virgin Islands	24,000	-0.08
Washington	1,111,000	-2.71
West Virginia	364,000	-0.84
Wisconsin	844,000	-1.89
Wyoming	38,000	-0.09
Other SNAP spending[2]	NA	-12.00
United States	47,100,000	-133.50

Notes:

1. Not all SNAP participants would necessarily be affected by Ryan's cuts. We distributed CBO's March 2012 projection of national SNAP participation fiscal year 2013, based on each state's percentage share of fiscal year 2011 average participation.

2. The total cut to the SNAP program under the Ryan budget plan is $133.5 billion over fiscal years 2013 to 2022. 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 those other activities would bear a proportional share of the cuts ($12 billion). This is a conservative estimate of the share that would come from SNAP benefit reductions because, in the past, Congress has favored these other activities and not looked to them for substantial budget cuts. Under these assumptions, SNAP benefits would need to be cut by $111.5 billion over the period. The $121.5 billion in benefit cuts were distributed across the states in accordance with each state's percentage share of total fiscal 2011 SNAP benefits. Due to rounding, the state-by-state benefit amounts may not add precisely to the total.