

Policy Brief

May 2011

Supplemental Nutrition Assistance Program (SNAP)

What is SNAP?

The Supplemental Nutrition Assistance Program (SNAP) is the new name for The Food Stamp Program. SNAP is a core component of America's nutrition assistance safety net that now helps approximately 42 million people each month by increasing their purchasing power to afford a nutritious diet.¹ The new name is reflective of the program's mission to provide food assistance and increase nutrition for the health and well-being of America's low-income people.² Underscoring the continued effectiveness of the program, the error rate of the program—including underpayments and overpayments—is at a historic low: FFY 2010 saw a payment error rate of 3.81 percent.

The SNAP program is funded by the federal government, but individual states split the costs of administering the program. SNAP eligibility rules and benefits levels are set by the federal government and are—for the most part—uniform across the nation. SNAP participants are issued Electronic Benefit Transfer (EBT) cards, that look like debit cards, to be used at more than 171,000 authorized stores nationwide.

Who is Eligible for SNAP Benefits?

SNAP benefits are available to most low-income households. According to federal rules, the following resource and income requirements apply:

- A household's monthly income must not exceed 130 percent of the poverty line or \$1,984 for a three-person family in fiscal year 2010.
- A household may not exceed \$2,000 in countable resources, such as a bank account, or \$3,000 in countable resources if at least one person is age 60 or older, or is disabled. The resources of people who receive Supplemental Security Income (SSI) or Temporary Assistance for Needy Families (TANF, formerly AFDC) are not accounted towards the asset limit. Most [retirement \(pension\) plans](#) are also excluded.
- A household's net income, or income after deductions, must be less or equal to 100 percent of poverty.

Generally, able-bodied adults without dependents aged 18-50 years old, are limited to receive SNAP benefits for 3 months in a 36-month period if they are not working. Special rules apply to households where an elderly person (aged 60 years or older) or a disabled person lives.

How Much Do Households Receive in SNAP Benefits?

SNAP benefits are calculated according to need. Very poor households receive more benefits than households closer to the poverty line. The benefits given to households are called allotments. The monthly allotment is calculated by multiplying the household's net monthly income by 30 percent. The result is then subtracted from the maximum allotment for the household size. The SNAP formula is based on principle that families will spend 30 percent of their net income for food. For example, a household of four persons with a net monthly income of \$700 will receive the maximum benefit \$668 minus 30 percent of its net income (30 percent of 700 is \$210), or \$458. This equates to \$114.50 a person and less than \$4.00 a day.

Table 1.1 Maximum Monthly SNAP Allotments, Fiscal Year 2010

Household Members	Maximum Monthly Allotment
1	\$ 200
2	\$ 367
3	\$ 526
4	\$ 668
5	\$ 793
6	\$ 952
7	\$ 1,052
8	\$ 1,202
Each additional person	\$ 150

Source: USDA, Food and Nutrition Services, SNAP Eligibility Requirements

In fiscal year 2009, the average American household received \$125.31 a month for each household member. In Indiana, the average household received a slightly higher monthly benefit of \$126.32 per person.³

Who are SNAP Participants?

SNAP participants are diverse in their age, ethnicity, and family structures and represent the many faces of American's low-income families. General characteristics of SNAP participants include:

- Nearly one-half (49 percent) of SNAP participants are children.
- Nine percent of persons receiving benefits are aged 60 and over.
- In 40 percent of participating households, a member of the household was working.
- Less than 11 percent of all SNAP households received Temporary Assistance for Needy Families (TANF) benefits.
- Forty-one percent of participating households earned an income at or below 50 percent of poverty.
- The number of households with an elderly family member has increased by 500,000 since 2005.⁴

How Many People Participate in SNAP?

When the Food Stamp Program became permanent in 1964, the federal government estimated that national participation in the program would reach 4 million people at an annual cost of \$360 million. Needless to say, the Food Stamp program has grown significantly since its inception. During FFY 2009, national program participation reached 33,489,975 at a cost of \$53.64 billion.⁵

The national recession, which officially began in December 2007, added significantly to the national increase in SNAP participation rates. Within a year of the onset of the recession, in December 2008, SNAP participation reached a new all-time high at nearly 32 million people. However, SNAP enrollment rapidly continued throughout 2008 as the economy declined, and by December 2009, enrollment had increased by 22 percent to nearly 39 million people. By July 2010, SNAP participation had grown by another 8 percent to 42 million people.⁶

Indiana also experienced a steady incline in SNAP participation rates as the recession took its toll on the state. Between FFY 2008 and FFY 2009, SNAP participation increased by 83,280 individuals (13 percent) to 706,695 in 2009.⁷

How Does SNAP Benefit Indiana?

SNAP benefits not only help families afford a nutritious diet, but the benefits also help to stimulate the economy. Second only to Unemployment Insurance benefits, food stamp benefits provide the greatest return on their investment. For every \$5 in new SNAP benefits spent, nearly twice as much (\$9.20) is generated in total economic stimulus.⁸ In 2009, over 2.3 billion in SNAP benefits were given to Indiana, putting billions back into Indiana's economy through consumer spending.

Local farmers markets also benefit from programs enacted by many Midwestern states. For example, in Kalamazoo, Michigan, an increase in the publicity of the programs ability to accept EBT payments contributed to growth of sales of more than 144 percent in one year (\$6,700 in the first year to sales to \$16,300 in the second year).⁹

How Many SNAP Dollars Go Unclaimed in Indiana?

According to the 2009 American Community Survey, 896,972 Hoosier lived in poverty. However, on average, monthly participation in SNAP averaged 706,695 persons. Using this data, we can estimate that there are roughly 190,000 Hoosiers who are eligible to receive SNAP benefits but are not enrolled. Given that the average SNAP benefit amounts to \$126.32 per person, Indiana is missing out on \$24 million each month that could generate an economic impact of nearly twice that amount. Annually, this would amount to over \$288 million in SNAP benefits.

Table 1.2 Economic Impacts of Unclaimed Food Stamps in Indiana, 2009

Economic Impact of Unclaimed Food Stamps 2009	
Estimated Number of Persons Eligible for SNAP, but not receiving benefits	190,000
Average monthly benefit per person	\$ 126.32

Monthly Unclaimed SNAP benefits	\$ 24 million
Annual Unclaimed SNAP benefits	\$288 million

Source: 2009 American Community Survey, USDA, and author's calculations.

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¹ United States Department of Agriculture, Food and Nutrition Service, *Assistance Program Households: Fiscal Year 2008 Summary*, October 2009.

² United States Department of Agriculture, Food and Nutrition Service, *SNAP Fact Sheet*, September 2008.

³ United States Department of Agriculture, Food and Nutrition Service, *SNAP: Average Monthly Benefits per Person*, Oct. 2010.

⁴ United States Department of Agriculture, Food and Nutrition Service, *Characteristics of Supplemental Nutrition Assistance Program Households, Fiscal Year 2008 Summary*, October 2009.

⁵ United States Department of Agriculture, Food and Nutrition Service, *SNAP: Persons Participating, Benefits*, Oct. 2010.

⁶ United States Department of Agriculture, Food and Nutrition Service, *SNAP: Persons Participating*, Oct. 2010.

⁷ Ibid.

⁸ United States Department of Agriculture, Food and Nutrition Service, *SNAP Fact Sheet*, September 2008.

⁹ United State Department of Agriculture, Food and Nutrition Service, *SNAP: Farmers' Market Success Stories*, August 2011.