

PolicyPennings by Daryll E. Ray & Harwood D. Schaffer

Food stamp program (SNAP) taking a severe hit, as unemployment remains high

The downhill ride that the stock market has taken in recent weeks is said to be evidence of a general weakness in the US economy and worries about the stability of interlinked financial institutions worldwide. Over the last two-and-one-half years, we have seen the unemployment rate in the US shoot upward and remain high as job creation has not been sufficient to make a dent in the overall unemployment rate, especially when those who have given up looking for work are included.

The effects of the downturn will have an impact on the farm bill debate in two ways. First, there will likely be less money available to support the current set of farm policies that protect farmers from disasters, whether they result from production problems or low prices. Second, the use of Supplemental Nutrition Assistance Program (SNAP) benefits—formerly called food stamps and still called that by most people—has soared since the beginning of the economic downturn.

With increased usage, the costs of the food stamp program have doubled and will certainly be a target of budget cutters in Washington, DC. And if the past is any indication of what the debate will look like, there will be those who will try to gut significant elements in the farm portion of the legislation, pitting what they will call “wealthy farmers” against hungry children.

We think that sort of debate provides the public with a false dichotomy—it is not an either/or type of situation. Each portion of the farm bill (farm programs and food stamps) has its own justification and they are not in competition or conflict with each other.

Certainly, one can argue that direct payments that provide benefits whether prices are low or high and subsidized revenue insurance which helps farmers lock in a huge profit at a time when prices are well above the cost of production make no sense. It is another thing to argue that farm programs can be done away with.

In the past we have devoted much ink to a discussion of farm programs and their justification. In this column, we think it is important to look at the food stamp side of the equation and the nature of food stamp use today.

The current economic downturn has had a dramatic impact on the use of the food stamps program. The USDA reports that in 2006, the adjusted number of monthly participants in the food stamp program was 26.1 million persons. By May 2011 that number had increased by 75 percent to 45.8 million participants, or one out of seven Americans. The annual benefits for Fiscal Year 2010 exceeded \$64 billion, double the level of benefits in 2006, prior to the great recession. USDA estimates that for every \$5 spent in food stamps

benefits, up to \$9 is generated in total economic activity, stimulating the economy in every community in the nation.

Over the last two decades those who depend on food stamps has shifted. In an October 2010 summary report for the previous fiscal year <http://www.fns.usda.gov/ora/MENU/Published/snap/FILES/Participation/2009CharacteristicsSummary.pdf>, the USDA reports, “The primary source of income among SNAP participants shifted from welfare to work. In 1989, 42 percent of all SNAP households received cash welfare benefits.... In 2009, less than 10 percent received cash welfare.”

In an MSNBC report, Krista Cooke writes, “About forty percent of food stamp recipients are...in households in which at least one member of the family earns wages. Many more could be eligible: the government estimates one in three who could be on the program are not.

“‘If they’re working, they often think they can’t get help. But people can’t support their families on \$10, \$11, \$12 an hour jobs, especially when you add transport, clothes, rent.’ said Carolyn McLaughlin, executive director of BronxWorks, a social services organization in New York.”

A large number of those who receive benefits are in low wage jobs that do not offer full-time hours and benefits leaving people with little choice in a tight economy. Others have been backed into applying for food stamps because their unemployment benefits ran out and they were still unemployed.

According to an ABC News report by David Muir, “St. Christopher’s Hospital in Philadelphia is ground zero for hunger. The emergency room might see 250 children a day, and up to half are hungry. ‘They don’t have the growth that they should,’ said. Dr. Chris Haines, ER director at St. Christopher’s Hospital. ‘What disturbs me is that your brain grows much in your childhood, and nutrition is what’s important to your brain’s growth.’”

To us, it seems that the best way of reducing the cost of the food stamp program is to get the economy back on track, reducing the number of underemployed and unemployed.

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