Evolution and Implementation of the Supplemental Nutrition Assistance Program in the United States

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INTRODUCTION

The Supplemental Nutrition Assistance Program (SNAP)—formerly the Food Stamp Program—is the first line of defense against hunger in the United States, providing monthly benefits to low-income households for purchasing food. By increasing their food-purchasing power, the program also provides participants the opportunity to improve the quality of their diet, thereby improving their nutrition and health. Compared with other case studies presented in this volume, the experience of SNAP is relatively coherent. As with the other programs discussed in this volume, SNAP has evolved over time, particularly with elimination of the purchase requirement and transformation of the program into an entitlement in the mid-1970s. Since the late 1970s, it has not been subject to drastic overhauls, nor has its role been recast.
dramatically. SNAP, instead, has been subject to a relatively steady and increasingly nuanced set of technical and institutional improvements that are making it one of the most effective social assistance programs globally.

The program touches the lives of many Americans: an average of 45.8 million people residing in 22.5 million households participated in the program per month in fiscal year 2014/15 or about 14 percent of the nation’s population (USDA 2015a). Almost half (49 percent) of all American children reside in a household that will participate in SNAP at some point during their childhood (Rank and Hirschl 2009).

Program Overview

SNAP participants receive an electronic benefit transfer (EBT) card that can be redeemed for most types of food in more than 261,000 authorized commercial retail (that is, private sector) food stores across the nation (USDA 2015c) (box 6.1). Benefits, which increase with household size and decrease with income, were worth a monthly average of US$258 per household or US$127 per person in fiscal year 2014/15 (USDA 2015a) (table 6.1). In 2010, SNAP benefits accounted for more than 10 percent of all U.S. spending for food-at-home purchases (Wilde 2013b).

BOX 6.1 Implications of the Form of Benefit

SNAP benefits lie midway on the continuum of possible forms of benefit, between one extreme of limited in-kind benefits (for example, a fixed bundle of specific commodities) and the other extreme of cash benefits.

SNAP provides recipients with more choices than those provided by a package of specified commodities. Under SNAP, there is likely to be less participant stigma, lower administrative costs, and fewer burdens on retail stores than with a program where food choices are more restricted. For example, participants who face restricted food choices may inadvertently attempt to purchase ineligible foods or brands. However, a prescribed set of foods could potentially be a more effective means of improving nutrition and health, although recipients may prefer more choice. In this way, a more prescribed set of foods may discourage participation and reduce the effectiveness of the program on the whole.

Because SNAP benefits are food targeted, SNAP is a more effective tool than cash benefits for increasing food expenditures, thereby benefiting the agriculture sector and potentially increasing the nutritional benefits of the program. Because it provides food instead of cash to recipients, SNAP may also be viewed as an antihunger program more than an income support program; therefore, it may enjoy more political support than a cash-based program (Besharov 2015). However, participant stigma, administrative costs, and the burden on retail stores are likely to be greater than if benefits were in the form of cash. Restricting SNAP recipients to purchasing food with their benefits may encourage illegal behavior—for example, selling benefits for cash or nonfood items (Ohs and Beebout 1993). Also, in-kind programs such as SNAP may be vulnerable to brokering by providers of the in-kind benefit (such as food producers and retailers), who gain from growth of the program (Andrews and Clancy 1993).
**TABLE 6.1 Selected Features and Key Research Findings for SNAP**

<table>
<thead>
<tr>
<th>INDICATOR</th>
<th>DETAILS</th>
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<tr>
<td><strong>Selected feature</strong></td>
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<tr>
<td>Target population</td>
<td>Low-income households</td>
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<td>Year permanently authorized</td>
<td>1964</td>
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<tr>
<td>Federal cost</td>
<td>US$73.9 billion (fiscal year 2014/15)</td>
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<tr>
<td>Form of benefit</td>
<td>Electronic benefit card used to purchase food</td>
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<tr>
<td>Benefits as a % of federal program costs</td>
<td>94% (fiscal year 2014/15)</td>
</tr>
<tr>
<td>Number of participants</td>
<td>Average 45.8 million per month (fiscal year 2014/15)</td>
</tr>
<tr>
<td>Participants as a % of U.S. population</td>
<td>14.3% in a typical month (fiscal year 2014/15)</td>
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<tr>
<td>Participants as a % of the eligible population</td>
<td>85% in a typical month (2013)</td>
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<tr>
<td>Average benefit per person</td>
<td>US$126.83 per month (fiscal year 2014/15)</td>
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<tr>
<td>Benefits structure</td>
<td>Decreases with income, increases with household size</td>
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<tr>
<td>Financial eligibility criteria</td>
<td>Gross income, net income, and asset tests</td>
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<tr>
<td>Nonfinancial eligibility criteria</td>
<td>Employment and immigrant requirements</td>
</tr>
<tr>
<td>Asset limit per household</td>
<td>US$2,250 (US$3,250, if elderly member)</td>
</tr>
<tr>
<td>Certification payment error rate</td>
<td>3.42% (fiscal year 2011/12)</td>
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**Key research findings**

- Marginal propensity to spend on food out of SNAP benefits: 0.17–0.47\(^a\)
- Increase in U.S. GDP for every US$1 billion in SNAP benefits (when underused resources are available): US$1.79 billion
- Reduction in U.S. poverty rate when SNAP benefits are counted as family income: 4.9 percentage points

*Note: SNAP = Supplemental Nutrition Assistance Program; GDP = gross domestic product.
* This range is based on estimates from a majority of studies. The studies find that, for each dollar of SNAP benefits that a typical household receives, food spending rises US$0.17–US$0.47, which is less than a full dollar because some out-of-pocket food spending is saved.

SNAP is available to most financially needy households (Eslami, Filion, and Strayer 2011), and eligibility is based primarily on a household’s income, size, and assets. Some individuals are also subject to certain work and immigration status requirements. SNAP serves the country’s most vulnerable populations: in fiscal year 2013/14, 76 percent of all SNAP households included a child, an elderly person (age 60 or older), or a disabled nonelderly person (Gray and Kochhar 2015). Those households received 82 percent of all program
benefits. Most SNAP households (83 percent) had monthly income below the federal poverty line and 43 percent had monthly income less than or equal to 50 percent of the poverty line. SNAP also provides support for the working poor: 31 percent of SNAP households had some earned income (that is, income received from working).

**USDA's Array of Food Assistance Programs**

About one in four Americans participates in at least 1 of 15 domestic food assistance programs of the U.S. Department of Agriculture (USDA) at some point during the year (Oliveira 2016). This array of programs—which vary by target population, form of benefit, number of participants, and cost—was developed because of the difficulties associated with serving diverse populations through a single program (Smallwood, Prell, and Andrews 2002). SNAP is the cornerstone of this network of food assistance programs, accounting for almost US$74 billion or 71 percent of all federal food assistance spending in fiscal year 2014/15 (October 1, 2014, to September 30, 2015). In contrast to SNAP, the other food assistance programs provide benefits targeted to special populations, dietary needs, and delivery settings (USDA 2015g).

With limited exceptions, participation in SNAP does not prevent participation in other food assistance programs. Multiprogram participation increases access to a healthy diet for low-income people (Institute of Medicine and National Research Council 2013).

**SNAP and the U.S. Safety Net**

SNAP is one of several programs that provide cash, in-kind benefits, or refundable tax credits to low-income Americans. In 2012, federal spending on the 10 major means-tested programs that directly target assistance toward low-income people totaled US$588 billion or about one-sixth of federal spending and almost 4 percent of gross domestic product (GDP) (Congressional Budget Office 2013). Medicaid is the largest means-tested transfer program (US$251 billion), providing health insurance to low-income families, the elderly, and the disabled (figure 6.1). SNAP is the second largest, with expenditures of US$80 billion in 2012. The federal government provided in-kind (or noncash) benefits accounted for three-quarters of federal spending on these programs. Medicaid is the largest means-tested transfer program (US$251 billion), providing health insurance to low-income families, the elderly, and the disabled (figure 6.1). SNAP is the second largest, with expenditures of US$80 billion in 2012. The federal government provided in-kind benefits to low-income families in the form of housing assistance (US$36 billion), either through housing vouchers in the private housing market or through subsidized rent in specified public or private housing. Pell Grants, which help to fund tuition and expenses for postsecondary students from low-income families, accounted for another US$34 billion in federal spending. Other major in-kind programs include the low-income subsidy (Part D) of Medicare that provides prescription drug benefits, which accounted for US$21 billion, and USDA's child nutrition programs (including the National School Lunch Program and the School Breakfast Program), which accounted for US$18 million.
Cash assistance safety net programs in the United States are targeted primarily to working families and to individuals who are considered unable to work, such as the elderly and disabled. The earned income tax credit (EITC), which provides a refundable tax credit based on family size and earnings, is the largest cash assistance program and the third largest means-tested program overall, with expenditures of US$54 billion. The next largest program is Supplemental Security Income (SSI) (US$50 billion), which provides cash benefits to low-income elderly, blind, and disabled individuals. Other major cash assistance programs include the child tax credit (US$28 billion), which allows families to claim a tax credit for children, and the Temporary Assistance for Needy Families (TANF) (US$17 billion), which provides cash and other forms of assistance to families with little or no income.

Organization of this Chapter
This chapter examines the evolution of SNAP, highlighting the major changes that have shaped the program over time, and describes how SNAP works, including a discussion of the program’s impacts. A final section examines lessons learned.
EVOLUTION OF SNAP

SNAP’s origins go back more than 80 years. Over its history, the program has undergone numerous changes as it has evolved from programs designed primarily to reduce agricultural surpluses into one of the major social protection programs in the United States. Those changes have been driven primarily by policy changes as well as by economy-related factors that reflect the need for assistance. This section examines the history of SNAP, focusing on major changes to the program, factors behind the changes, and their implications. The discussion proceeds chronologically through five periods or phases, each characterized by major changes in the program.

Precursors to the Food Stamp Program, 1930s–1940s

The first national food assistance programs were rooted in the Great Depression. One of those early programs—the Food Stamp Plan—would later serve as the prototype for the modern-day SNAP.

Federal Food Assistance Origins

Before the 1930s, providing assistance to the hungry was the responsibility of the states and local communities—not the federal government (Poppendieck 1986). Federally administered domestic food assistance programs originated during the Great Depression in the late 1920s and 1930s. During that time period, when the overproduction of agricultural commodities reduced food prices and lowered farm incomes, the country was experiencing widespread unemployment, hunger, and malnutrition—a situation referred to as “the paradox of want amid plenty” (Poppendieck 1986). In response, the federal government purchased surplus food under the premise that removing those price-depressing foods from normal marketing channels would help to limit commercial supply, thereby increasing prices along with farm incomes (Shields 2014). In the early 1930s, the federal government began making those surplus foods available to organizations such as the Red Cross to distribute to the needy (Gold, Hoffman, and Waugh 1940; Poppendieck 1986).

In 1935, the U.S. Congress passed the Agricultural Act of 1935. Section 32 of the act provided the USDA with an annual source of funding—30 percent of the import duties collected from U.S. customs receipts—to encourage the domestic consumption of certain foods, usually in surplus, by diverting them from normal channels of trade. The belief was that providing surplus foods to low-income families would “supplement, not displace, normal food purchases by these recipients” (Shields 2014, 4).

The Commodity Distribution Program was established in 1936 to distribute the surplus commodities acquired by Section 32 funding to low-income families and school lunch programs. Thus, the ongoing program of purchases and distribution of surplus commodities was not dependent on annual
appropriations from Congress. Whereas the primary purpose was to reduce farm surpluses, the program simultaneously helped needy people. Large distribution systems were established by state and local governments to dispense the surplus food to needy families, schools, and charitable organizations (Congressional Budget Office 1977). However, the program did little to increase the total demand for food; recipients largely substituted the free surplus food that they received for food that they normally would have purchased from their own funds (Berry 1984).

The Food Stamp Plan
The first coupon-based food assistance program was established by the USDA (and financed with Section 32 funds) during the tail end of the Great Depression in 1939. The Food Stamp Plan provided participating families with stamps (similar to postage stamps in design) that they could exchange for food in any retail food establishment that would accept them (Federal Surplus Commodities Corporation 1939). Eligibility standards were set locally rather than nationally. The change from a commodity distribution program to a coupon or food stamp program was driven by several factors, including (a) an attempt to assure that the government benefit would be used to increase food consumption rather than to replace previous food expenditures; (b) the desire to improve the match between the types and amounts of available foods and people’s actual needs; and (c) a belief that it was more advantageous to use existing commercial food distribution channels than to develop a separate distribution system (U.S. Senate 1985). Grocery trade officials and local retailers had expressed concern that the Commodity Distribution Program, which operated outside commercial distribution networks, resulted in fewer sales—and therefore less revenue—for retail food stores (Maney 1989).

To control the types of foods that recipients could obtain, the program was based on a two-color system of stamps—orange and blue—that participants could exchange for food in participating retail food stores (U.S. Senate 1985). Program participants would buy orange stamps with cash and could use them to purchase an equal value of most types of food. They would also receive a free bonus amount of blue stamps worth half of the value of the orange stamps. The blue stamps, which represented the participants’ increase in purchasing power, could only be used to buy surplus commodities as designated by the USDA.

The program was carefully designed to increase a household’s food purchases and not to encourage households to substitute food purchased with the coupons for food purchased from their own funds. To purchase orange stamps, participating families were required to spend an amount of money that represented their estimated normal food expenditures (U.S. Senate 1985). Therefore, the food purchased with the blue stamps was intended to be a net increase in participants’ food consumption. The program was meant to be a
nutrition program more than an income transfer program. That goal differentiated the Food Stamp Plan from the Commodity Distribution Program, in which the surplus foods the recipients received for free could be substituted for foods they previously purchased out-of-pocket, thereby resulting in little or no net increase in household food consumption.

At its peak in August 1942, the program operated in areas containing about two-thirds of the U.S. population (U.S. Senate 1985). Although studies found that the Food Stamp Plan increased food consumption levels among participants (U.S. Senate 1985), the program had several drawbacks. First, requiring that households purchase food stamps with their own money significantly reduced access to the program, particularly among very poor households that may have had limited cash on hand (Ohls and Beebout 1993). Second, the program was complicated to administer. The USDA would designate the surplus foods that could be purchased with blue stamps on a monthly basis. Consequently, retailers and their staff, along with program participants, would have to be informed each month about changes in the surplus foods that could be purchased (U.S. Senate 1985). Third, reports of fraud and abuse plagued the program. An estimated 25 percent of all benefits were misused (U.S. Senate 1985). In particular, it was thought that a large number of smaller, family-owned stores yielded to pressure from long-term customers to give them cash for their blue stamps or to exchange blue stamps for foods not on the list of allowable foods (Berry 1984).

The Food Stamp Plan was discontinued in 1943 when wartime conditions reduced unemployment and decreased agricultural surpluses (U.S. Senate 1964). After World War II, food assistance was once again provided through the Commodity Distribution Program, although at lower levels than before (Andrews and Clancy 1993). Whereas the Food Stamp Plan existed for only a relatively brief period, several of its features would set the stage for the future Food Stamp Program or SNAP. For example, it used the existing, efficient commercial food distribution system to distribute the foods by requiring that participants obtain their foods at participating retail food stores. In this way, retailers, wholesalers, and food distributors benefited economically from the program via increased sales. It also provided the needy with more autonomy. Participants could choose which types of foods to purchase (at least with the orange stamps) rather than simply accept a set of available commodities.

Establishment of the Food Stamp Program, 1961–67
The Food Stamp Program was created by the USDA as a pilot program in the early 1960s. Congress permanently authorized the program in 1964.

The Pilot Food Stamp Program
The United States was in the midst of an economic downturn in the early 1960s, and concern about America’s poor grew. In his first executive order as president, John F. Kennedy in January 1961 stated, “One of the most
important and urgent problems confronting this nation today is the development of a positive food and nutrition program for all Americans” (Kennedy 1961). Noting that many needy people were not participating in the Commodity Distribution Program, which provided food of limited variety and inadequate nutritional content, President Kennedy directed the USDA to “take immediate steps to expand and improve the program of food distribution throughout the United States” and to make available “to all needy families a greater variety and quantity of food out of our agricultural abundance.”

Later that year, the USDA began an experimental pilot program that became the basis for the Food Stamp Program. The pilot program operated in eight economically depressed areas and was once again financed from Section 32 funds, with the USDA paying 100 percent of the program’s costs. Participating families were provided with stamps that they could exchange for food in any retail food establishment, but the pilot program eliminated the two-color coupon system and no longer required that some portion of the stamps be used to purchase surplus foods (USDA 2014b). Thus, the primary focus of the program began to shift away from reducing agricultural surpluses and toward improving the nutritional status and well-being of low-income people.

The goal of serving as a nutritional safety net for low-income people was not completely decoupled from that of supporting agriculture. The designers of the pilot program thought that by letting participants purchase nearly whatever foods they wanted, the increased purchasing power would increase overall demand for food, which would, in turn, reduce surplus commodities (Berry 1984). Furthermore, the pilot projects targeted domestic foods—thus, benefiting U.S. farmers—because participants could use the stamps to purchase any food or food product for human consumption, except coffee, tea, cocoa, alcoholic beverages, tobacco, and products clearly identified on the package as being imported from foreign sources (Agricultural Marketing Service 1961). Food stamps could only be redeemed for food at approved retail food stores; those food stores then redeemed the coupons through the commercial banking system (U.S. Senate 1985).

Eligibility was determined at the state or local level, usually using the applicable welfare eligibility guidelines for that area (U.S. Senate 1985). The pilot program retained the requirement that households purchase their food stamps. Families exchanged the amount of money that a family of that size would normally spend for food—based on averages derived from the USDA household food consumption survey data (Richardson 1979)—and would receive food coupons of a higher monetary value. The difference between what a household paid for the stamps (the purchase requirement, PR) and the value of stamps received (the allotment, A) was the federal contribution (the bonus, B), where $B = A - PR$. The bonus was the amount of the subsidy for participants and represented the increase in participants’ purchasing power.
The basis of the allotment was the Economy Food Plan, developed by the USDA in 1961 as a low-cost, nutritionally adequate diet for short-term or emergency use (Carlson and others 2007). Unlike in the earlier Food Stamp Plan, the allotments were based on a sliding scale. Counterintuitively, families with higher incomes received the full value of the economy food plan, while lower-income families received less than the full value (Berry 1984). The rationale for providing lower-income families an allotment that might not be sufficient for them to purchase a nutritious diet was to discourage the illegal trading of stamps. That is, if the value of the stamps was greater than what they normally spent for food, the low-income families might sell some of the stamps for cash on the black market. The designers of the pilot program believed that a scandal related to cheating and fraud could jeopardize the program’s existence (Berry 1984). Thus, a link between the amount of the allotment and a nutritionally adequate diet was established for some, but not all, recipients.

The purchase requirement was also based on a sliding scale, with families paying “an amount roughly equal to what they usually spent on food” (Berry 1984). Thus, higher-income families paid more for stamps. Having families pay what they usually spent on food minimized the substitution of stamps for food normally spent out-of-pocket. “Income” meant that portion of gross income after certain deductions (U.S. Senate 1985). The deductions were instituted as a way of compensating for the higher living costs associated with some areas (Berry 1984). The main deduction was a shelter deduction whereby combined expenses for rent or mortgage, electricity, and heat that were above 30 percent of families’ income were deducted from their income before determining their purchase price for food stamps.

Permanent Authorization of the Food Stamp Program
By 1964, 43 areas in 22 states had pilot food stamp projects (U.S. Senate 1985). The pilots proved to be effective in expanding farm markets, improving food consumption and nutrition among participants, and increasing retail food store sales. In August 1964, President Lyndon B. Johnson signed the Food Stamp Act of 1964, stating that the program “will be one of our most valuable weapons for the war on poverty” (Johnson 1964). The act made the program permanent, and funding (from the U.S. Treasury) would then be provided by Congress rather than through Section 32 funds within the USDA (USDA 2014b). Congress determined the size of the program, while the USDA was charged with administering it (box 6.2).

Each state was responsible for selling and issuing food stamps and for determining the eligibility of applicants, including establishing maximum income limits using standards consistent with those used by each state in its federally aided public assistance programs. States were also to establish a limit on allowable household assets in recognition that some households
with low or no income may have substantial resources on which to draw (U.S. Senate 1964). As a result of differing income and asset criteria, eligibility standards varied widely across states.

The federal government continued to pay 100 percent of the food stamp benefit costs and all federal administrative costs (including the printing of stamps). However, unlike the earlier pilot program, states now shared some of the costs of administering the program, including costs associated with determining eligibility and distributing the stamps (Richardson 1979; U.S. Senate 1985). The federal government paid about 30 percent of the states’ administrative costs, and states paid the remaining 70 percent. Congress debated the issue of states and the federal government sharing of administrative costs. On the one hand, requiring states to share expenses raised concern that, because a state’s participation in the program was voluntary, some states would choose not to participate in it. On the other hand, not requiring them to share costs raised concern that the states, without a direct financial stake in the program, would have little or no incentive to be “diligent in

### BOX 6.2 Who Makes SNAP Policy?

The pilot Food Stamp Program and the earlier Food Stamp Plan were developed and managed by the USDA with minimal input from Congress. The enactment of the Food Stamp Act of 1964 made the program permanent and brought it under increased congressional oversight. Since that time, Congress has appropriated necessary funds and, through legislation, created statutes (that is, laws) establishing how SNAP operates. Congress made the USDA responsible for administering the program at the national level. Statutes typically do not address all of the details necessary for administering a program as large and complex as the Food Stamp Program. Through procedures that Congress created for executive branch departments of the federal government, the USDA has the power to issue regulations to address operational details not addressed by Congress. Such regulations are legally binding on participants in the program and on agencies administering the program at the state level. Congress also delegates certain policy decisions to the states. Such policies are often referred to as “options” to emphasize that states also have a role in establishing some sets of policies.

Approximately every five years, the legislative and executive branches propose changes to SNAP policies in the context of a farm bill (the most recent farm bill is referred to as the Agricultural Act of 2014). Farm bills reauthorize programs and set policies for SNAP and other food and farm programs (SNAP-related legislation can also be enacted outside of a farm bill). Observers have hypothesized that linking agriculture and food assistance together in one bill has created an informal alliance of lawmakers who support agricultural interests (including legislators in rural areas) and those who support food assistance programs (including legislators representing urban areas) that has helped to protect food assistance programs such as SNAP (Abbott 2016; Andrews and Clancy 1993).
administration of a program financed entirely by the federal government” (U.S. Senate 1985). If states did not incur any of the costs of the program, this would result in a moral hazard whereby states might behave differently—that is, be less attentive in verifying that all program participants are actually eligible for the program.

Allotments at that time—determined by the USDA—were still based on a sliding scale that had families with higher incomes receiving larger allotments (Andrews and Clancy 1993; Congressional Budget Office 1977; Reese, Feaster, and Perkins 1974). As in the pilot program, the bonus represented the difference between the monthly allotment and the purchase requirement. Essentially, the bonus, when added to a household’s normal expenditures for food, provided the household with an opportunity to “more nearly” obtain a low-cost nutritionally adequate diet. The value of the allotment was intended to be low enough that recipients would be restricted to basic foods and discouraged from purchasing luxury foods. The purchase requirement, which varied by household size and income, represented an amount equal to normal food expenditures as determined by consumption surveys (U.S. Senate 1985).

Participants could use their food stamps to purchase any food in authorized retail stores that sold food for home consumption (except alcohol, tobacco, and certain imported foods). As in the earlier Food Stamp Plan and pilot program—and continuing to the present—the Food Stamp Program made use of the existing system of commercial food distribution (box 6.3).

The Food Stamp Act also addressed accountability issues related to retail food stores, individuals, and states. For example, the act allowed approved retail food stores to be disqualified from further participation in the program if they violated provisions of the act. It also established fines and possible imprisonment for people who use, acquire, transfer, or process food stamps in an unauthorized manner. Financial penalties for states were established for gross negligence or fraud on the part of the state agency in the certification of applicant households.

States had the option of establishing the program, and those that chose to implement it could do so in all or part of the state. However, states were prohibited from operating the Food Stamp Program in areas that operated the Commodity Distribution Program. Total participation in the program increased gradually throughout the rest of the 1960s, as the program replaced the Commodity Distribution Program in many areas (figure 6.2). At that time, the Food Stamp Program’s rate of growth was limited by its budget, which was determined by congressional appropriations.

**Nationwide Expansion, 1968–80**

Participation in the Food Stamp Program grew rapidly through most of the 1968–80 period as the program expanded nationwide. Two of the most important developments in the history of the program—the transition of food
Implications of Operating through Normal Channels of Trade

By operating through normal channels of trade, SNAP makes use of the existing commercial food distribution system. Because of the large number of stores authorized by SNAP, most participating households can continue to shop and to use their SNAP electronic benefit transfer card at their usual food stores—not at a less conveniently located store. SNAP recipients are not restricted in terms of when or how often they shop for food. Use of the retail food delivery system also provides recipients with access to the wide variety of nutritious foods found in commercial food stores.

The flexibility provided to diverse households by increasing their food-purchasing power (rather than providing them with specific commodities) is one of the strengths of the program. Households make their own decisions regarding what foods to acquire with SNAP benefits on the basis of their food preferences and dietary needs as well as the price of foods. Because SNAP benefits are for a fixed dollar amount, participants have an incentive to seek out the best value across items and retailers.

Although SNAP increases the overall demand for food, it has a relatively small price-distorting effect on any individual food product because recipients have an almost limitless number of foods to choose from and SNAP benefits do not account for a large portion of any single product’s sales. That is, the effect of the increase in total food demand is distributed across a wide spectrum of foods. Because SNAP-authorized food stores operate in a highly competitive retail food environment, they have a profit incentive to keep costs and prices low. In the absence of such competition, government-owned shops might not be as cost-effective as private retail stores, and their use might result in inefficiencies in the delivery system.

Growing Public Awareness of the Poor

In the late 1960s, the issue of hunger and malnutrition among low-income Americans began to receive increased national attention. For example, in 1968, a series of events, including the Poor People’s March on Washington, the television documentary “Hunger in America,” and the report *Hunger, U.S.A.* (Citizens’ Board of Inquiry into Hunger and Malnutrition in the United States 1968), raised the public’s awareness of the problem. Around that time, public interest groups advocating on behalf of low-income citizens also began to form (Berry 1984).

Recession, Improving Access, and Standardization

To increase participation in the program, the USDA announced in late 1969 (the start of a recession) that, as of 1970, all participating households of a particular size would receive the same total allotment of stamps regardless of household income (Congressional Budget Office 1977). In 1971, Congress
endorsed those changes by incorporating them into amendments to the Food Stamp Act of 1964 (PL. 91-671). Allotments were set at the level of the USDA’s Economy Food Plan, which established monthly dollar amounts that were enough “to purchase a minimally nutritious diet” (Berry 1984, 64). Thus, for the first time, all households participating in the Food Stamp Program, regardless of income, theoretically received an allotment sufficient to purchase a nutritionally adequate diet (Berry 1984).

Public Law (PL.) 91-671 also directed the USDA to establish uniform national standards of eligibility on the basis of income and asset limits (previously, each state was responsible for setting eligibility standards). The USDA determined that eligibility was to be based on (a) a household’s net income after certain stipulated deductions (shelter, medical, educational, and others) and (b) a household’s assets after excluding several basic categories of assets (home, one car, furnishings, and so on) (Food and Nutrition Service 1971; President’s Task Force on Food Assistance 1984). The net income limit was set at about 10–15 percent above the federal poverty guidelines.
(Berry 1984; Richardson 1979). The act also imposed work requirements on able-bodied adults age 18–65 as a condition of participation. That provision—the origin of work requirements in the program—was intended to ensure that only the truly deserving would be able to participate (U.S. House of Representatives 1970).

The same 1971 legislation made several substantial changes to the program’s benefit structure. For example, purchase requirements were limited to no more than 30 percent of household income. That is, a household’s food stamp benefits were reduced by US$0.30 for every dollar of net income (or, stated another way, households were able to keep US$0.70 for every additional dollar earned), thereby encouraging additional work effort and making the program more attractive to the working poor than if participants kept a lower proportion of their net income (Andrews and Clancy 1993). In addition, allotments were to be adjusted annually to keep pace with food price inflation. Before that provision, a household’s food stamp allotment remained constant over time (changing only when there was a change in household size or income), even as inflation reduced the purchasing power of the benefits. As a result of the changes in allotment levels and purchase requirements, average benefit levels increased.

P.L. 91-671 also authorized people 60 years of age and older who were unable to prepare all of their meals adequately to use food stamps to purchase home-delivered meals from government or nonprofit organizations. This allowance sought to reach needy elderly who did not have cooking facilities or who could not prepare meals due to illness or physical disability (U.S. Senate 1985). That accommodation for the elderly was one of the first initiatives tailored to a special population (Maney 1989).

The various policy changes and a weak economy together increased the demand for the program. As congressional funding increased, more states entered the program, and the number of participants rose sharply through the early 1970s (Richardson 1979) (figure 6.2). The program’s rapid expansion was further bolstered by the Agriculture and Consumer Protection Act,9 passed in the recessionary year 1973, which required states to expand the program to every political jurisdiction by June 30, 1974 (U.S. Senate 1985). The act also amended the definition of food to mean any food or food product for home consumption except alcoholic beverages and tobacco (USDA 2014a). Thus, for the first time, recipients were not prohibited from purchasing imported foods, further shifting the primary goal of the program toward helping the needy and away from helping American farmers. The same law increased the federal share of state and local administrative costs to about 50 percent, making it less financially burdensome for states and localities to participate (Richardson 1979). By 1974—11 years after the program was made permanent—the Food Stamp Program had expanded to all 50 states and territories. The following year, the U.S. territory of Puerto Rico entered the program.
Participation in the program continued through 1976 in response to the increased benefit levels in the early 1970s, a recession in 1973–75, and double-digit food price inflation that reduced consumers’ purchasing power (MacDonald 1977) (figure 6.2). In 1976, an alternative to the Food Stamp Program—the Food Distribution Program on Indian Reservations (FDPIR)—also was implemented (box 6.4).

Food Stamps as an Entitlement Program
Since the mid-1970s, the Food Stamp Program (and its successor) has essentially operated as an entitlement program: “Congress has always fully funded the program as if it were an entitlement” (U.S. Senate 1985, 175). In other words, no eligible person is denied benefits due to lack of funds. Making the Food Stamp Program a de facto entitlement program had several important consequences. First, because the program does not limit the number of eligible applicants who can participate, economic conditions can influence the number of participants. That is, because eligibility is based primarily on the financial situation of applicants and participants are required to recertify at regular intervals to continue receiving benefits (their financial situation is reassessed periodically), program participation is countercyclical—expanding during economic downturns (when the number of unemployed and poor

BOX 6.4 FDPIR—An Alternative to the Food Stamp Program

The Food Distribution Program on Indian Reservations provides supplemental foods as an alternative to SNAP for low-income households living on Indian reservations and to American Indians living near reservations. Congress established the program in 1976 out of concern that the Food Stamp Program might not adequately meet the food assistance needs of American Indians. The remote location of many reservations makes it difficult for some American Indians to participate in the program because they live a long distance from a food stamp office and authorized retail food stores (Usher, Shanklin, and Wildfire 1990). Instead of food coupons to be exchanged for food in retail food stores, participants are provided with a monthly package of various foods. Participants may select from more than 70 food products. The USDA purchases and ships the foods to local agencies that store and distribute them. Households on or near reservations can choose whether to participate in SNAP or the FDPIR, but cannot participate in both programs in the same month.

In fiscal year 2014/15, the FDPIR served almost 89,000 people in an average month, annual program expenditures totaled almost US$119 million or less than 1 percent of SNAP expenditures (USDA 2015a), and average monthly food costs per person (US$65.22) were almost half those in SNAP (US$126.83). Administrative and other nonfood costs were a higher proportion of program costs in the FDPIR, accounting for about 41 percent of costs in fiscal year 2014/15 compared with 6 percent in SNAP (based on Economic Research Service calculations of USDA data; USDA 2015a).
people rises and incomes decline) and contracting during periods of economic growth.\textsuperscript{10} Second, because program costs—which are ultimately borne by U.S. taxpayers—are closely tied to the number of participants, program costs rise during economic downturns if there is no corresponding decrease in benefit levels per participant.\textsuperscript{11} Third, the take-up rate—the proportion of people eligible for benefits who actually participate—is no longer limited by congressional appropriations.

**Elimination of the Purchase Requirement**

Another change in the program with long-term implications—elimination of the purchase requirement—occurred with enactment of the Food Stamp Act of 1977.\textsuperscript{12} Before the act, households were required to spend up to 30 percent of their income to purchase food stamps. Removal of the last major barrier to participation for low-income people had been urged by the antihunger public interest groups that had formed in the late 1960s and early 1970s as well as by the administration of President Jimmy Carter (Berry 1984; U.S. Senate 1985). After 1979—when that act was implemented—all participants received food stamps for free. However, households were still expected to supplement food stamp benefits with their own income. The size of the food stamp benefit ($B$) was determined by deducting 30 percent of the household’s net income ($I$) from the cost of the Thrifty Food Plan ($TFP$) for that household size, that is, $B = TFP - 0.3(I)$ \cite{USDA2014a}. Thus, the benefit reduction rate—the rate at which the SNAP benefit is reduced per dollar of net income—was set at 30 percent. Very low-income households received food stamps for free in amounts that were equal in value to the full cost of the Thrifty Food Plan for the size of the household.

Proponents of eliminating the purchase requirement argued that it served as a barrier to participation for many low-income families, in particular, the elderly and those living in poverty, who could not afford the purchase requirement \cite{USSenate1985}. They also argued that removing the purchase requirement would streamline the program by eliminating the administrative costs associated with selling coupons to recipients, would reduce fraud among vendors selling coupons, and would increase the autonomy of recipients.

Opponents of the change argued that, by eliminating the purchase requirement, the program would become an income support program, not a nutrition program: it would free up or divert grocery money to be spent on nonfood items and services (or food away from home) and thereby reduce the program’s nutritional effectiveness \cite{Salathe1980;USSenate1985}. Previously, all participants received the maximum allotment equal to a low-cost nutritionally adequate diet (that is, the Thrifty Food Plan). With elimination of the purchase requirement, most food stamp participants were compelled to pay about 30 percent of their net income at the grocery store to obtain a nutritionally adequate diet \cite{Richardson1979}. Other arguments
for keeping the purchase requirement were that having participants contribute some of their own funds to purchase food stamps reduced fraud and abuse (U.S. Senate 1985), encouraged personal financial responsibility (U.S. Senate 1985), and provided some dignity to recipients (Berry 1984).

Opponents further argued that increasing program access by eliminating the purchase requirement would increase participation, which would increase the cost of the program, holding other factors constant. Therefore, to minimize the cost increase, the act contained provisions that tightened eligibility requirements. Those provisions included lowering the net income eligibility standards to 100 percent of the federal poverty guidelines, allowing fewer deductions, and making other deductions more restrictive (U.S. Senate 1985). The medical deduction that was established by the USDA in 1971 was eliminated. However, in response to concerns about the loss of benefits to some households, amendments enacted in 1979 established deductions for excess medical expense, dependent care, and excess shelter expense for households with an elderly or disabled member (U.S. Senate 1985).13

In 1977 and 1978, the number of people participating in the program fell. The decrease—the first in the program’s history—coincided with growth in the nation’s economy that reduced the need for food stamps (Richardson 1979). Improving economic conditions can be expected to reduce the number of participants of an entitlement program, holding other factors constant. But the demand for food stamps rose once again after 1978, a situation that was attributed to a weak economy (including recessions in 1980 and in 1981–82) as well as elimination of the purchase requirement (President’s Task Force on Food Assistance 1984).14 As a fully funded program, whereby all eligible applicants are able to participate, funding grew to meet the increase in demand (Maney 1989).

Cutbacks in the Program, 1981–2000
Participation in the program fluctuated widely during 1981–2000, reflecting changes in policy and the economy. Congress enacted several acts with the specific intent of decreasing program caseloads and program costs. Participation at the end of the period was lower than at the start.

A New Eligibility Criterion
The late 1970s and early 1980s was a period of deteriorating economic conditions and rapidly increasing numbers of participants (figure 6.2). The program had come under criticism that too many people were participating because of (a) overly generous eligibility standards, which, for instance, permitted undeserving high-income participants to qualify because their large deductions resulted in low net incomes, and (b) alleged widespread cheating and fraud (Berry 1984). Before 1981, income eligibility was determined solely by a family’s net income, that is, gross income after certain deductions.
As a result, it was possible for households with relatively high incomes but large deductions to be eligible for food stamps (Urban Institute 1985). As part of a plan to reduce program growth, PL. 97-35, enacted in 1981, added a gross income standard to the eligibility requirements for households (Urban Institute 1985; U.S. Senate 1985). Most participants had to have gross income (that is, income before deductions) at or below 130 percent of poverty to be eligible to participate, so some higher-income households were blocked from participating. Recognizing the special needs of some subgroups of the vulnerable population, the new gross income test did not apply to households with elderly or disabled members.

The legislation also replaced the Food Stamp Program in the U.S. territory of Puerto Rico with a block grant effective in 1982. That change was the second instance (after the FDPIR) of a food assistance program being established in lieu of SNAP (box 6.5).

**BOX 6.5 The Nutrition Assistance Program in Puerto Rico**

Puerto Rico, a territory of the United States, was authorized to participate in the Food Stamp Program in 1971, and the program began operations in 1974. By fiscal year 1980/81, approximately 56 percent of Puerto Rico’s population participated in the program, and the territory accounted for 8 percent of total food stamp expenditures in the United States (USDA 1983). To reduce spending and simplify program operations, Congress replaced the Food Stamp Program in Puerto Rico with an annual block grant for nutrition assistance (Trippe and others 2015). In July 1982, Puerto Rico implemented the Nutrition Assistance Program (NAP) with funds from the block grant. Funding was originally capped at US$825 million; however, since 1986, the NAP block grant has been indexed to inflation. Unlike SNAP, which operates as an entitlement program, the number of people who can participate in Puerto Rico may be limited by the funding levels established by Congress.

Puerto Rico was given broad flexibility to establish a program designed to meet the needs of its residents, while controlling costs to the U.S. government (Peterson and others 2010). To reduce administrative costs and simplify program operations, NAP recipients received checks that could be fully redeemed for cash (Trippe and others 2015). As a result, recipients were able to purchase ineligible foods or even nonfood items with their cash benefits. However, in 2001, Puerto Rico mandated that 75 percent of participants’ benefits be used to purchase food via electronic benefit transfer (Peterson and others 2010). The purpose of the change to more targeted benefits was to align the program more closely with SNAP regulations that require SNAP benefits to be used only to acquire food (Trippe and others 2015). The remaining 25 percent of the benefit was provided in cash to be spent on food at uncertified retailers (although use of the cash component of the benefit was not monitored). That provision helped (a) to ensure that program recipients who lived in remote areas (or who faced other mobility or transportation barriers) would be able to purchase basic food items from their most easily accessed retailers, regardless of whether the retailers were certified for participation in the NAP, and (b) to allow retailers in remote areas to serve NAP participants, even if they did not have access to EBT.
Program Contraction in the 1980s
Despite the poor economic conditions, caseloads declined after 1981 (figure 6.2). The decrease in participation from 1981 to 1982, a period that included a recession from July 1981 to November 1982, remains the only instance of program participation declining during a recessionary period. The policy changes resulting from legislation that tightened eligibility rules (including the new gross income eligibility criteria) and reduced actual benefits offset the influence of the weak economy on participation.15

The decline in participation continued into the mid-1980s. In response, the Food Security Act of 1985 made it easier for households to participate in the Food Stamp Program.16 For example, the act made households categorically (or automatically) eligible for SNAP if all members participated in certain specified cash assistance programs for low-income people, such as Aid to Families with Dependent Children (AFDC) and SSI. That is, households were eligible for food stamps, without consideration of their income or assets, as long as they met all nonfinancial eligibility criteria. Categorical eligibility was intended to simplify the application process because those other programs had their own income and resource tests that were often stricter than food stamp tests. Therefore, “subjecting a household to a separate set of income and resource tests for food stamps could be seen as redundant and inefficient” (Falk and Aussenberg 2014). The 1985 legislation also raised the asset limit from US$1,500 to US$2,000 for households with no elderly members (thereby making more households eligible to participate) and authorized a simplified application for households in which at least one member received AFDC, SSI, or Medicaid. The act also required all states to implement an employment and training (E&T) program to assist food stamp recipients in obtaining employment. E&T programs were funded by the federal government, but states could contribute their own funds, which would be matched with federal funds.

In a cost-saving move in 1982, the maximum benefit level was cut from 100 percent to 99 percent of the Thrifty Food Plan.17 In 1988, the Hunger Prevention Act reversed direction by establishing incremental increases to benefits over a three-year period so that, by 1991, maximum benefits were 103 percent of the cost of the Thrifty Food Plan.18 The law was enacted to account for the time lag in adjusting food stamp allotments for changes in food prices. Program benefits were adjusted each year to reflect increases in the cost of the Thrifty Food Plan. Because benefits for the fiscal year were based on the cost of the Thrifty Food Plan in June of the prior fiscal year, “benefits are based on lagged data that are 4 months old at the beginning of the fiscal year and 15 months out of date by the end of the fiscal year” (Rosenbaum 2008).

Program Expansion in the Early 1990s
After seven consecutive years of decline (1982–88), participation began to rise, a result attributed in part to the increase in benefit levels and in part to
the expansion of Medicaid, a program often run by the same state office (McConnell 1991). Participation in Medicaid—a federal and state program that assists low-income families and individuals with medical costs—had an indirect effect on participation in SNAP. In the 1980s, concerns about the infant mortality rate and inadequate prenatal and newborn care for low-income women and infants prompted several changes in the Medicaid program, including raising the income eligibility threshold for children and pregnant women, introducing more aggressive outreach programs, and streamlining application procedures. Those changes resulted in an increase in participation in Medicaid, which led to an increase in participation in SNAP for two reasons: (a) Medicaid workers informed their clients about SNAP and (b) for people already applying for Medicaid, the additional time and effort to apply for food stamps was low (some states had joint application forms) (McConnell 1991).

Participation increased rapidly in the late 1980s and early 1990s, reflecting not only the legislative changes and Medicaid expansion but also declining economic conditions. A recession occurred in 1990–91. Even after unemployment started to fall after 1992, participation continued to rise before reaching what was at that time a record high of 27.5 million people per month, on average, in fiscal year 1993/94.

Welfare Reform Reduces Participation

The next major development in the Food Stamp Program was the Personal Responsibility and Work Opportunities Reconciliation Act of 1996 (PRWORA). The act, commonly known as the Welfare Reform Act, transformed the U.S. welfare system by replacing AFDC, an entitlement program, with a block grant to states for administering the TANF program. Built on the premise that a permanent guarantee of benefits contributes to welfare dependency, PRWORA was designed to limit the length of welfare spells, while “preserving the role of welfare as a safety net for families experiencing temporary financial problems” (U.S. House of Representatives 1996). PRWORA made several changes to the program, including (a) eliminating the eligibility of most legal immigrants to food stamps, (b) placing a time limit—the first in the program’s history—on the receipt of food stamps for able-bodied adults without dependents (ABAWDs), age 18–50, who are not working at least 20 hours a week or participating in a work program, to only 3 out of 36 months, and (c) reducing maximum allotments from 103 to 100 percent of the cost of the Thrifty Food Plan (USDA 2014b).

Subsequent legislation diminished some of the act’s impacts on the Food Stamp Program by restoring eligibility for some elderly, people with disabilities, and child immigrants and for individuals who had been living in the United States for at least five years (USDA 2014b). Many states were also granted waivers from the ABAWD time limits. States could request that the USDA waive time limits for ABAWDs who lived in an area with either an
unemployment rate over 10 percent or with an insufficient number of jobs. Legislation enacted in 1997 permitted states to exempt up to 15 percent of the state caseload that was ineligible because of the ABAWD time limits. The program entered another extended period of contraction. From fiscal year 1994/95 to fiscal year 1998/99, participation declined almost 32 percent (figure 6.2). That decline was due to the effect of welfare reform as well as to the strong economy—both unemployment and poverty fell during the period, reducing the number of people in need of assistance.

**Economic Downturn and SNAP as a Fiscal Stimulus, 2001–15**

SNAP participation more than doubled between fiscal years 2000/01 and 2012/13. That increase was the result of a combination of factors that included the Great Recession, policy changes that increased accessibility and expanded states’ flexibility in determining the eligibility of applicants, and a large temporary increase in SNAP allotment levels.

**Increased Accessibility and Policy Devolution**

Following the rapid decline in participation in the late 1990s, starting in 2000 states were given greater flexibility to simplify and streamline their programs to make participation less burdensome and to increase accessibility. For example, in 2000, Congress gave states an array of options that allowed them more liberal means for establishing the asset value of vehicles that were used in determining a household’s eligibility for food stamps (Super and Dean 2001). That same year, the USDA issued regulations allowing states to convey categorical eligibility on the basis of receipt of a noncash or in-kind TANF benefit (Food and Nutrition Service 2000; Trippe and Gillooly 2010). This expansion was referred to as broad-based categorical eligibility. These noncash benefits included transportation and child care benefits. They could also include receipt of an informational pamphlet or provision of an 800-number on how to obtain public assistance, making this type of noncash benefit available to a broader range of households and at higher levels of income than were TANF cash assistance benefits. However, as of July 2014, no state had a gross income limit above 200 percent of federal poverty guidelines (Falk and Aussenberg 2014). Many states used the broad-based categorical eligibility option to eliminate the asset test (U.S. Government Accountability Office 2012).

The United States experienced another recession in 2001. That same year, the USDA gave states the option to implement “simplified reporting” for households with earnings. In 2002, Congress expanded the option, allowing states to cover almost all households—including those without earnings. Before the simplified reporting option, most states had three-month certification periods for many food stamp recipients, and recipients were required to report financial changes periodically or within a certain time frame (typically...
within 10 days) after the change occurred (USDA 2010c). Simplified reporting was implemented to streamline paperwork and increase access, especially for the working poor, who were most likely to experience changes in income (Isaacs 2008). It allowed states to lengthen certification periods and reduce the information that food stamp recipients must provide to the food stamp office between recertification. Simplified reporting offered clients more stability and reduced reporting and recertification requirements, while offering states less work (fewer time-consuming recertifications) and reducing administrative errors by having longer certification periods.

Nationwide EBT
A major technological change marked the end of the traditional paper coupon in the Food Stamp Program. Beginning in 2004, all states used EBT to issue program benefits (USDA 2004). EBT allowed recipients to obtain their SNAP benefits electronically using an EBT card, which is similar in design to a credit or debit card. EBT creates an electronic record of each food stamp transaction, making it easier to identify and document instances in which SNAP benefits are exchanged for cash, drugs, or other illegal goods (USDA 2014b). EBT also reduces the administrative costs associated with printing, distributing, and redeeming paper coupons. At checkout in a retail food store, the use of an EBT card makes it more difficult for someone to be identified as receiving public assistance than the use of a SNAP paper coupon did, thereby reducing stigma, making the program more attractive to eligible people, and increasing their likelihood of participating.

The transition to EBT did have an unintended negative consequence. Farmers markets—multiple-stall markets at which farmers sell agricultural products directly to the general public—increase participants’ access to nutritious foods, particularly fresh fruits and vegetables. However, with the implementation of EBT, food stamp and SNAP redemptions at farmers markets initially declined. Unlike most other authorized SNAP retailers, farmers markets do not always operate in areas with electricity (to operate the point-of-sale terminal) and landline phone connections (to check funds in participants’ accounts) (USDA 2010b). As a result of switching from paper vouchers to EBT, the real value of SNAP benefits redeemed at farmers markets fell 71 percent between 1994 and 2008 (Briggs and others 2010). However, coinciding with USDA efforts supporting the use of EBT at farmers markets, including the use of support grants to markets needing administrative help in implementing and managing EBT service and customer outreach, the number of farmers markets accepting SNAP EBT has increased eightfold since 2010 (USDA 2015f).

New Name for the Program
The Food, Conservation, and Energy Act of 2008 changed the name of the Food Stamp Program to SNAP beginning in October 2008 (states had the
option to give the program a different name) (USDA 2014b). The new name reflected the transition from paper coupons to EBT cards. It also emphasized that SNAP benefits were designed to supplement a household’s food expenditures financed from its own income. To increase participation, the law expanded eligibility by indexing asset limits to inflation.

**Stimulus Legislation**

The program began a long expansionary phase in fiscal year 2000/01 as legislative changes made participation less burdensome and the economy experienced a short recession. Participation increased in 12 of the next 13 years. Only in fiscal year 2006/07, when participation dipped slightly after a period of improved economic conditions, was the expansion interrupted. The dip was also due, at least in part, to the temporary increase in participation that occurred in fiscal year 2005/06 as a result of a series of hurricanes (including Hurricane Katrina) that devastated large areas along portions of the U.S. Gulf Coast (Hanson and Oliveira 2007) (box 6.6).

The increase in participation was especially sharp during and immediately after the Great Recession, which lasted from December 2007 to June 2009. Between 2007 and 2010, the unemployment rate in the United States more than doubled, from 4.6 to 9.6 percent. To help people affected by the Great Recession and to stimulate the economy’s recovery, the American Recovery and Reinvestment Act of 2009 (ARRA)—also known as the Stimulus Act—temporarily increased SNAP benefit levels.

Passage of this act was the first time that the program was explicitly used as a fiscal stimulus (box 6.7). It was estimated that US$20 billion in increased SNAP benefits would create US$36.8 billion in economic activity over

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**BOX 6.6 The Disaster Supplemental Nutrition Assistance Program**

SNAP responds quickly to increased need in disaster situations. During disasters, the USDA uses two different methods to deliver emergency food. Initially, emergency food is provided to shelters, mass feeding sites, and households when normal commercial food distribution is disrupted. Once grocery stores and other food retailers are operating again, emergency food stamps are issued through the Disaster Supplemental Nutrition Assistance Program (D-SNAP), an extension of the regular SNAP program. Under D-SNAP, eligible households can receive short-term benefits when the U.S. president declares a major disaster (USDA 2013a). Eligible households receive one month of benefits that are equivalent to the maximum amount of benefits normally available to a SNAP household of that size. D-SNAP benefits may be provided to current participants as well as to people who might ordinarily be ineligible for SNAP if they have disaster-related expenses such as loss of income, property damage, relocation expenses, and, in some cases, loss of food due to power outages.
Beginning in April 2009, average monthly benefits increased 15 percent (USDA 2015d). Benefits were to remain at the new higher level until SNAP’s maximum benefits adjusted for food price inflation caught up with the maximum benefits set by the ARRA. However, inflation was less than anticipated, and Congress established a sunset, then advanced it to November 1, 2013 (the beginning of fiscal year 2013/14). At that time, the maximum SNAP allotment for a family of four decreased 5.4 percent.

From fiscal year 2007/08 to 2012/13, SNAP caseloads increased 81 percent, the result of a combination of the economic downturn during the Great Recession, policy changes such as the temporary increase in SNAP benefits due to the ARRA, and expanded use of broad-based categorical eligibility. Few states implemented broad-based categorical eligibility policies when they became available in 2001. However, once the economic downturn began later that decade and the number of households applying for SNAP benefits began to rise sharply, the USDA encouraged states to adopt these policies to streamline the eligibility process (U.S. Government Accountability Office 2012). Before 2007, only 11 states had implemented broad-based categorical eligibility; from 2007 to 2011, 29 additional states implemented it.

During the debate leading up to the Agricultural Act of 2014—the 2014 farm bill—concerns were raised that the broad-based categorical eligibility option had allowed SNAP participation to expand beyond the poorest Americans. Despite early proposals to eliminate it, states retained the broad-based categorical eligibility option in the final legislation. The 2014
Agricultural Act did not include major changes to SNAP; however, it did provide additional funding to enhance employment and training activities and to expand antifraud efforts.

SNAP participation reached an all-time high of more than 47 million individuals in fiscal year 2012/13 (figure 6.2). It decreased about 2 percent in both fiscal year 2013/14 and fiscal year 2014/15, as the temporary increase in SNAP benefits ended and the unemployment rate fell for the fifth consecutive year.

**CURRENT SNAP IMPLEMENTATION**

SNAP is a complex program with multiple eligibility requirements, including both gross and net income limits, an asset test, and work and immigrant eligibility requirements. Benefit levels vary by a household’s size and income, taking into account numerous exclusions and deductions, and are reassessed periodically for changes in household circumstances. The federal government operates SNAP in partnership with states and local governments. Researchers have assessed the impact of the Food Stamp Program and SNAP on both nutrition and related outcomes. As a result of that assessment, several policy changes have been proposed to improve recipients’ nutrition and health.

**Eligibility Requirements**

SNAP operates as an entitlement program, meaning that it is available to every household that meets the eligibility requirements. Federal guidelines require that, to be eligible to participate in SNAP, households must meet two income tests, an asset test, and certain nonfinancial tests.

**Gross Income Test**

Total household income (that is, monthly income before any deductions) must be at or below 130 percent of the monthly federal poverty guidelines, which are based on the number of people in the household and are adjusted annually for inflation. Household income includes earnings from the wages and salaries of household members as well as unearned income, such as public assistance benefits, unemployment benefits, child support, and pensions. Exclusions that do not count as income include in-kind income, loans, income earned by children younger than 18 years of age, allowable self-employment business expenses, federal energy assistance, and certain types of educational benefits. Households with an elderly person (60 years of age or older) or a disabled person are excluded from the gross income test, but they must still pass the net income test.

**Net Income Test**

Net income—that is, gross income minus allowable deductions—takes into account the expenses for necessities that reduce the funds available to
purchase a nutritious and palatable diet. To meet the net income test, a household’s net income must be at or below 100 percent of the federal poverty guidelines. As of 2016, allowable deductions consist of the following:

- A standard deduction of US$155 for households with one to three people and US$165 for households with four people (higher for some larger households)
- A 20 percent deduction from earned income
- A dependent care deduction when needed for work, training, or education
- Medical expenses for elderly or disabled members that are more than US$35 for the month if they are not paid by insurance or someone else
- Legally owed child support payments
- Excess shelter costs that are more than half of a household’s income after the other deductions. Allowable costs include the cost of fuel to heat and cook with, electricity, water, the basic fee for one telephone, rent or mortgage payments, and taxes on the home.  

The standard deduction recognizes that most households have some nondiscretionary expenditures other than those considered in the other deductions, such as tuition, alimony, and unusual expenses due to disasters (Ohls and Beebout 1993). Other deductions encourage certain behaviors such as working (the earned income and dependent care deductions) or paying child support (the child support payment deduction) (USDA 2012a).

**Asset Test**

Assets, like income, are a measure of a household’s available resources for obtaining food. Households with large assets, even if their current income is low, can potentially draw on their assets (the ease of which is determined by their liquidity) to meet their basic needs. Historically, under the asset test, households may have up to US$2,250 in countable resources, such as a bank account, or US$3,250 in countable resources if at least one person is 60 years of age or older or is disabled. However, certain resources are not counted, such as a home and lot, most retirement (pension) plans, and the resources of people who receive SSI or TANF. States have the option to relax or eliminate the asset limit for most households using broad-based categorical eligibility, and many have chosen to do so.

**Additional Eligibility Criteria**

Households must meet the following eligibility criteria in addition to the income and asset tests:

- *Employment requirements.* Able-bodied adults age 16 through 59 must register for work, accept suitable employment, or take part in an employment
and training program to which they are referred by the local office. Exemptions are allowed for persons who are disabled, working, attending school, taking care of a young child or incapacitated person, participating in a drug or alcohol treatment program, or complying with the work-related requirements of another assistance program. Generally, able-bodied adults age 18–49 who do not have dependents can receive SNAP benefits for only 3 months in a 36-month period if they do not work or participate in a workfare or employment and training program other than job search. That requirement can be waived in locations where the unemployment rate is high.

• Immigrant eligibility requirements. Undocumented noncitizens are not eligible for SNAP. Most legal immigrants are eligible if they have lived in the country for five years, are receiving disability-related assistance or benefits, or are under age 18. Certain noncitizens, such as those admitted for humanitarian reasons and those admitted for permanent residence, may be eligible for the program. States are allowed to expand immigrant eligibility beyond federal limits if they fund the expansion with nonfederal dollars.

Some households are categorically eligible for SNAP if they participate in other approved programs. That is, households whose members all receive TANF, SSI, or, in some places, general assistance do not have to meet the gross and net income eligibility standards or the asset limits test (although they must meet the employment and immigrant eligibility requirements). SNAP’s categorical eligibility helps to align SNAP with other state-run assistance programs, facilitates participation, and streamlines the application process. Categorically eligible applicants do not have to provide documentation of income when they apply for SNAP because the other program already conducted means testing. In recent years, states have been granted more flexibility regarding program access, and many states have responded by relaxing some of the eligibility criteria (discussed in the section on state policy options).

Certification periods—the length of time a household is authorized to receive SNAP benefits before eligibility is reevaluated—may not exceed 12 months (24 months if all adult members are elderly or disabled). During the certification period, most households are required to report changes in income or other household circumstances that would make them ineligible. State agencies have varying rules on how often and whether households are required to report changes that would affect the amount of benefits.

Program Benefits
SNAP benefits are provided to recipients on a monthly basis. They can be redeemed for most types of food but cannot be used to purchase tobacco, alcohol, hot foods, or foods to be eaten in the store (except by people who
cannot cook for themselves). The dollar value of SNAP benefits that a household receives per month is the household's allotment. SNAP allotments are not intended to cover all of a household's food needs unless a household has zero net income, in which case the household receives the maximum allotment. The maximum allotment increases with household size. SNAP households are expected to contribute about 30 percent of their net income to food, a figure reflected in the SNAP benefit formula (for a household of any given size): household allotment = maximum allotment – (0.30 × net income). Thus, a household's allotment is reduced by US$0.30 for every dollar of net income the household receives. A household's maximum allotment is based on the cost of the USDA's Thrifty Food Plan in June of the previous year. The Thrifty Food Plan is a minimal-cost meal plan, consisting of bundles of foods, that shows how a nutritious and palatable diet may be achieved with limited resources (the plan assumes that all purchased food is consumed at home) (Carlson and others 2007). The cost of the Thrifty Food Plan is adjusted for household size and indexed annually for food price inflation.

**Benefit Delivery System**

A household applies for SNAP benefits at its state or local SNAP office or by completing an online application. The state or local SNAP office determines whether the applicant is eligible to participate in the program and issues SNAP benefits to eligible households through an EBT system. Each state operates its own EBT system. However, EBT cards are portable—an EBT card issued in one state can be used in any other state. In most states, participants can also use the card to obtain benefits from other cash assistance programs such as the TANF program administered by the U.S. Department of Health and Human Services, thereby taking advantage of common operational platforms. Benefits are deposited electronically into the household's account each month and can be used to purchase groceries at a SNAP-authorized food store (only stores authorized by SNAP may accept SNAP EBT cards). SNAP participants do not pay sales tax on SNAP purchases. Unused SNAP benefits are carried over to the next month.

SNAP-authorized retail food stores sell food to the general public and to SNAP recipients. To be eligible, a store must sell food for home preparation and consumption and meet one of two criteria:

1. Offer for sale, on a continuous basis, at least three varieties of qualifying foods in each of the following four staple food groups, with perishable foods in at least two of the four categories: meat, poultry; or fish; bread or cereal; vegetables or fruits; and dairy products.

2. More than half of the total dollar amount of all retail sales (food, non-food, gas, and services) sold in the store must be from the sale of eligible staple foods.
In fiscal year 2013/14, there were 261,150 outlets authorized to accept SNAP, including specialty stores, farmers markets, direct marketing farmers, providers of meals to the homeless, treatment centers, group homes, and others (USDA 2015c). Two types of stores—super stores (that is, large stores containing a large variety of goods, including both food and nonfood items) and supermarkets—accounted for only 14 percent of all SNAP-authorized stores but more than 80 percent of all redemptions (figure 6.3).

Retailers participate in SNAP on a voluntary basis. All stores that apply for authorization and meet the eligibility criteria are able to redeem SNAP benefits; there is no limit on the number of stores that can participate. The USDA monitors stores for compliance; statistical monitoring is based on the store’s characteristics and volume of SNAP sales (Mantovani, Williams, and Pflieger 2013). Participating stores are reimbursed by the federal government for the full value of the food purchased through SNAP.

Take-Up Rates and SNAP Dynamics
The take-up rate is the percentage of eligible people who participate in the program. It provides a measure of how effectively the program reaches its target population (box 6.8). Among all people estimated to be eligible in an

FIGURE 6.3
SNAP Redemptions in the United States, by Type of Store, Fiscal Year 2013/14

Source: USDA 2015c.
Note: Combination grocery-other are stores whose primary business is the sale of general merchandise but that also serve a variety of food products (Mantovani and Wilson 2011).
average month in 2013, approximately 85 percent participated in SNAP (Eslami 2015b). Those people eligible for higher benefits were more likely to participate than those eligible for lower benefits. Participation was concentrated among the most economically disadvantaged.

Take-up rates differ from the national average of 85 percent for various demographic groups. On the one hand, take-up rates for children and people living in poverty are higher than the national average, at 99 percent (Eslami 2015b). On the other hand, take-up rates for elderly individuals (41 percent), individuals living in households with incomes above the poverty line (42 percent), and individuals in households with earnings (74 percent) are lower than the national average.\(^\text{35}\)
The SNAP caseload is dynamic; each month, some people enter the program, while others exit. Among people who entered the program from 2008 to 2012 (a period of relatively high unemployment and poverty), one-third exited within 6 months, half exited within 12 months, and two-thirds exited within 24 months (Leftin and others 2014). The median SNAP “spell”—the continuous period of time that an individual spends on one instance of SNAP participation—for people who entered the program during that period lasted about one year. For most SNAP participants, there are no limits on the number of times they can participate in the program or the total length of time they can participate (subject to meeting eligibility requirements). Many participants who exit the program reenter at a later date, cycling on and off the program.

Activation Features
A household’s SNAP benefit is highest when it has no net income and is reduced by US$0.30 for every dollar of net income the household receives. The decline in benefits as earned income increases can be considered an implicit marginal tax on earnings and may reduce the incentive for a SNAP recipient to work compared with a zero marginal tax rate whereby households keep 100 percent of their benefits. Two deductions from gross income in the SNAP benefit formula have been established to reduce the work disincentive: (a) a 20 percent deduction for earned income and (b) a deduction for dependent care.

Several program features have been designed to increase the labor force participation of SNAP recipients and to make the program more accessible to working households. Some of those features are in the form of work requirements and participation restrictions for nonworking adults. As noted previously, SNAP recipients who are able-bodied and without dependents are required to register for work and accept a suitable job if offered one. ABAWDs are subject to strict time limits on the SNAP benefits they receive if they do not work or participate in a training program. Many SNAP recipients—84 percent in fiscal year 2012/13—are exempt from SNAP work registration and training requirements because of their age or disability status or because they are working, in school, taking care of a young child or incapacitated person, taking part in a drug or alcohol treatment program, or complying with the work-related requirements of another assistance program (Gray and Kochhar 2015). SNAP recipients who do not qualify for the work registration exemption are required to participate in a SNAP Employment and Training (SNAP E&T) program if mandated by the state.

SNAP E&T was established with the goal of helping recipients to gain the skills, training, or experience needed to find employment. Each state is required to operate a SNAP E&T program under a federally approved plan, but each state has flexibility in the design. Services may include job search training, workfare, work training or retraining programs for the recently
unemployed, basic education, and English-as-a-second-language classes (USDA 2013b). In fiscal year 2014/15, federal SNAP E&T expenditures totaled US$281 million, representing about 0.3 percent of total federal program expenditures (USDA 2015a).

**SNAP-Ed**

States provide nutrition education to participants through the SNAP-Ed program. The goals of SNAP-Ed are to increase the likelihood that people eligible for SNAP will make healthful food choices within the constraints of a limited budget and will choose a physically active lifestyle. SNAP nutrition education must include obesity prevention services. State agencies can submit a nutrition education plan to the USDA, which may include a variety of approaches to delivering nutrition education and obesity prevention activities. Once a state plan is approved, the state receives federal funding, which is allocated among states on the basis of the state’s historical SNAP-Ed spending and current SNAP caseload (Food and Nutrition Service 2013).

**Program Administration**

The USDA operates the program in partnership with state and local governments. Within the USDA, the Food and Nutrition Service is responsible for administering the program at the federal level. The USDA issues regulations and is responsible for establishing benefit levels and eligibility criteria (with some policy options on eligibility delegated to the states), defining eligible foods, authorizing and monitoring food stores, and ensuring that states administer the program in compliance with program rules (table 6.2).

State agencies administer the program through local offices. In some states, the program is administered directly by local office staff employed by the state, whereas in other states, the program is administered by local governments under state supervision (Ohls and Beebout 1993). Local offices determine applicants’ eligibility, certify participants, determine participants’ benefit levels, issue EBT cards, and provide supplemental services such as nutrition education and E&T programs. The federal government pays 100 percent of the program benefits and federal administrative costs, whereas the state and federal governments share state administrative costs equally.

SNAP operates similarly across geographic areas, with the exception of income eligibility thresholds and benefit levels in Alaska and Hawaii, which are adjusted to account for higher food prices in those states. However, states do have some flexibility in how they operate the program.

**State Policy Options**

Legislative and regulatory changes since the late 1990s gave states increased flexibility to simplify program administration and increase program access, especially for low-income working families. However, those changes decreased national uniformity. States have used the flexibility to align eligibility criteria
for gross income and assets with their guidelines for other state-run safety net programs. Through the “broad-based categorical eligibility” policy option, almost all states have either removed the federal asset test for most SNAP households or have at least exempted the value of all vehicles from the asset test. In addition, a majority of states have raised the gross income limit above 130 percent of the poverty guidelines (although the limit cannot exceed 200 percent).

States have also implemented some program changes to simplify the process of applying for and remaining on SNAP (U.S. General Accounting Office 2002). States have lengthened recertification periods—the number of months that can elapse before a SNAP household has to recertify eligibility—thereby reducing the transaction costs of participation, particularly for working households that may need to take off from work to complete the

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<td>Issues regulations</td>
<td>Pays 100% of program benefits</td>
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<td>Establishes benefit levels</td>
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<td>Establishes eligibility criteria</td>
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recertification process. Between eligibility certifications, households who receive SNAP must report changes in circumstances that may affect their eligibility or monthly benefit. Since 2000, all states have had the option to allow SNAP recipients with earned income to report income changes on a semiannual basis, rather than each month or each time a change in circumstances occurs (U.S. General Accounting Office 2002). Semiannual, or “simplified,” reporting decreases the reporting burden on SNAP recipients because it requires households to declare changes in their financial circumstances within reporting periods only if the changes would make them ineligible for the program. By 2014, all but one state had adopted the simplified reporting option (USDA 2015b).

**Program Integrity**
A central challenge in the design of any assistance program is to balance the goals of making program benefits accessible to eligible households and screening out ineligible households. In the case of SNAP, in which states administer the program, while the federal government pays benefits, federal oversight is needed to monitor how states distribute the federal benefit. The USDA established the quality control system in 1977 to monitor the accuracy of determinations of eligibility and benefits by state agencies. Each state is required to conduct periodic reviews of a sample of its SNAP case files. State quality control auditors reexamine the case files, reinterview recipients, and recheck documentation. Federal staff workers then recheck a sample of the state audit sample. Both overpayments and underpayments are tracked. In fiscal year 2013/14, less than 3 percent of SNAP benefits were deemed overpayments and less than 1 percent were underpayments (USDA 2015e). The quality control system forms the basis for providing monetary bonuses to states for high or improved accuracy of payments and terminations and for timely processing of applications.

**SNAP OUTCOMES**
Hunger and malnutrition—in the form of undernutrition—were serious problems when the Food Stamp Program was established in the 1960s. In a message to Congress in 1969, President Richard M. Nixon stated, “In the past few years we have awakened to the distressing fact that despite our material abundance and agricultural wealth, many Americans suffer from malnutrition. Precise factual descriptions of its extent are not presently available, but there can be no doubt that hunger and malnutrition exist in America and that some millions may be affected” (Nixon 1969). Over time, the prevalence of undernutrition in the United States has diminished significantly. A landmark assessment of poverty-related programs in 1997 stated, “Evidence of severe malnutrition-related health problems has almost disappeared in this country. The primary reason is Food Stamps” (Blank 1997, 163).
Today, the focus of SNAP outcomes extends beyond hunger and undernutrition. Because of the significance of SNAP to both program participants and U.S. taxpayers, it is important to evaluate the program’s effects. Researchers have assessed the impact of the Food Stamp Program and SNAP on various outcomes, including economic well-being, food spending, food security, nutrition and health, and the prevalence of overweight and obesity.

**Economic Well-Being**
A household’s economic well-being is often measured by its poverty status. Moreover, other outcomes such as food insecurity, poor health, and reduced earnings potential are associated with poverty (Tiehen, Jolliffe, and Smeeding 2016). Official U.S. estimates of poverty omit in-kind benefits from family income. As a result, those estimates understate the resources of families that receive SNAP benefits. When benefits are counted as part of family income to obtain an “inclusive-of-SNAP” measure of poverty, SNAP lifted 4.7 million people, including 2.1 million children, out of poverty in 2014 (Short 2015).

The depth of poverty and the severity of poverty are two additional measures that capture how SNAP increases income among poor families, even if it does not lift them out of poverty. The severity measure is particularly sensitive to how effectively program benefits reach the poorest of the poor. Because SNAP provides more benefits to persons with lower incomes, SNAP leads to relatively larger decreases in the depth and severity of poverty than in the poverty rate (Tiehen, Jolliffe, and Gundersen 2012; Tiehen, Jolliffe, and Smeeding 2016). For example, while SNAP benefits lowered the poverty rate an average of 4.9 percent during 2000–11, they lowered the depth and severity of poverty 11.0 and 14.0 percent, respectively (Tiehen, Jolliffe, and Smeeding 2016).

Poverty among children is especially lessened by SNAP benefits. Children in the United States experience significantly higher rates of poverty than the overall population and account for almost half of total SNAP benefits. During 2000–11, SNAP benefits reduced the depth of child poverty 16.4 percent and the severity of child poverty 22.3 percent (Tiehen, Jolliffe, and Smeeding 2016).

**Food Spending**
By increasing spending on food, SNAP is expected to increase households’ nutrient availability and, in turn, the nutrient intake of individuals in those households (Fox, Hamilton, and Lin 2004). Therefore, the extent to which SNAP increases food security and improves diet quality and nutrition depends on the degree to which SNAP benefits augment a household’s food expenditures that are financed from cash income. SNAP benefits are redeemable only for food. However, when receiving SNAP benefits, a household can partially or fully reduce its cash-based food expenditures.
The marginal propensity to spend (on food) out of SNAP benefits ($MPS_{SB}$) represents the net increase in total food expenditures that results from a US$1 increase in SNAP benefits. For example, an $MPS_{SB}$ of 0.25 means that a US$1 increase in SNAP benefits increases total food expenditures by US$0.25. A review of 17 studies found that most estimates range from 0.17 to 0.47 (Fraker 1990).\(^{38}\) Four more recent studies reported estimates of 0.26, 0.35, 0.40, and 0.69 (Fox, Hamilton, and Lin 2004). Following the ARRA, which temporarily increased benefits to all SNAP households, Beatty and Tuttle (2015) estimated the $MPS_{SB}$ to be 0.48. Thus, the research consistently indicates that, for each dollar of SNAP benefits a typical household receives, food spending rises (but by less than a full dollar), and, in most studies, the rise is as great as or greater than for a comparable increase in cash.\(^{39}\)

Providing assistance in the form of food-targeted benefits—paper coupons or EBT cards—increases the administrative complexity and cost of a program, raising the issue of whether food-targeted benefits increase food expenditures by more than an equal increment of cash. A review concluded that studies “strongly suggest that coupons would be more effective than cash food assistance at increasing food expenditures” (Fraker 1990, 77). Most estimates of the marginal propensity to spend (on food) out of a dollar of cash lie between 0.05 and 0.10—that is, less than estimates of the $MPS_{SB}$.\(^{40}\)

**Food Security**

The terms *food security* and *food insecurity* have different definitions and connotations around the globe because countries exhibit marked differences in their average and their distribution of household income, food consumption, and nutrient intakes. The USDA defines a household as food secure when all members of the household have access at all times to enough food for an active, healthy life.\(^{41}\) Food-insecure households are those that, at some point during the year, have difficulty providing enough food for all their members because of a lack of resources. A subgroup of food-insecure households exhibits the more severe condition of very low food security—the eating pattern of one (or more) household member is disrupted and food intake is reduced at some point during the year—because they cannot afford enough food.

Reliable monitoring of food security contributes to the effective operation of federal and private food assistance programs.\(^{42}\) In 2014, 86.0 percent of U.S. households were food secure throughout the year. Food insecurity was evident at least some time during the year in the remaining 14.0 percent of households, of which 5.6 percent had very low food security (Coleman-Jensen and others 2015).

Recent studies based on different research designs provide strong evidence that SNAP decreases food insecurity. A 2011–12 study measured food insecurity for a sample of households at the time of entering SNAP
and again after six months of SNAP participation. The study found that food insecurity among the households fell 10.6 percentage points (Mabli and others 2013). Another study found that, after the ARRA increased SNAP benefits and expanded SNAP eligibility for jobless adults without children, food insecurity among lower-income households fell 2.2 percentage points, while food insecurity increased 0.16 percentage point among households with annual incomes 150–250 percent of the poverty thresholds that were likely to be ineligible to participate in SNAP (Nord and Prell 2011). Another study found that, from 2009 to 2011, when the real value of SNAP benefits declined because of inflation in food prices, the estimated number of SNAP-recipient households with very low food security increased (Nord 2013).

**Nutrition and Health**

SNAP attempts to improve the diet quality of participants by increasing their purchasing power, allowing them to purchase more and higher-quality foods. However, higher food expenditures do not necessarily result in purchases of more nutritious foods. Instead, SNAP recipients can purchase more of the same foods or purchase higher-priced, more convenient, but not necessarily more nutritious foods.

Research findings on the nutritional effects of SNAP participation are mixed. A comprehensive 2004 review of 14 studies on the availability of household nutrients concluded, “Overall, the literature strongly suggests that the FSP [Food Stamp Program] has little to no impact on individual dietary intake” (Fox, Hamilton, and Lin 2004, 62). A 2013 analysis of SNAP’s effect on the nutritional quality of participants’ diets found inconclusive results, with SNAP participants showing improvement on some components of a healthy diet, but slightly lower diet quality as a whole and for many dietary components (Gregory and others 2013).

However, results from other recent studies suggest that SNAP does have positive effects on health and other outcomes. For example, Almond, Hoynes, and Schanzenbach (2011) found that in counties in which the Food Stamp Program was operating during 1968–77, pregnancies tended to be associated with increased birthweight, the largest gains were at the lowest birthweights, and birthweight effects were larger in high-poverty areas where SNAP participation was most common. Hoynes, Schanzenbach, and Almond (2016) examined the period of Food Stamp Program rollout across counties between 1961 and 1975 and found that children with access to the program had, on reaching adulthood, a lower metabolic syndrome index (an aggregate of health conditions such as obesity, high blood pressure, and diabetes) and that women with access to the program had greater economic self-sufficiency (an aggregate of socioeconomic conditions such as high school graduation, employment, and earnings) compared with similar groups in counties that had not yet implemented
the program. A 2015 report by the President’s Council of Economic Advisers reviewed recent studies and concluded, “SNAP’s benefits are especially evident and wide-ranging for those who receive food assistance as children; they extend beyond the immediate goal of alleviating hunger and include improvements in short-run health and academic performance as well as in long-run health, educational attainment, and economic self-sufficiency” (Furman, Muñoz, and Black 2015, 2).

**Overweight and Obesity**

As SNAP has evolved over time, so too have nutritional concerns. In recent decades, the prevalence of overweight and obesity—which are correlated with excess morbidity and mortality (National Center for Health Statistics 2015)—has increased. An emerging issue involves the potential paradox that a program that contributed to the disappearance of severe undernutrition may be contributing to malnutrition in the form of overweight or obesity. That is, does increasing the purchasing power of SNAP participants lead to more food purchased and more calories consumed or to a more nutrient-dense diet with the same calories?

A USDA review of the literature found that for most participants—children, nonelderly men, and the elderly—use of SNAP benefits is not associated with either an increase in body mass index or the likelihood of being overweight or obese (Ver Ploeg and Ralston 2008). However, for nonelderly women, some evidence suggests that participation in SNAP may increase body mass index and the probability of obesity. The different results for age and sex subgroups remain unexplained. A review by DeBono, Ross, and Berrang-Ford (2012), which includes studies published since 2008, found results that are generally consistent with the findings of Ver Ploeg and Ralston (2008). A more recent study organized a review of the literature by whether a study found a positive effect, a negative effect, or no effect of SNAP on obesity and concluded, “There is very little evidence that SNAP is associated with higher probabilities of obesity among participants in comparison to eligible nonparticipants” (Gundersen 2016, 177).

**PROPOSALS TO IMPROVE SNAP RECIPIENTS’ NUTRITION AND HEALTH**

Improving the nutrition and health of SNAP participants is challenging (box 6.9). For example, the SNAP-Ed program is the primary means by which SNAP attempts to influence the food choices of program participants (Condon and others 2015). Although SNAP-Ed funding has increased substantially in recent decades, federal expenditures for nutrition education totaled about US$350 million or only 0.5 percent of total federal program costs in fiscal year 2014/15 (USDA 2015a). Expenditures for SNAP-Ed are far exceeded by spending on advertising for food, beverages, and restaurants (Guthrie and Variyam 2007).
BOX 6.9 Focusing on Nutrition: SNAP versus WIC

SNAP differs in several ways from the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), which is widely recognized as one of the most successful nutrition programs in the United States. WIC currently serves more than half of all infants and more than one-quarter of pregnant and postpartum women, as well as children age 1–4 (Oliveira and Frazão 2015). An estimated 53 percent of WIC participants also participate in SNAP (USDA 2012b).

WIC was established in 1974, when it was generally acknowledged that the other available food assistance programs, including the Food Stamp Program, were not meeting the special needs of infants and pregnant women. Drawing on the premise that early intervention during critical times of growth and development can help to prevent future medical and developmental problems, WIC is targeted at nutritionally at-risk, low-income pregnant and postpartum women; infants; and children age 1–4. WIC is not intended to be the primary source of food or general food assistance. Rather, it supplies participants with a free set of prescribed types and quantities of specific foods that provide supplemental amounts of specific nutrients known to be lacking in the diets of target populations. The amount of food provided to recipients does not vary with household income. Moreover, the authorized maximum monthly allowances for all WIC foods must be made available to participants if medically and nutritionally warranted.

WIC offers more nutrition- and health-related services to participants than does SNAP. For example, in addition to offering nutrition education and counseling to all participants, WIC provides breastfeeding promotion and support; health risk assessment; and referrals to other health, welfare, and social services. As a result, food benefits accounted for only 68 percent of WIC’s total program costs in fiscal year 2014/15 compared with 94 percent of total SNAP costs (percentages are based on data from USDA 2015a).

Some changes to the program have been proposed to improve the diet quality of SNAP participants. Throughout the program’s history, some have argued that recipients should not be allowed to use their SNAP benefits to purchase “unhealthy” foods—usually defined as foods high in calories, fats, or sugars. In recent years, attempts to restrict what recipients can purchase with SNAP have become more frequent. For example,

- In 2004, the state of Minnesota sought to prohibit the use of SNAP benefits to purchase candy and soft drinks (Guthrie and others 2007).
- In 2010, the mayor of New York City proposed prohibiting SNAP recipients from using SNAP benefits to purchase soft drinks (Hartocollis 2010).
- In 2015, the state of Maine requested a waiver from the USDA that would allow a ban on the use of SNAP benefits to purchase foods with little or no nutritional value (Maine Legislature 2015).

The USDA has not approved any request by states and localities to restrict SNAP purchases. In a review of policy issues, the Food and Nutrition Service...
noted that prohibition policies would be administratively complex and, even if implemented, might have limited effectiveness (USDA 2007). The complexity arises, in part, when identifying thresholds for calories, fats, or sugars that would disqualify a food item from SNAP—especially if that same item contains desirable nutrients. No less burdensome would be applying any standard to the hundreds of thousands of food products on the market as well as requiring stores (especially small stores) to keep track of which items are allowable and which are disqualified from SNAP.

Prohibition policies may also have limited effectiveness. SNAP participants might use their own cash to purchase an item that is disqualified from SNAP (about 70 percent of SNAP participants receive less than the maximum allotment and presumably use cash to supplement SNAP benefits).

Finally, the Food and Nutrition Service review states, “There is no strong research-based evidence to support restricting food stamp benefits. Food stamp recipients are no more likely than higher-income consumers to choose foods with little nutritional values; thus the basis for singling out low-income food stamp recipients and restricting their food choices is not clear” (USDA 2007, 1). Restricting the types of food that can be purchased through SNAP could also discourage participation in the program.

Pricing Strategies

Low-income households spend a larger share of their income on food than higher-income households, suggesting that price manipulation could be an effective incentive for improving the eating habits of SNAP households (Lin and Guthrie 2007). In 2011–12, SNAP conducted a pilot in western Massachusetts, known as the Healthy Incentives Pilot, that provided a treatment group of randomly assigned SNAP-participating households a price incentive that increased SNAP benefits by US$0.30 for every dollar spent on targeted fruits and vegetables using SNAP benefits, while a control group of SNAP households received no price incentive. The price incentive essentially lowered the effective price of fruits and vegetables by 30 percent. The price incentive increased the estimated average daily consumption for adults by about one-quarter-cup equivalent of targeted fruits and vegetables, which represented an increase in consumption of about 26 percent compared with the control group (Bartlett and others 2014). That result suggests that a price incentive could change the purchase and consumption behaviors of SNAP participants.

A related strategy for promoting fruits and vegetables is being used at some farmers markets across the country. Many farmers markets offer a “match” or “bonus” to SNAP recipients who purchase foods—typically, fruits and vegetables—at the market. A dollar-for-dollar match is common (up to some specified limit such as US$20) and essentially acts as a 50 percent discount on the effective price of fruits and vegetables. Such programs have received funding from private foundations, nonprofit
organizations, and local governments, while complying with SNAP rules and regulations and informing the Food and Nutrition Service (King and others 2014). Research has found evidence that incentives bring SNAP consumers to farmers markets (Dimitri and others 2015; King and others 2014). However, research about the effects of incentives on the consumption of fruits and vegetables is impeded by the relatively large expense of collecting dietary recall data.

**Dispersing SNAP Allotments More Frequently**

Currently, each SNAP household’s entire allotment of monthly benefits is electronically loaded onto the household’s EBT card in a lump sum once each month. Previous research suggests that households spend more of their benefits soon after benefit disbursement and therefore have less to spend later in the month (Wilde and Ranney 2000). This “monthly food stamp cycle” of food purchases can help SNAP households, giving them the flexibility to spend benefits at the times and places they choose and potentially allowing them to obtain lower food prices by buying some food items in bulk.

There is evidence, however, that, for some households, the up-and-down cycle of food purchases can result in a second “monthly food stamp cycle” of caloric intake. Wilde and Ranney (2000) found that, for households that shopped infrequently, food energy declined significantly between the first and fourth week of the food stamp month. Shapiro (2005) found that the average caloric intake for members of food stamp households fell 10–15 percent over the food stamp month. The implication is that, toward the end of the SNAP month, after benefits have run out, some recipients have less to eat or may have to stretch their SNAP benefits (or their own cash) by purchasing cheaper foods that may be less nutritious. Thus, dispersing SNAP benefits just once each month may have negative consequences for food security, nutrition, and weight status for some recipients.

One policy proposal is to distribute a household’s allotment of SNAP benefits more frequently than once a month (Wilde and Ranney 2000). For example, households could receive half their allotment at the beginning of the month and the remaining portion halfway through the month. Arguments have been raised that this policy is overly paternalistic, reduces choices for recipients, and makes it more difficult for recipients to take advantage of bulk discounts. However, Wilde (2007) points out that having a twice-monthly delivery of benefits does not necessarily prevent people from shopping once a month: “A family that prefers to shop once monthly is still welcome to do so, on the occasion of the second benefit credit each month.” Wilde (2013a) suggests pilot testing a twice-monthly benefit delivery to determine its effect on recipients. A related option is to allow households some choice over their frequency of receipt in place of a uniform policy of either monthly or biweekly dispersal for all (Wilde 2007).
Benefit Adequacy
Two recent studies summarize several concerns that have been raised regarding the adequacy of SNAP allotments (Institute of Medicine and National Research Council 2013; Ziliak 2016). These concerns include geographic variation in food prices, cost variations associated with the age and nutrient requirements of household members, and the costs of time in food preparation. Currently, the cost of the Thrifty Food Plan, on which SNAP allotments are based, is calculated using national average food prices and therefore does not account for geographic differences in the price of food (with exceptions for Alaska and Hawaii). Leibtag (2007) estimated that, during 1998–2003, average prices within four U.S. regions for a representative mix of foods were 8.0 and 11.1 percent greater than the national average in the East and West, respectively, and 7.0 and 5.2 percent less than the national average in the South and Midwest, respectively. As a result of regional variations in food prices, the nutritional benefits of the SNAP allotment may vary across geographic areas. Regarding household composition, the basic allotment of SNAP benefits assumes a household composed of two adults and two children under age 12 and makes simple adjustments for household size. The adjustments do not reflect that households with teenagers (who need more nutrients than younger children) have a more difficult time purchasing adequate foods with their SNAP benefits. Lastly, the Thrifty Food Plan assumes that low-income households can spend an unlimited amount of time preparing meals. However, societal norms in food preparation have changed greatly since the Thrifty Food Plan was first constructed. The average household now buys more convenience food, such as packaged vegetables and ready-to-cook foods, which save time in preparation but can cost an additional 20 percent or more. Addressing these concerns could result in substantial increases in benefit and administrative costs.

LESSONS LEARNED
SNAP offers a wealth of lessons of global relevance. For instance, it is clearly integrated with the economic cycles and the poverty outcomes that ensue. As such, SNAP’s flexibility to expand and contract makes it a highly countercyclical social assistance program. SNAP also offers insights on transparency and accountability, including investments in verifying eligibility and in combating fraud and corruption. Its integration with the private retail sector illustrates the potential for a social assistance program to create sizable economic multipliers.

Based, in part, on a program originating during the Great Depression, the Food Stamp Program—now SNAP—began as a small pilot program established by the USDA in 1961. Permanently authorized by Congress in 1964, SNAP has grown to become the cornerstone of the nutritional safety net for...
low-income Americans, benefiting about one in seven Americans during 2015. The longevity of the program, across periods of a changing American political climate, is evidence that the program has support from a variety of influential (and dissimilar) stakeholder groups, including advocates for the poor, food retailers, and agricultural producers. By increasing food expenditures at the retail level, SNAP increases the purchasing power of program recipients and has upstream effects that support farmers and others involved in the agriculture sector. SNAP's 83 percent take-up rate among those eligible in fiscal year 2011/12 suggests a high level of acceptance by the program's target population. The program's low error rate indicates strong program integrity and efficiency, which are important factors for maintaining the confidence of the American public, who ultimately fund the program.

SNAP is constantly evolving. Although some of the fundamental features of today's program were established at the program's onset—including using the commercial food system to distribute foods and giving recipients a wide choice of foods to purchase—many other program features were established later on. One of the most important changes occurred in the late 1970s, when Congress began to fund the program fully. As an entitlement, the program responds quickly to changing economic conditions, increasing during economic downturns and decreasing as the economy improves without the need for legislative intervention. Policy changes have also affected the program over its history. Major changes included (a) establishing nationwide eligibility standards and benefit levels in the early 1970s, (b) eliminating the purchase requirement in 1977, (c) using technological improvements in the form of EBT to issue benefits (effective nationwide by 2002), and (d) implementing a large, but temporary, increase in benefit levels as a means to stimulate the economy in the wake of the Great Recession. Numerous other policy changes have been enacted on a smaller scale, often affecting eligibility standards or benefit levels.

In terms of effectiveness, research has shown that participation in SNAP increases food expenditures, decreases food insecurity, and helps to reduce the rate, depth, and severity of poverty in participating households (box 6.10). By responding quickly and automatically to changes in need, SNAP also functions as an automatic stabilizer during economic cycles. Despite those successes, challenges remain. Recent research provides mixed results on whether and how much SNAP improves various aspects of diet quality for program participants—problems that affect both the rich and the poor to varying degrees. Various policy changes to improve recipients' nutrition and health have been proposed. The extent to which those proposals are adopted will reflect the balancing of competing goals, including health promotion, consumer sovereignty of individual food choices, and program costs.

As one of the country's most important—and expensive—social programs, SNAP is closely scrutinized by the U.S. Congress and others. Because the two major SNAP policy makers—USDA officials (who answer to the president)
and Congress (who are elected representatives)—are responsive to political forces, the political environment along with the economy will continue to shape the program in ways both large and small.

NOTES

1. Because people enter and exit SNAP throughout the year, the number of people participating in SNAP over the course of the year is greater than the number of people participating in an average month. In fiscal year 2011/12, the number of people who participated in the program at some time during the year was estimated to be about 28 percent greater than participation in an average month (Prell, Newman, and Scherpf 2015).

2. Benefits accounted for almost US$70 billion or 94 percent of federal SNAP costs in fiscal year 2014/15. Remaining costs covered administration, nutrition education, employment and training programs, and program evaluation (USDA 2015a).

3. Information on individual programs that compose USDA’s array of domestic food assistance programs can be found at http://www.fns.usda.gov/.

4. Medicare is a health insurance program for people age 65 and older and for younger people with certain disabilities.


7. In those areas that switched from the Commodity Distribution Program to the Food Stamp Program, the decrease in participation in the Commodity Distribution Program
(in which recipients did not have to pay to receive the program's food benefits) exceeded the increase in participation in the Food Stamp Program (in which recipients had to purchase their food benefits) (Berry 1984).

10. Furthermore, when incomes fall, households qualify for higher benefits, thereby making participation in SNAP more attractive (participants may also stay in the program longer as they try to find employment). In terms of federal programs that are most responsive to economic downturns, SNAP is second to the Unemployment Insurance Program, which provides unemployment benefits to eligible workers who are unemployed through no fault of their own (Center on Budget and Policy Priorities 2015).
11. The correlation between the number of SNAP participants and real (that is, adjusted for inflation) program expenditures is extremely strong, at 0.99, using annual data for the period from fiscal year 1964/65 to fiscal year 2013/14.
14. The legislation that eliminated the purchase requirement was enacted near the end of 1977, and states were given a year to implement the changes. Therefore, the impact of the legislation on participation would not have been felt until 1979 (Hanson and Oliveira 2012).
21. Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act of 2001, PL no. 106-387, 114 Stat. 1549 (2000). Before 2000, low-income households with cars that were worth relatively more (often reflecting that they were newer and more dependable) were penalized more than households with cars that were worth less. According to Super and Dean (2001, 34), the liberalization of vehicle asset limits was “partly motivated by the broader policy goal of supporting asset accumulation to assist low-income recipients attain long-term goals of self-sufficiency. But it also probably reflects state administrators’ judgment that the administrative burden of calculating car values was not worth the potential benefit of targeting benefits more tightly by excluding families with expensive or even moderately valuable cars or trucks.”
23. The USDA began implementing EBT demonstration projects in 1984 (USDA 2004). The 1990 farm bill (PL no. 101-624, 104 Stat. 3359) permitted states—with the approval of USDA—to implement EBT.
29. Much of the material on SNAP operations in this section is based on information from the USDA Food and Nutrition Service’s website as of January 2016. See http://www.fns.usda.gov/snap/supplemental-nutrition-assistance-program-snap.
30. A SNAP household—the program's basic recipient or beneficiary unit—is a group of individuals who live together and customarily purchase food and prepare meals together, an individual who lives alone, or an individual who, while living with others, customarily purchases food and prepares meals apart from the others (Food and Nutrition Act of 2008, as amended). The concept of household is an important issue in determining eligibility as well as benefits. Because SNAP “benefits are issued based on economies of scale, smaller households receive larger per person benefits than do larger households” (U.S. Senate 1985, 187).

31. Under policies involving “broad-based categorical eligibility,” states are allowed to adopt options that have the effect of raising the limit on a household’s gross income above 130 percent of the official poverty line, often to match the income-to-poverty limit of another assistance program such as Medicaid. Those options also have the effect of eliminating the asset test. The options streamline the determination of eligibility across multiple programs, saving states’ administrative costs. They also increase the number of eligible households and participants in SNAP and increase program costs.

32. For most households, the allowable deduction is limited to US$504 (as of February 2016), but all shelter costs that are more than half of a household’s income may be deducted for households with an elderly or disabled member.

33. The maximum allotment was US$649 for a household with four members in fiscal year 2015/16 (USDA 2014c). Maximum allotments increase with household size, but at a decreasing rate to account for economies of scale in the purchase and preparation of food. The minimum monthly SNAP benefit per person was US$16 in fiscal year 2015/16.

34. Eligibility of a SNAP applicant is determined, in part, using information provided by the applicant, along with supporting documentation such as a driver’s license, rent or mortgage receipts, check stubs from an employer, and bank statements. Some types of information are obtained or verified through sources other than documentation. The Agricultural Act of 2014 requires states to verify applicant employment data through the National Directory of New Hires (Food and Nutrition Service 2016).

35. The relatively low SNAP take-up among the elderly is partly explained by their relatively higher incomes, which means that they qualify for relatively lower SNAP benefits. In 2011, almost half of SNAP-eligible elderly qualified for only the minimum benefit of US$10 per month (Eslami 2015a). Evidence also indicates that the elderly nonparticipants may be relatively less disadvantaged, exhibiting lower rates of food insecurity and material hardship than the nonelderly population (Coleman-Jensen and others 2015; Haider, Jacknowitz, and Schoeni 2003). However, SNAP take-up rates are much lower among the elderly than among the nonelderly even among those eligible for a benefit of at least US$150 per month (USDA 2002).

36. A state agency can partner with local agencies to provide E&T services or, in some cases, to operate a substantial portion of the E&T program. States have created partnerships with educational institutions, such as community colleges and vocational training centers, as well as community-based organizations and local workforce development agencies (USDA 2013b).

37. The poverty-gap index measures the depth of poverty and is defined by the mean distance below the poverty threshold, where the mean is formed over the entire population (the nonpoor are counted as having zero poverty gap). The squared-poverty-gap index, which provides a measure of the severity of poverty, is defined as the mean of the squared proportionate poverty gaps.

38. Three studies that used data collected after elimination of the purchase requirement provided estimates of 0.23, 0.26, and 0.29 (Fraker 1990).

39. In related research on spending propensities within a specific low-income subpopulation, the USDA conducted the Summer Electronic Benefits Transfer for Children demonstration in 2011–13 to study alternative approaches to providing food assistance to
children in the summer months when school meals are not operating. Some households received an EBT card that enabled them to purchase any foods allowed by SNAP. The marginal propensity to spend on food was estimated to be US$0.57 for each dollar of benefits (Collins and others 2013).

40. Additional evidence comes from four cash-out demonstrations conducted in the 1970s (Fraker 1993).

41. An expert panel tasked with reviewing the USDA's measurement of food insecurity and hunger concluded, "Hunger is a concept distinct from food insecurity, which is an indicator and possible consequence of food insecurity, that can be useful in characterizing severity of food insecurity. Hunger is an important concept, but it should be measured at the individual level distinct from, but in the context of, food insecurity" (National Research Council 2006, 48).

42. Since 1995, the USDA has monitored the extent and severity of food insecurity in U.S. households through an annual, nationally representative survey conducted by the U.S. Census Bureau and sponsored and analyzed by USDA's Economic Research Service. The 2014 food security survey covered 43,253 households comprising a representative sample of the U.S. civilian population of 124 million households (Coleman-Jensen and others 2015). The food security survey asked one adult respondent in each household a series of questions about experiences and behaviors of household members that indicate food insecurity, such as being unable to afford balanced meals, cutting the size of meals because of having too little money for food, or being hungry because of having too little money for food. The food security status of the household was assigned using the number of food-insecure conditions reported. Hunger, in the sense of an individual-level physiological condition, is not measured by USDA's food security survey.

43. SNAP has provided obesity prevention services as part of its nutrition education since 2010.

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262 THE 1.5 BILLION PEOPLE QUESTION


