

Oh, SNAP – food stamps aren't working

By: Leslee Kulba-November 17, 2013

“Given the level of welfare spending, we seem to be having little success at getting people out of poverty over the long term or making them less dependent on government. This lack of success should suggest that we are doing something wrong. That ‘something’ is unlikely to be remedied simply by spending more on food stamps.”

That was one of Michael Tanner’s conclusions in a paper, “SNAP Failure: The Food Stamp Program Needs Reform,” published last month by the Cato Institute. In defense of this comment, Tanner notes that between 2000 and 2012, food stamp spending increased from \$17 billion to \$78 billion and the number of food stamp recipients increased from 17 million to 48 million. What’s worse, the USDA estimates 18 million American households are food-insecure.

Tanner agrees with the Congressional Budget office in concluding the increase in numbers is due to deliberate policy decisions more than any economic factor. For example, the Farm Security and Rural Investment Act of 2002 expanded food stamp eligibility to non-citizens; the Food, Conservation, and Energy Act of 2008 simplified the application process; and the stimulus bill of 2009 increased average benefits by 13.6 percent and eliminated time limits for Able-Bodied Adults without Dependents (ABAWDs).

Countrywide, the average food stamp benefit is only \$4.50/day. In North Carolina, it is \$3.98/day. Tanner finds the “grandstanding” over the “Food Stamp Challenge” misguided. Only a small percentage of food stamp recipients have no other source of income. Over 30 percent of recipients have earned income, and over 60 percent receive money from at least one other government welfare program. To date, at an annual cost of over \$668 billion, the federal government runs 126 anti-poverty programs, 21 of which provide food assistance. There is some overlap, but there are also a number of non-governmental sources of assistance.

According to Tanner, detectable food stamp fraud is relatively low. The USDA estimated direct fraud to be only \$858 million last year. Another \$2.2 billion was spent paying out benefits to people who should not have qualified. Combined sources of fraud amounted only to 3.9 percent of program costs. This is down from 5.6 percent in 2007, but Tanner argues number was decreased by “moving the foul lines.” Eligibility requirements have been slackened. According to Tanner, shocking instances of people using food stamps at liquor stores, at strip clubs, or to purchase goods to ship to relatives overseas do more to shatter the public faith in the program than eat away at its bottom line. Administrative costs are only about \$7 billion annually, or 9 percent of the program’s budget.

For all the investment, Tanner questions the program’s impact on reducing poverty. Whereas hardly any change in work hours was noted if a man went on food stamps or not, women tended to cut their work

hours 50 percent upon receiving food stamps. Despite political descriptions of the program as an up-and-out safety net, 56 percent of recipients remain in the program more than five years. Tanner observes, "Since President Johnson declared 'war on poverty' in 1965, the United States has spent more than \$15 trillion on anti-poverty programs. Yet the poverty rate has remained relatively constant since 1965, despite rising welfare spending. In fact, the only appreciable decline occurred in the 1990s, a time of state experimentation with tightening welfare eligibility."

Tanner was unable to find a correlation between food security and the number of SNAP enrollees or government spending levels. Nationwide, the number of food insecure people in the United States hovered around the 35 million mark until 2008, when it jumped to a new flat line around 50 million. Participation in the food stamp program rose gradually from about 18 million to 28 million in 2008, but increased to 44 million by 2011. The plot of spending hockey-sticked the same year. It rose from \$18 billion to \$38 billion between 2000 and 2008; and then skyrocketed to \$78 billion. SNAP's payouts per enrollee have almost doubled since 2000. Various studies failed to demonstrate that food stamp recipients were making healthier food choices as well.

Trends indicate the program is having more success growing itself than it is addressing the needs of the poor. Thresholds for eligibility have been raised. At first, recipients had to have incomes below the poverty level and less than \$2000 in assets, exempting houses, cars, and retirement savings. Now, over 17 percent of recipients are above the poverty level, and 10 percent are ABAWD's. The USDA is pushing states to remove asset tests, and states are happy to oblige because doing so will bring more "free" federal money to their state to multiply in the economy. Eliminating means testing also allows states to cut back on their own bureaucratic overhead. Although the program is supposed to have a work requirement, there are too many loopholes. In fact, states are not required to report statistics pertaining to how many SNAP recipients are employed or looking for work.

Attempts to grow the program border on the absurd. At the last count, state and federal governments were spending \$41.3 million a year on advertising. Florida employs recruiters with monthly quotas for 150 new recipients, Rhode Island hosts SNAP-themed bingo games, and Alabama hands out flyers that read, "Be a patriot. Bring your food stamp money home." The USDA, in fact, encourages its field offices to host mix and mingle events with fun, food and games.