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## House Republicans' Additional SNAP Cuts Would Increase Hardship in Areas with High Unemployment

By Ed Bolen, Dorothy Rosenbaum, and Robert Greenstein

Shortly before Congress adjourned for its August recess, House Republican leaders disclosed that they plan to move a bill in early September that doubles — to \$40 billion over ten years — their proposed cuts to SNAP (the Supplemental Nutrition Assistance Program, formerly food stamps) and immediately cuts 2-4 million *more* low-income individuals from the program.<sup>1</sup> The new cuts come primarily from eliminating waivers that states can use, during periods of high unemployment, to ease the severity of a harsh rule that limits SNAP to three months of benefits out of every *three years* for people aged 18 to 50 who aren't raising minor children and are unemployed, regardless of how hard they are looking for work.

Under the new House Republican proposal, if such individuals can't find at least a half-time job, they will summarily be thrown off the program after three months — irrespective of how high local unemployment is. The individuals in question are among the poorest people in the United States. SNAP program data show their average income is just 22 percent of the poverty line, about \$2,500 a year for a single individual. For most of them, SNAP is the only state or federal income assistance available. On average they will receive about \$160 a month in SNAP benefits in fiscal year 2014.

The individuals at risk of losing basic food assistance are a diverse group. More than 40 percent are women. One-third are over age 40. Among those who report their race, about half are white, a third are African American, and a tenth are Hispanic. Half have a high school diploma or GED, and another fifth have some college education. They live in all areas of the country, and among those for whom metropolitan status is available, about 40 percent live in urban areas, 40 percent in suburban areas, and 20 percent in rural areas.

As a result of the proposed cuts, many of these individuals would fall deeper into destitution. Some would likely experience hunger as well as homelessness; money spent on food isn't available to pay the rent, and with income this low, it can be very difficult to do both.

The new cuts would come on top of the \$20 billion in cuts in the farm bill that the House Agriculture Committee approved on May 15. Congressional Budget Office estimates show those

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<sup>1</sup> See David Rogers, "House GOP Takes Another Cut at Food Stamp Bill," *Politico*, August 1, 2013 and Erik Wasson, "House GOP Drafting New Food Stamp Bill with \$40B in Cuts," *The Hill*, August 1, 2013.

cuts would throw nearly 2 million *other* low-income people off SNAP, primarily working families and elderly individuals, and reduce benefits for hundreds of thousands of others.<sup>2</sup>

The cuts would also come on top of an across-the-board SNAP benefit cut for all participants — including the 22 million children receiving SNAP — which will take effect on November 1 when a temporary provision of the 2009 Recovery Act ends. For example, benefits will drop \$36 a month, or nearly \$400 over the rest of fiscal year 2014, for all families of four receiving SNAP assistance.<sup>3</sup>

The bill that House leaders bring to the House floor in September also will reportedly retain a severe measure known as the Southerland amendment that was added when the farm bill was initially on the House floor in June. It would allow states to end benefits to large numbers of out-of-work low-income adults — and their children — who want a job but cannot find one. Under the amendment, states would have a large financial incentive to terminate benefits to such families: in a provision unprecedented in the program's history, states would get to keep half of the federal savings from removing jobless individuals from SNAP and could use these funds for any purpose they want, including tax cuts, special-interest subsidies, or plugging holes in state budgets.<sup>4</sup>

## **Waivers Allow States to Provide Food Assistance When Jobs Are Scarce**

Current SNAP law restricts eligibility for unemployed adults who aren't disabled or caring for minor children to three months out of every three years, unless they are employed at least 20 hours per week or participating in a qualifying workfare or job training program. Few states operate workfare or training programs for these individuals (either at all or on more than a very small scale). As a result, most of these jobless adults are simply cut off SNAP after three months, no matter how much they want to work, how hard they are looking for a job, and how willing they are to accept any available job and participate in a work or training program.

The three-month rule is *not* a work requirement. It denies basic food assistance to people who want to work and will accept any job or work slot offered them, and it does not require states to provide work or job training opportunities to these individuals. States have access to some additional SNAP employment and training funds if they pledge to offer a workfare or job training placement to all people who would otherwise be cut off after three months, but most states do *not* do so. Only five states committed to providing a job training or workfare opportunity to all individuals subject to the cutoff in 2012.

Thus, the three-month rule is not a test of individuals' willingness to work. Indeed, it applies to people who have worked for years but have lost their jobs for any reason, including plant closings or outsourcing, and can't quickly find new employment.

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<sup>2</sup> Dorothy Rosenbaum and Stacy Dean, "House Agriculture Committee Farm Bill Would Cut Nearly 2 Million People Off SNAP," Center on Budget and Policy Priorities, revised May 16, 2013, <http://www.cbpp.org/cms/index.cfm?fa=view&id=3965>.

<sup>3</sup> Stacy Dean and Dorothy Rosenbaum, "SNAP Benefits Will Be Cut for All Participants in November 2013," Center on Budget and Policy Priorities, revised August 2, 2013, <http://www.cbpp.org/cms/index.cfm?fa=view&id=3899>.

<sup>4</sup> Ed Bolen, Stacy Dean, Robert Greenstein, and Dorothy Rosenbaum, "House Farm Bill Provision Would Pay States to Cut Families Off SNAP Who Want to Work But Cannot Find a Job," Center on Budget and Policy Priorities, July 9, 2013, <http://www.cbpp.org/cms/?fa=view&id=3988>.

The 1996 welfare law, which created the three-month rule, included as a core part of the rule a provision to mitigate its severe impact during periods when the economy is weak: states may request a temporary waiver from the three-month cutoff for areas that have high unemployment or otherwise have insufficient jobs. During the current economic slump, nearly all states — with Democratic and Republican governors alike — have requested and received such waivers. More than 45 states have such waivers for the current fiscal year. (The waivers are granted one year at a time, depending on labor-market conditions, and will be scaled back as labor-market conditions improve).<sup>5</sup>

To qualify for a waiver, states must either provide detailed Labor Department data that show high unemployment for the areas within the state for which a waiver is requested or meet federal requirements for qualifying for extended or emergency unemployment benefits (which also require high unemployment). In the recent recession and its aftermath, which has featured continued high unemployment — and in which the share of adults with jobs is little higher today than at the depth of the recession — many states have qualified for a statewide waiver. When the economy is stronger, however, states generally can seek only more limited waivers that target areas with high unemployment, such as Indian reservations, areas with chronically high unemployment such as the Mississippi Delta, Rio Grande Valley, parts of Appalachia, and urban and rural areas that have very limited job opportunities. Waivers have also assisted recovery from sudden spikes in unemployment after a disaster such as Hurricane Katrina or the 2010 Gulf oil spill.

The waiver option was critical to Congress' approval of the three-month cutoff, which was added as an amendment to the 1996 welfare law on the House floor. The authors of the amendment defended it on the House floor, claiming it would not have draconian effects for two reasons: 1) states would offer workfare programs to all people who couldn't find a job; and 2) states could seek waivers to suspend the three-month cutoff in localities that were experiencing high unemployment or otherwise lacked sufficient jobs.

The first claim turned out not to be true. The welfare law did *not* require states to offer workfare programs to the affected low-income individuals or provide funds to states for that purpose — and most states do not offer them, in large part because work programs are expensive to operate.

The second claim was more legitimate, as states generally have sought waivers for areas with high unemployment. Today, with a job market that remains very weak, more than 45 states have waivers for areas in their states. Even when the economy was stronger, most states applied for and received waivers for areas that were struggling with very high unemployment, but many fewer areas qualified for waivers than do today.

The House Republicans' SNAP proposal would eliminate this waiver authority, immediately terminating food assistance to up to 4 million poor jobless individuals.<sup>6</sup> (This is the number of non-disabled 18-50 year-old adults not employed more than 20 hours a week and not raising minor

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<sup>5</sup> In SNAP the term "states" includes the 50 states plus the District of Columbia, Guam, and the Virgin Islands.

<sup>6</sup> The numbers of unemployed childless adults in this section are CBPP estimates based on 2011 USDA SNAP Household Characteristics data, adjusted for changes in SNAP caseloads and other factors, such as anticipated waiver eligibility. CBO has not estimated the effect of the policy the House Republicans are bringing to the floor in September.

children who were receiving SNAP benefits in fiscal year 2011, the last year for which these data are available. It may sound high at first blush but shouldn't — 46 million Americans live below the poverty line, 14 million Americans are unemployed, and 8 million more want to work full time but can only find jobs with a limited number of hours.) Childless adults aged 18 to 50 who cannot find at least a half-time job would be summarily thrown off the program after three months, regardless of how high local unemployment is.

The impact, on communities as well as individuals, would be significant and be felt throughout the country. The increased demand on already-strained local services and charities would be substantial — either displacing support for other needy residents, such as seniors and low-income working families, or leaving jobless adults without food. (Table 1 lists the number of people in each state who meet the criteria for people subject to the three-month cutoff, based on data for fiscal year 2011.)

To be sure, under current law, many childless adults will lose SNAP in coming years anyway as the economy improves and states thus no longer qualify for these waivers (or qualify for waivers for fewer areas of the state) and reinstate the three-month limit in many areas. Over the next several years, approximately 1 to 2 million people will again become subject to the three-month limit, eventually bringing the number of people cut off benefits solely as a result of the elimination of the waivers to 1 to 2 million. But the proposal could *immediately* terminate food assistance to closer to 4 million individuals, including large numbers of jobless people who want to work and are looking for a job but can't find one. And, it would *prohibit* states from requesting a waiver at any time in the future — including in future deep recessions and no matter how bleak the unemployment situation is in depressed parts of a state.

SNAP allows states to grant exemptions to up to 15 percent of the number of people who otherwise would be ineligible because of the three-month cutoff. But even if they retained this authority under the House Republican proposal, which is unclear, this would only slightly mitigate the effects of losing waivers for areas with high unemployment.

States receive an allotment of exemptions each year. The share they receive does not take into account increases (or decreases) in the severity of unemployment in the state as a whole or in individual localities. Many states have granted exemptions, but they have not used them widely or consistently. It is administratively complex to do so because it is difficult to design criteria for using the exemptions and to track how many have been used. Individual eligibility workers do not know how many exemptions have been used in other areas of the state. Since the number of exemptions is so small relative to the size of the population, and since many of these individuals have similar circumstances (they are temporarily unemployed in a weak economy and struggling to make ends meet), it is difficult for states to determine which individuals should be exempted. In any event, the number of exemptions would not be large even if states retain this authority under the House Republican proposal.

## **Problem Is Lack of Jobs, Not Lack of Willingness to Work**

Proponents of the cut imply that anyone who would lose SNAP benefits who wanted a job could get one. This is clearly not the case. As of July 2013, there were still 2 million fewer jobs than when

the recession began in December 2007. The economy is creating only 150,000 to 200,000 jobs a month, not much more than needed just to keep up with population growth.

Moreover, low-skilled SNAP recipients do not qualify for many of the jobs that are being created. The Government Accountability Office has found that people subject to the three-month cutoff are more likely than other SNAP participants to lack basic job skills like reading, writing, and basic mathematics.<sup>7</sup>

Providing very low-income people with access to a basic food benefit while they are unemployed, the economy is weak, and they can't find a job is a basic governmental role.

## **Jobless Adults Are Not a Major Cause of SNAP Caseload Growth**

The number of unemployed childless adults on SNAP has risen in recent years for two reasons. First, the economic downturn has made millions more people poor and hence eligible for SNAP, causing the numbers of *all types* of SNAP households — including unemployed childless adults — to rise. Second, because of the large increases in unemployment, states have qualified to a greater degree for waivers from the three-month cutoff.

However, these unemployed childless adults still make up less than one-tenth of SNAP participants. In addition, a recent study by economists Jeffrey Liebman and Peter Ganong finds that the availability of waivers during the recession accounted for only about 10 percent of the increase in SNAP caseloads over the 2007-2011 period, a share that will decline as the labor market improves and waivers are scaled back accordingly. They also note that the waivers, by expanding and contracting with the economy, provide stimulus in weak economic periods.<sup>8</sup>

## **People Facing Cutoff Are Extremely Poor, and Few Qualify for Other Help**

The unemployed childless adults facing the loss of food assistance after three months if waivers are eliminated are extremely poor, and many are destitute.<sup>9</sup> Their gross incomes average only 22 percent of the poverty line, or about \$2,500 a year in 2013. Their SNAP benefits will average just \$160 per person per month in 2014.<sup>10</sup>

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<sup>7</sup> Government Accountability Office, “Food Stamp Employment and Training Program: Better Data Needed to Understand Who Is Served and What the Program Achieves,” GAO 03-388, March 2003, pp. 11-12, <http://www.gao.gov/assets/240/237571.pdf>.

<sup>8</sup> Peter Ganong and Jeffrey B. Liebman, “Explaining Trends in SNAP Enrollment,” June 2013. <http://scholar.harvard.edu/ganong/publications/explaining-trends-snap-enrollment/>. Liebman and Ganong write, “[B]ecause state eligibility for ... waivers mechanically expands and shrinks with the unemployment rate, these waivers have a lot in common with conventional automatic stabilizers, even though they require a state decision to apply for the waivers for them to go into effect.”

<sup>9</sup> Unless otherwise noted, the information in this section is based on CBPP analysis of the 2011 USDA data on SNAP Household Characteristics, which is the most recent year for which such detailed data on SNAP participants are available. We looked at SNAP participants in that year who were ages 18 to 50 with no minor children, not receiving disability benefits, and not employed 20 hours or more per week.

<sup>10</sup> This figure calculates the amount of SNAP benefits such individuals would receive *without* the benefit increase from the 2009 Recovery Act, because it ends in November 2013.

Demographically, the group is diverse. More than 40 percent are women. One-third (34 percent) are over age 40. Some 37 percent of the women who would lose benefits are over age 40.

Among those who report their race, about half are white (not Hispanic), a third are African American (not Hispanic), one in ten is Hispanic, and about 5 percent are Native American.

About a third have less than a high school degree. Half have a high school diploma or GED, and just one in five has some college education.

Such jobless adults live in all areas of the country. In 2011, about 40 percent lived in the South, one-quarter lived in the Midwest, 20 percent lived in the West, and 15 percent lived in the Northeast. Among the 83 percent for whom metropolitan status is available in the Census data, about 40 percent lived in urban areas, another 40 percent lived in suburban areas, and 20 percent lived in rural areas.

About 50,000 of such jobless adults were veterans in 2011, according to Census data.<sup>11</sup>

Most of these childless adults are ineligible for any other federal income assistance — or, in most states, for any state or local cash assistance, no matter how poor they are. Most states and localities have eliminated cash “general assistance” programs for unemployed childless adults, leaving most of those who are affected by the three-month SNAP cutoff without *any* other benefits. Moreover, because these adults aren’t raising children or disabled, they are ineligible for Medicaid as well. (That will change on January 1 in states that adopt health reform’s Medicaid expansion but not in states that don’t.)

## Conclusion

The three-month limit on SNAP benefits for unemployed childless is already harsh; imposing it even in areas where unemployment is high would be punitive. Eliminating the possibility of waivers during future recessions is shortsighted. The House Republican proposal would cut off food assistance to 2 to 4 million poor jobless adults in areas with few jobs. The likely results would include more hunger, destitution, and homelessness.

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<sup>11</sup> CBPP analysis of March 2012 Current Population Survey.

Table 1

**Number of SNAP Participants Aged 18-50, Not Raising Minor Children, and Not Employed 20 Hours Per Week, Based on Fiscal Year 2011 Data**

Alabama	74,000
Alaska	10,000
Arizona	96,000
Arkansas	43,000
California	346,000
Colorado	28,000
Connecticut	41,000
Delaware	11,000
District of Columbia	22,000
Florida	414,000
Georgia	168,000
Hawaii	16,000
Idaho	18,000
Illinois	182,000
Indiana	66,000
Iowa	34,000
Kansas	27,000
Kentucky	88,000
Louisiana	71,000
Maine	27,000
Maryland	77,000
Massachusetts	64,000
Michigan	212,000
Minnesota	41,000
Mississippi	52,000
Missouri	88,000
Montana	12,000
Nebraska	10,000
Nevada	31,000
New Hampshire	8,000
New Jersey	59,000
New Mexico	32,000
New York	211,000
North Carolina	165,000
North Dakota	3,000
Ohio	163,000
Oklahoma	47,000
Oregon	120,000
Pennsylvania	124,000
Rhode Island	14,000
South Carolina	95,000
South Dakota	7,000
Tennessee	159,000
Texas	109,000
Utah	23,000
Vermont	8,000
Virginia	68,000
Washington	124,000
West Virginia	25,000
Wisconsin	71,000
Wyoming	2,000
Guam	1,000
Virgin Islands	1,000
<b>Total</b>	<b>4,000,000</b>

Source: CBPP analysis of the 2011 USDA data on SNAP Household Characteristics.

Note: These estimates, based on the latest available data, are for fiscal year 2011. The current figures may be different because of changes in the individuals who are eligible for and apply to participate in SNAP and for other reasons.