



**MANY LOW-INCOME WORKING FAMILIES TURN TO THE
SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM FOR HELP**

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An Occasional Low-Income Working Families Fact Sheet

The Supplemental Nutrition Assistance Program (SNAP, formerly called the Food Stamp Program) offers an important lifeline to low-income families.¹ Assistance for purchasing food is generally available to all citizens and to legal immigrants living in the U.S. for at least five years.² Families must pass an asset and two income tests to qualify. Benefits are calculated by subtracting 30 percent of net income from a maximum benefit for the family size and are issued through an Electronic Benefits Transfer card.

1. Who qualifies for SNAP?

Asset test. Asset rules vary across the states. The federal rules specify that eligible families cannot have more than \$2,000 in assets, excluding assets not easily accessible to purchase food, such as a home, personal property, and retirement savings. All but two states have implemented alternative resource limits either by applying the more liberal eligibility rules of other assistance programs such as Temporary Assistance for Needy Families (TANF) or Medicaid or by using the Expanded Categorical Eligibility rule.³

These optional rules allow states to extend SNAP eligibility to families with some savings. For example, only 29 states use asset limits to determine parents' eligibility for Medicaid, and many states use higher asset limits in their TANF programs than are allowed by the federal SNAP asset test. The 35 states that use the Expanded Categorical Eligibility option can eliminate the requirement for an asset test for some families. This rule designates a family receiving a noncash benefit (such as child care) from programs funded through TANF or state TANF maintenance of effort sources as categorically eligible for SNAP, as long as the family's gross income does not exceed 200 percent of the federal poverty level. Most automobiles are not counted as assets.⁴

Income tests. Eligible families must have gross income below 130 percent of the federal poverty level (\$2,167 per month for a family of four in 2007) and net income at or below 100

¹ We use SNAP to describe benefits throughout this fact sheet even though the benefits technically were called food stamps before October 2008.

² There is a three-month time limit on benefits for able-bodied adults without dependents that is lifted during periods of high unemployment.

³ USDA (2007) reflects rules in effect November 2007.

⁴ Technically, federal SNAP rules only allow families to own one vehicle per adult if it is used to drive to work. Otherwise, fair-market value in excess of \$4,650 is counted toward the asset test. However, all states except Idaho use more generous vehicle rules and effectively exclude the value of vehicles from the asset test.

percent of the poverty level (\$1,517).⁵ Gross income generally includes all cash income sources, and net income is calculated by subtracting a set of deductions from gross income. The deductions include a standard deduction,⁶ 20 percent of earned income, child care expenses,⁷ child support payments, and shelter costs that exceed one-half of a family's gross income after the other deductions listed above have been subtracted.⁸ The shelter deduction is particularly important to families with children since it accounts for the largest share of their expenses⁹—in 2007 more than 7 in 10 claimed an average deduction of \$300 per month.

Benefits. The maximum benefit is based on the cost of a thrifty food plan. The maximum benefit for a family of four with no countable income was \$518 per month in 2007, or about 34 percent of the \$1,517 poverty guideline for four (USDA 2008). The family benefit is calculated by subtracting 30 percent of net income from the maximum. The 30 percent benefit reduction rate reflects the assumption that a household will spend 30 percent of its net income on food and that SNAP will provide the difference between that amount and the maximum benefit. Benefits are reduced by 30 cents for every additional dollar of net income.

SNAP benefits are adjusted each year to reflect the change in the cost of the thrifty food plan. In 2009, for example, the maximum benefit for a family of four was \$668 per month. However, the 2009 American Recovery and Reinvestment Act temporarily increased the maximum benefit in April by about 13.6 percent. This new level will remain in effect for two years. The higher benefits will help low-income families pay for food, and studies estimate that additional benefits will stimulate states' economies, generating about \$1.7 in economic activity for each \$1 in benefits (Zandi 2009).

2. Who gets SNAP?

SNAP caseloads are at an all-time high due to the economic downturn and to rising participation rates.

- In 2008, nearly 29 million individuals received SNAP benefits, a 12 million increase over the last eight years (70 percent more) (figure 1).
- In 2007, about one-quarter of families receiving SNAP benefits had children and earnings (USDA 2008).

The participation rate among individuals in working families eligible for benefits was 56 percent in 2007 (Leftin and Wolkwitz 2009), an 11 percentage point increase since 2002. During the same period, participation rates among all eligible people increased by 12

⁵ This fact sheet refers to family for ease of exposition. Technically, households (comprised of all individuals who live together, share a residential unit, and prepare food together) must apply for benefits. In 2007, only 5 percent of food stamp households with children included adults other than the parents (Table A-16, USDA 2008).

⁶ Families with up to three members get a standard deduction set at \$134 per month through 2008, increased by the 2008 Farm Bill to \$144 per month starting in 2009 with annual inflation adjustments in later years. Larger households already received a larger deduction (\$139 for four people and \$162 for five people in 2007, annually indexed standard deduction before 2009).

⁷ Child care expenses were capped in 2007 at \$200 per month per child under age 2 and \$175 per month for each child older than 2. These caps were lifted in 2008 by the Farm Bill.

⁸ Households with elderly or disabled individuals can also deduct \$35 per month in excess medical costs.

⁹ In 2007 families headed by an adult ages 25 to 44 spent 36 percent of their income on housing (Bureau of Labor Statistics 2009).

percentage points. Studies attribute increasing participation rates among working families to many factors, including outreach, state options that have loosened asset tests, longer periods of benefit certification, and a reduction in stigma historically associated with program participation (Finegold 2008; Ratcliffe, McKernan, and Finegold 2007).

3. What kinds of working families receive SNAP benefits?

The majority of working families (65 percent) receiving SNAP live in single-parent families, reflecting the relatively high poverty rates among these families (figure 2). Over half of working families with SNAP benefits have preschool-age children. While over half of the parents in these families have completed high school, more than one in five does not have a high school diploma.

Most working families (68 percent) that receive SNAP work part time (figure 3). About one-quarter work full time. Some working families receive other types of income support. Over one in five receive child support and less than 10 percent receive either TANF or Supplemental Security Income for low-income disabled adults and children.

4. How do SNAP benefits affect families' incomes?

Based on cash income alone, about three-quarters of SNAP recipients were poor in 2007 (figure 4). If we add the cash value of SNAP benefits to family income, the program substantially reduces deep poverty (below one-half the poverty level) and moves many working families above the official federal poverty threshold.

- SNAP benefits dramatically cut the share of working families with children in deep poverty from 20 percent to 4 percent in 2007.
- The share of families with children living at or above the official poverty level increased from 26 to 45 percent in 2007 when SNAP benefits are added to cash income.

SNAP benefits add significantly to low-income family income. In 2007, the average working family with children enrolled in SNAP received \$286 per month.¹⁰

5. Who pays for SNAP?

The federal government pays for 100 percent of SNAP benefits, except when states choose to buy into the program and pay for benefits for certain groups not eligible under federal rules.¹¹ States and the federal government are responsible for their own administrative costs.

¹⁰ Calculated from the 2007 Food Stamp Quality Control sample.

¹¹ Some states pay for benefits for ineligible noncitizens or those ineligible due to the time limit for able-bodied adults without dependents.

- In fiscal year 2008, the federal government spent \$37.7 billion for SNAP, including about \$3 billion for program administration and employment and training programs.¹²

States spent at least another \$3 billion on administrative costs, bringing total SNAP costs to over \$40 billion in 2008.¹³

6. Recent policies have made a big difference for low-income working families.

Recent policies were enacted in the 2002 Farm Bill and through changes in federal regulations that give states options that make it easier for working families to participate in SNAP. These new rules include longer periods of certification with simpler requirements for reporting earnings, options that allow states to apply more liberal vehicle ownership and asset tests, and outreach support to ensure that more working families understand their eligibility for assistance.¹⁴

The 2008 Farm Bill went further by changing the name of this program from food stamps to SNAP, attempting to remove remaining stigma associated with receiving these benefits.¹⁵ The Farm Bill also raised the minimum standard deduction for smaller households and increased this deduction with annual inflation adjustments, removed the cap on the dependent care deduction, raised the minimum benefit for small households, adjusted the federal SNAP asset limits to increase with inflation, and excluded all tax-preferred retirement accounts from countable resources. These rules became effective on October 1, 2008, and should further encourage participation among low-income working families.

Most recently, the American Recovery and Reinvestment Act increased benefits for all SNAP recipients by 13.6 percent. This stimulus provides an immediate boost in benefits for current recipients. It also should encourage more families to apply for benefits. The increase took effect in April 2009 and benefits will remain at the new level for two years.

Many states are modernizing their programs by adopting many of the new rules and by implementing electronic application systems that allow families to complete their initial application over the Internet. As more states adopt these innovative practices, more working families could be encouraged to take advantage of SNAP.

¹² USDA (2009a, data as of May 29, 2009). The SNAP program provides grants and matching funds to states to provide education and training (E & T) services for able-bodied adults without dependents, recipients, and other recipients who volunteer for these services. State E & T program components must directly enhance the employability of individual food stamp recipients.

¹³ The latest state administrative cost data represent fiscal year 2007 (USDA 2009b).

¹⁴ See Finegold (2008) for a review of the literature examining the effects of various new rules on participation rates.

¹⁵ See Rosenbaum (2008) for a complete discussion of the provisions of the 2008 Farm Bill.

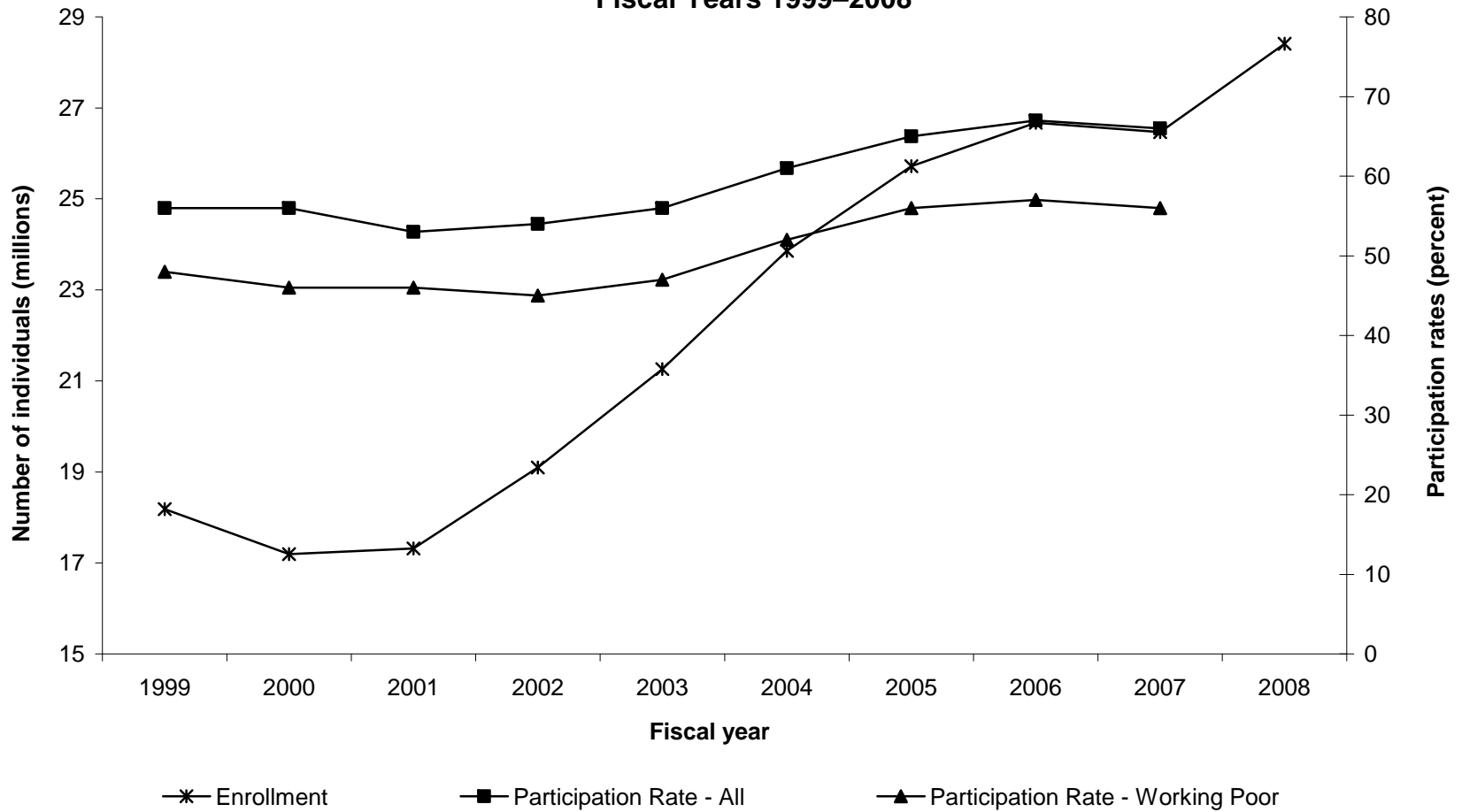
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The Low-Income Working Families project investigates the risks faced by millions of families and their children, whose household earnings are insufficient to meet their basic needs. The project applies rigorous research methods and crosscutting expertise, from housing to health care, to identify private and public strategies that can improve these families' well-being.

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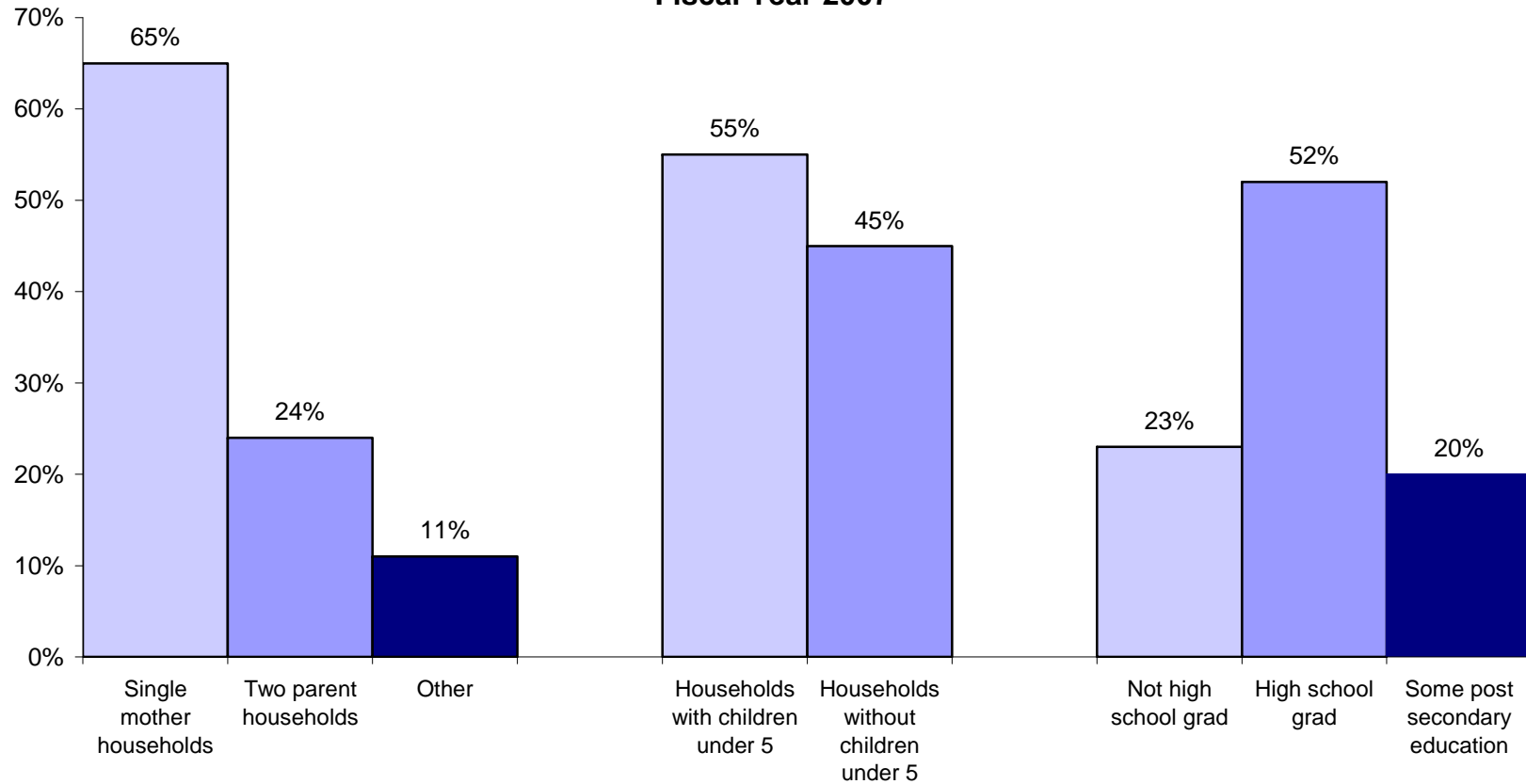
FIGURE 1. SNAP Participating Individuals and Participation Rates, Fiscal Years 1999–2008



Sources: Cunningham (2004); Leftin and Wolkwitz (2009); USDA (2009a).

Notes: The participation rate series uses consistent methodology (Cunningham 2004).

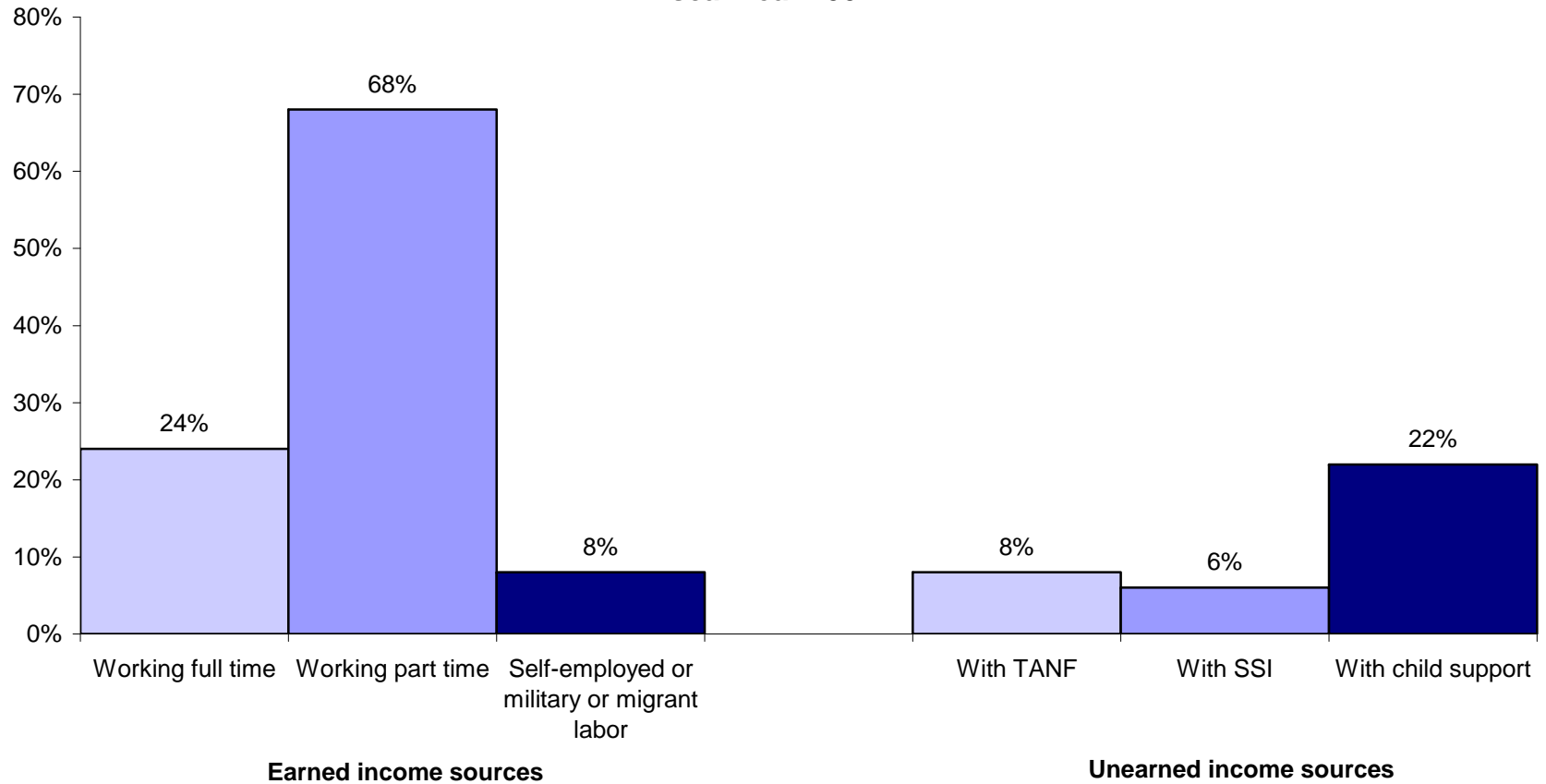
FIGURE 2. Demographic Characteristics of SNAP Working Families with Children, Fiscal Year 2007



Source: The Urban Institute's calculations from the Food Stamp Quality Control Data, FY 2007.

Notes: Estimates are based on a sample size of 8,942 observations representing approximately 2.1 million working families with children under age 18. As noted in the brief, we use "families" to designate units of working adults with children for ease of exposition. Five percent of households had a missing or unknown value for the highest educational level of the householder.

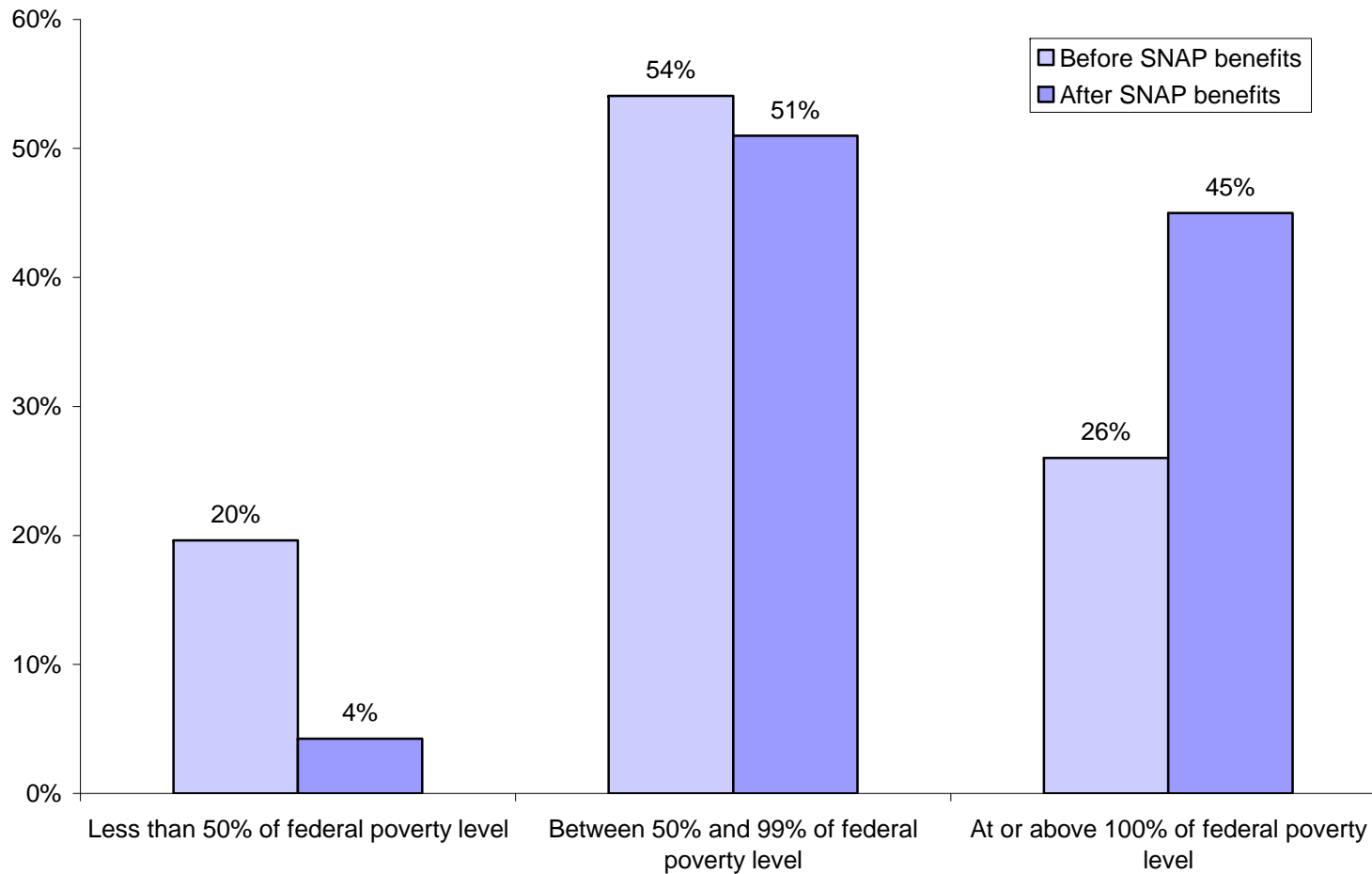
FIGURE 3. Sources of Income for SNAP Working Families with Children, Fiscal Year 2007



Source: The Urban Institute's calculations from the Food Stamp Quality Control Data, FY 2007.

Notes: Estimates are based on a sample size of 8,942 observations representing approximately 2.1 million working families with children under age 18. As noted in the brief, we use "families" to designate units of working adults with children for ease of exposition.

FIGURE 4. Poverty Distribution of SNAP Working Families with Children, Fiscal Year 2007



Source: The Urban Institute's calculations from the Food Stamp Quality Control Data, FY 2007.

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