

Low-Income Michiganians Face Food Assistance Cut in November

In Michigan, 1.8 million low-income people will see their food assistance cut when a temporary boost to the Supplemental Nutrition Assistance Program (SNAP, formerly known as food stamps) expires Nov. 1, new data from the U.S. Department of Agriculture show.¹ SNAP benefits will average less than \$1.40 per person per meal after the cut.

The cut will affect more than 47 million Americans, including 22 million children, who receive SNAP, known as the Food Assistance Program in Michigan. For a family of three, that cut will mean a reduction of \$29 a month. That's a serious loss given SNAP's already low benefit levels and the very low incomes of SNAP participants — more than 80% of SNAP households live in poverty.

In Michigan, the benefit cut through October 2014 will total \$183 million, slowing economic growth by reducing overall consumption. Nationally, the cut will total roughly \$5 billion in federal fiscal year 2014 and an additional \$6 billion across fiscal years 2015 and 2016.

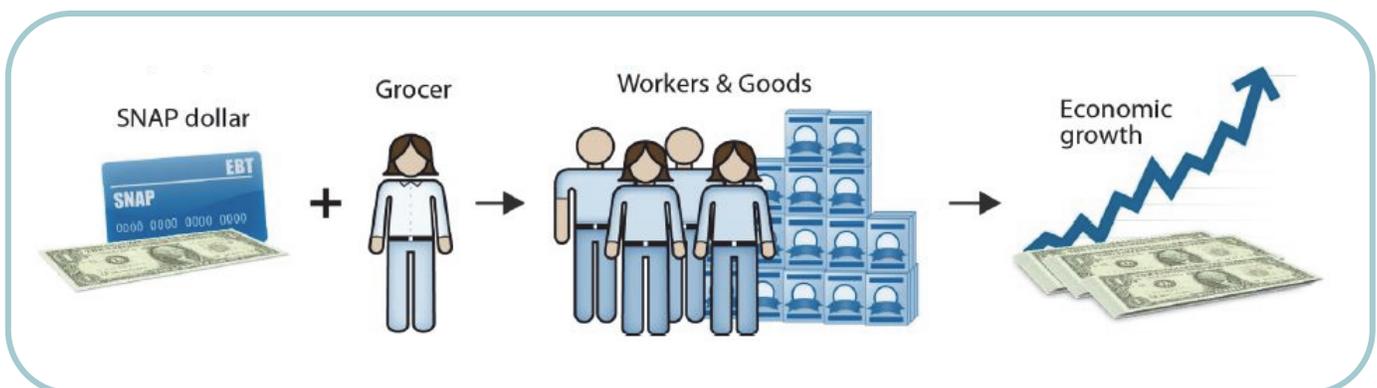
Despite continuing high poverty and unemployment, Michigan has cut programs aimed at helping families through hard times. Lifetime limits on cash assistance and an asset test on food assistance have resulted in lower caseloads while a

reduction in the Michigan Earned Income Tax Credit means working families are having a more difficult time making ends meet. Michigan also shortened its traditional period of unemployment from 26 weeks to 20 weeks yet the state's June unemployment rate of 8.7% remains above the national rate of 7.6%. Michigan's poverty rate of 17.5% is also above the national average.

BENEFIT INCREASE DESIGNED TO BOOST ECONOMY AND EASE HARDSHIP

Congress enacted the benefit increase as part of the 2009 Recovery Act to deliver high “bang-for-the-buck” economic stimulus and ease hardship. The Recovery Act boosted SNAP's maximum monthly benefits by 13.6% beginning in April 2009. It provided that SNAP benefit levels would continue at the new, higher amount until SNAP's regular annual inflation adjustments to the maximum benefit exceeded the Recovery Act amount. But Congress has since voted to accelerate the sunset of the benefit increase to Oct. 31 of this year.

The scheduled benefit cuts are especially painful in light of the inadequacy of existing benefit levels. In a report issued



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by the Institute of Medicine and the National Research Council, nutrition experts identified several shortcomings with the current SNAP benefit allotment and recommended evaluating ways of changing the benefit calculation to better ensure that households have enough resources to purchase an adequate diet.²



BENEFIT CUTS WILL INCREASE HARDSHIP

These cuts will likely cause hardship for many SNAP participants, who will include 22 million children in 2014 (10 million of whom live in “deep poverty,” with family incomes below half

the poverty line) and 9 million people who are elderly or have a serious disability. In Michigan, 1.8 million participate in the program — that’s one in six residents.

USDA has found that the Recovery Act’s benefit boost reduced the number of households in which one or more persons had to skip meals or otherwise eat less because they lacked money — what USDA calls “very low food security” — by about 500,000 households in 2009.³ More recent research finds that boosting SNAP benefits during the summer for households with school-aged children who don’t have access to USDA’s summer food program cut very low food security among these households by nearly 20%.⁴

Given this research and the inadequacy of current benefit levels, we can reasonably assume that a reduction in SNAP benefit levels of this size will significantly increase the number of poor households that have difficulty affording adequate food this fall.

EVIDENCE DOESN’T SUPPORT ARGUMENT FOR CUTTING SNAP

The Obama Administration and some members of Congress have proposed delaying or cancelling the Nov. 1 cut, but Congress has taken no action on these proposals. Moreover, some in Congress have called for deep cuts in SNAP on top of the scheduled cut. The House of Representatives, which recently defeated legislation that would have cut \$20 billion from SNAP — eliminating food assistance for nearly 2 million people — could reconsider these or even deeper cuts in the coming weeks.

Supporters of large SNAP cuts claim that because SNAP enrollment hasn’t declined in tandem with the unemployment rate over the past few years, the program’s enrollment growth in recent years is largely unrelated to the poor economy. In reality, however, the recent reductions in the unemployment rate overstate the improvements in the labor market, as Federal Reserve chair Ben Bernanke has observed.⁵ The proportion of the adult population with a job — the employment rate — has barely improved since the recession bottomed out.

In addition, the number of unemployed workers not receiving unemployment benefits — the group of the unemployed most likely to qualify for SNAP because they have neither wages nor UI benefits — has continued to grow and is higher now than at the bottom of the recession. Also, the historical record shows that declines in poverty and SNAP enrollment typically lag behind declines in the unemployment rate following recessions.

ENDNOTES

1. For more detail on the scheduled cut, see Stacy Dean and Dorothy Rosenbaum, “SNAP Benefits Will Be Cut for All Participants in November 2013,” Center on Budget and Policy Priorities, Aug. 1, 2013, <http://www.cbpp.org/cms/index.cfm?fa=view&id=3899>.
2. Institute of Medicine and National Research Council, *Supplemental Nutrition Assistance Program: Examining the Evidence to Define Benefit Adequacy*, The National Academy Press, 2013, <http://www.iom.edu/Reports/2013/Supplemental-Nutrition-Assistance-Program-Examining-the-Evidence-to-Define-Benefit-Adequacy.aspx>.
3. Mark Nord and Mark Prell, “Food Security of SNAP Recipients Improved Following the 2009 Stimulus Package,” *Amber Waves*, 9(2), June 2011, p. 6, http://www.ers.usda.gov/media/227714/foodsecuritysnap_1_.pdf.
4. Evaluation of the Impact of Enhancement Demonstrations on Participation in the Summer Food Service Program (SFSP): FY 2011; FNS, USDA, November 2012, http://www.fns.usda.gov/ora/menu/Published/CNP/FILES/SEBTC_Year1Findings.pdf.
5. “Bernanke Talks: A Conversation at the NBER,” Real Time Economics, *Wall Street Journal*, July 11, 2013, <http://blogs.wsj.com/economics/2013/07/11/bernanke-talks-a-conversation-at-the-nber/>.