

SNAPSHOT: WHY FOOD ASSISTANCE MATTERS FOR COLORADANS

APRIL 2018



INTRODUCTION

As renewed threats to vital social safety net programs emerge at the state and federal levels, it is more important now than ever before to establish a clear and common understanding of why these programs exist, how they are funded and administered, who is eligible to enroll in these programs, and what the overall broader economic impact that benefits us all actually is. To that end, this issue brief highlights why food assistance, known as the Supplemental Nutrition Assistance Program (SNAP), matters so much to Colorado families and communities.

The brief is part of a more comprehensive report set to be released in May that will detail the expansive impact of social safety net programs, such as SNAP, TANF, Unemployment Insurance, Medicaid, and Medicare. These programs are often derided and debated in the context of funding cuts. However, at their core, they represent vital public investments that help otherwise struggling families make ends meet and help the economy survive and stabilize during downturns.

SNAP doesn't just help those who are eligible and enroll in the program to get the assistance they need, but it also helps counteract the effects of economic downturns and recessions, which helps us all.

As Congress debates new Farm Bill provisions that threaten to cut food assistance for millions of low-income families across the country, understanding the purpose and context of these programs is essential for policymakers, advocates, and communities across Colorado.

If you're concerned about this, there are three things you can do:

1. Share this report with your social media networks, and feel free to tag CFI or follow us for more updates on this work on [Twitter](#) or [Facebook](#).
2. Contact your Member of Congress and tell them SNAP matters for Colorado families and they should protect food assistance for Coloradans in need, and for the health of our economy.
3. While Congress is on recess this week (April 30-May 3), find out if your Member of Congress is holding a public forum where you can make your voice heard about this important issue.



HISTORY

Until 2008, SNAP was known as the Food Stamp Program (FSP) — named for the physical stamps used to purchase groceries. The nearly 80-year history of the program includes variations honed and tested across the country. Despite its evolution, major themes run through every version of the SNAP program: food stamps boost the economy during contractions or recessions by making sure Americans can afford to go to the grocery store and buy food for their families.

In 1939, the first iteration of the FSP allowed households to buy stamps that could be used at grocery stores for lower cost food purchases. There was also an emphasis on surplus, in that food stamp purchasers could buy surplus groceries at an even greater discount.

This first version of the FSP ended once the crisis in surplus agricultural goods and unemployment had slowed. Legislators on the national level began the push for an established nutritional assistance program. In 1961, their labor bore fruit. President Kennedy's first executive order initiated food stamp pilot programs in eight impoverished counties.

These first two incarnations of the FSP reflect the philosophy behind SNAP and programs like it. In the wake of the Great Depression, food stamps were used to help struggling families buy groceries, easing the sting of unemployment and bolstering the agricultural sector. When pilot programs were introduced, they targeted low-income areas where unemployment was high — where FSP recipients could at once have better access to nutrition and inject more money into the local economy. Food Stamps were conceived as an economic stabilizer. As a safety net to make sure that when Americans lost jobs or couldn't make ends meet, food stamps enabled people to still buy groceries, and maintain an income stream for local business in the process. Three years after President Kennedy's executive order, the FSP program grew to reach 380,000 people in 22 states.

One in eight Americans relies on SNAP to help buy groceries

The Food Stamp Act of 1964 made the FSP permanent. The stated intentions of the Act echo the original purpose of early food stamp pilots: to provide a boost to the agriculture sector and to improve access to nutrition in low-income households. By 1974, the Food Stamp Program had been enacted in every county in the U.S. The Food Stamp Act of 1977 instituted federal income guidelines for FSP eligibility and, importantly, made the program more accessible. The Act mandated bilingual outreach materials, coordinated FSP applications with the Aid to Families with Dependent Children (welfare) program, and allowed participants to apply by mail or telephone. The most significant change was the elimination of the purchase requirement (shortened to EPR), which meant more families could access food stamp benefits. Month-over-month participation in the FSP increased by 1.5 million after the Food Stamp Act of 1977 was signed into law by President Carter and severe hunger and malnutrition nearly eradicated across the United States.

The ideological struggle now associated with food stamps took root in the early 1980s, when restrictive legislation made the FSP less accessible amid political accusations of fraud and calls for 'self-sufficiency.' However, the late 1980s saw such a severe domestic hunger problem due to economic downturns and a spike in income inequality that Congress made significant improvements to food stamps, increasing

benefits and instituting EBT (electronic benefit transfer). EBT was a technological revolution in the food stamp program. It allows federal benefits to be transferred directly to a retailer from the recipient's account, using what is essentially a bank card. This eliminated the paper stamps for which the FSP was named, and simplified the receipt and spending of nutritional benefits.

Anti-welfare policy returned to Washington in the 1990s under a new slogan: welfare reform. Changes to food stamp benefits were part of a slew of changes to social insurance. In 1996, the Clinton administration permanently altered the foundation of American support for low income communities, converting AFDC to a block grant and instituting work requirements for food stamp recipients. The 1996 [PWORA](#) also eliminated FSP benefits for all legal immigrants in the U.S. This legislation represented a shift in the core philosophy of benefits like the food stamp program.

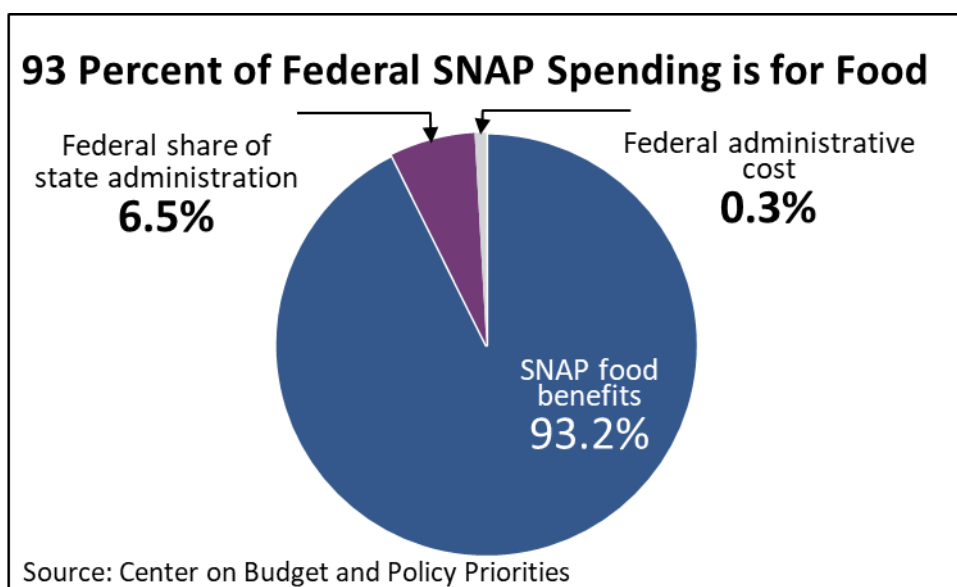
Since the 1930s, the FSP was meant to provide a basic standard of living to hungry Americans who could not find employment or make ends meet, boosting agriculture and local economies in the process. Instituting work requirements contradicted the design of the FSP as an economic support. In part because of the bipartisan nature of the PWORA, the political appeal of work requirements has persisted, despite the evidence that shows them to be ineffective and contrary to the purpose of food stamps.

Thanks to the Clinton-era changes to the program, FSP participation declined significantly in the late '90s and early 2000s. The 2002 Farm Bill rolled back some of the most severe restrictions put in place by the PWORA, reinstating food stamp benefits for immigrants who had been in the U.S. for five years or more. The Farm Bill also gave states the option to simplify the FSP in a number of ways, including aligning enrollment with other economic support programs (TANF and Medicaid, for example). Since then, outreach efforts have increased enrollment in the FSP — which was renamed SNAP in the 2008 Farm Bill — to 42 million as of 2017. One in eight Americans relies on SNAP to help buy groceries. In Colorado, nearly half a million Coloradans received SNAP benefits in 2017, which is eight percent of the state population.

SNAP FUNDING, COSTS AND ADMINISTRATION

The federal government covers 100 percent of the cost of SNAP benefits in every state, amounting to \$70 billion in 2017, or less than one percent of total federal spending. The vast majority of that funding goes directly to families in need, though the federal government also shares about 50 percent of state administrative costs. The program is administered by the Department of Agriculture (USDA). Colorado spent \$55.4 million on SNAP administrative costs in 2016 [1], which is half a percent of the state's General Fund budget.

The return on investment for states is significant. For its \$55 million in administrative spending, Colorado generated \$707.4 million in direct SNAP benefits in 2017. Those direct benefits go even farther, creating a ripple effect throughout the communities in which SNAP recipients live. Studies show SNAP dollars drive economic activity, with a multiplier effect of 1.84 [2]. That means “for every \$5 of new SNAP benefits, \$9 of economic activity is generated.” [3]



Federal law sets certain administrative and qualification standards for SNAP, but allows states some latitude in administering the program. In Colorado, counties provide direct SNAP services, though they may also subcontract with private providers to perform administrative duties [4].

Coloradans can apply for SNAP benefits online or by phone or US mail. Individuals can apply for multiple types of assistance through one application, administered by Colorado's Departments of Human Services and Health Care Policy. This application is submitted to the county of residence and evaluated by an 'eligibility technician.' Federal guidelines require an interview every 12 months for anyone receiving

[1] <https://fns-prod.azureedge.net/sites/default/files/snap/FY16-State-Activity-Report.pdf>

[2] https://www.hungerfreecolorado.org/wp-content/uploads/2012/08/HFC_SNAP-to-it_Growing-Colorado-s-Economy-with-Food.pdf

[3] Ibid

[4] https://leg.colorado.gov/sites/default/files/fy2018-19_humhrg23.pdf

public assistance. Once a SNAP application is complete, benefits are deposited onto an EBT card and can be used at a variety of grocery stores, including superstores like Wal-Mart, convenience stores, and farmer's markets.

Utilization rates help states evaluate how well public assistance programs are administered. Colorado's SNAP utilization rates are low compared to those of other states. The most recent data show that Colorado ranks 45th in the nation for access to food stamps. Only 58 percent of Colorado families who qualify for SNAP benefits are actually enrolled in the program [5]. That number is well below the national average of 75 percent enrollment. Low SNAP enrollment hurts communities across Colorado, as it means there are low-income families who are not getting the help they need. A report by Hunger Free Colorado identifies some of the roots of the problem:

"Many eligible households simply do not know they are eligible. In some communities, participation in a government program is stigmatized, and shame and fear can discourage participation even among hungry families...Some eligible non-participants do a cost-benefit analysis and determine that the time and effort required to access SNAP benefits are too burdensome..." [6]

Failing to enroll qualified Coloradans in SNAP makes the state's investment in nutritional assistance less effective. It means leaving available federal money on the table — dollars that could be going to low income families and invested in their communities. This is a significant failing even in good economic times, but especially when the economy is struggling. In 2009, the peak year of the recession, SNAP generated \$85 billion in local economic activity across the U.S. [7]. When Colorado families miss out on benefits they qualify for, everyone loses.

[5] <http://www.hungerfreecolorado.org/impact-reports/>

[6] https://www.hungerfreecolorado.org/wp-content/uploads/2012/08/HFC_SNAP-to-it_Growing-Colorado-s-Economy-with-Food.pdf

[7] <https://www.cbpp.org/snap-is-an-important-public-private-partnership#Colorado>

ELIGIBILITY

The federal SNAP eligibility standards make food stamps available to most low income households. Federal guidelines are standard across the country, though states have control over some eligibility criteria, such as valuing certain household assets [8]. Families can qualify for SNAP benefits if they meet the following income standards:

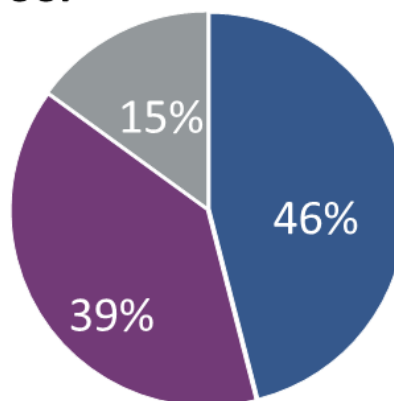
Gross monthly income at or below 130 percent of the Federal Poverty Line, which translates to about \$28,676 a year for a family of three. Disabled or elderly Coloradans do not need to meet this income limit to qualify for SNAP. When certain costs of living are subtracted (such as housing or childcare costs), a household's net income cannot be above the poverty line. There are also limits on the value of assets a SNAP-eligible household can hold. Assets are generally defined as resources that could be used to purchase food, such as bank account balances. Retirement accounts and hard assets like vehicles are not usually taken into account. In 2018, the limit on household assets is \$2,250 for households without a disabled or elderly member, and \$3,500 for households with an elderly or disabled member [9].

The takeaway here is that SNAP is only available to very low income Coloradans, mostly families with children. Statewide usage data supports this. Nearly 40 percent of SNAP participants in Colorado have a household income at or below 50 percent of the poverty line, which is around \$10,200 annually for a family of three.

Most SNAP Participants in Colorado Are Poor

Share of participants by
household income, FY 2016

- Income Between 51-100% of poverty
- Income at or below 50% of poverty
- Income above 100% of poverty



Source: CBPP analysis of FY 2016 USDA SNAP Households Characteristics data

[8] <https://www.cbpp.org/research/policy-basics-the-supplemental-nutrition-assistance-program-snap>

[9] Ibid

Because of federal eligibility standards, some Coloradans are ineligible for SNAP even if they meet the income requirements. Undocumented immigrants, college students, and workers on strike do not qualify for nutritional assistance.

Work requirements, which were implemented in the 1996 push for welfare reform, put additional restrictions on SNAP benefits, largely to the detriment of Colorado families and their communities. Unemployed adults without children are only given three months worth of SNAP benefits unless they can prove they are working 20 hours a week or participating in a workforce development program. Studies show that work requirements do little to improve earnings or employment in low-income households. Most SNAP recipients who can work, *do work. But low-wage jobs and unreliable hours can make a family's economic stability precarious. The food stamp program was designed as an economic support, a program to help households maintain a basic standard of living even when employment was scarce or not possible (say, for individuals staying home to care for family members).*

The use of work requirement waivers during the 2008 recession illustrates how work requirements run counter to the logic of public assistance programs. States can waive the 3 month work requirement time limit if they are experiencing high levels of unemployment. Most states in the U.S. utilized these waivers during the most recent recession, helping millions of Americans pay for groceries during the economic crisis. As unemployment fell and waivers expired, SNAP became unavailable to many families who were still in need of support. The Center on Budget and Policy Priorities estimates that at least 500,000 people across the U.S. lost benefits over the course of 2016 as a result [\[10\]](#).

In Colorado especially, work requirements hurt rural areas the most. Though the current statewide employment rate is historically low, much of that is attributable to the economic boom on the Front Range. Communities on the Eastern Plains and Western Slope are still struggling to recover from the recession, but are subject to work requirements because of low unemployment in places like Denver and Boulder. Work requirements not only contradict the philosophy behind the food stamp program, they also fail to reflect the reality many Americans are facing, particularly in rural areas.

[10] Ibid

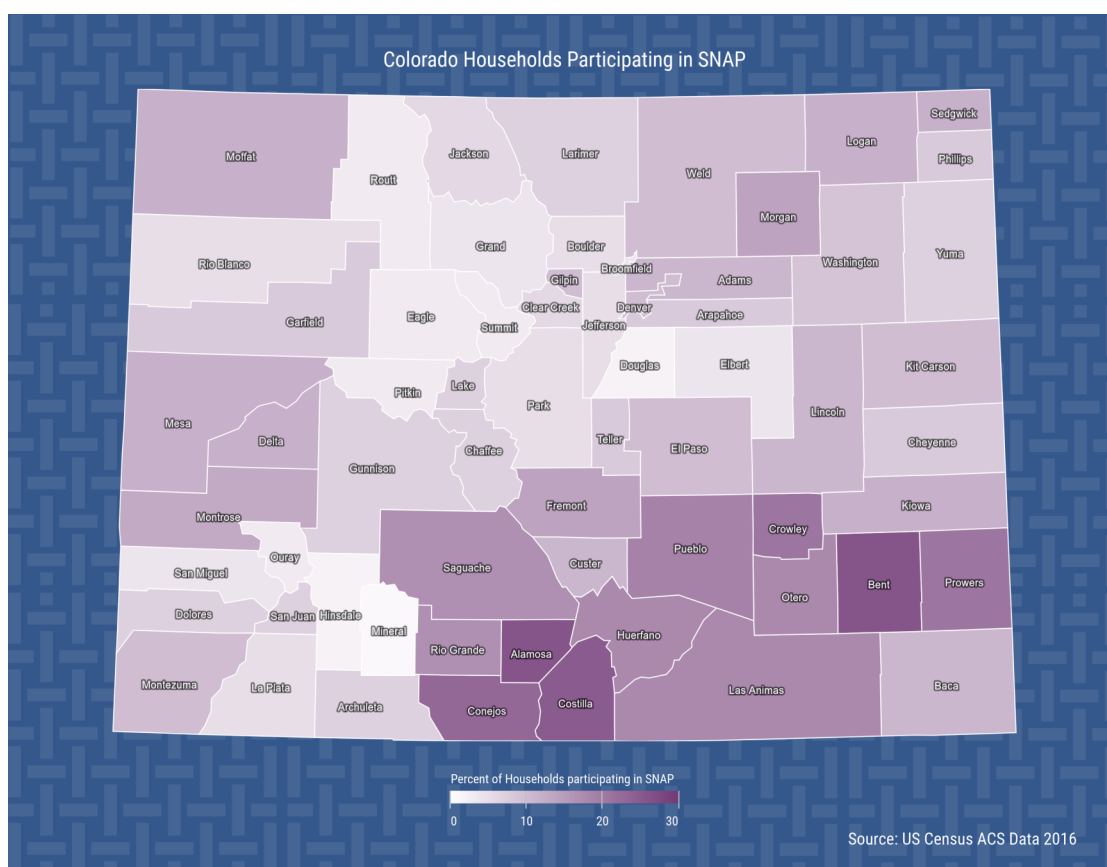
WHAT DOES SNAP LOOK LIKE IN COLORADO?

In 2017, 459,000 Coloradans received SNAP benefits to help pay for groceries. More than 72 percent of SNAP participants in the state are families with children. SNAP helped keep 55,000 Colorado children out of poverty between 2009 and 2012. SNAP continues to prove itself as Colorado's most effective anti-hunger program, providing families and communities across the state with resources that improve economic stability, health, and education outcomes.

All of this is done with modest benefit amounts. In Colorado, the average monthly benefit per household member was \$127 in 2017. That works out to about \$1.39 per meal. An estimated 23,500 veterans in Colorado benefit from food stamps. Colorado's low utilization rate, discussed earlier in this report, indicates room for improvement in administration and education about nutritional assistance.

72% of SNAP Participants in Colorado are families with Children.

There are still major disparities between counties in Colorado, with many rural counties falling below the state's average enrollment rate. These gaps in SNAP enrollment exacerbate inequalities in economic growth, community health, and quality of life. Thanks to the hard work of organizations like Hunger Free Colorado, the state is no longer dead last in SNAP enrollment, as it was in 2009. Recent initiatives by several key health and hunger stakeholders aim to further improve food security in Colorado. Nevertheless, thousands of Coloradans miss out on the benefits of food assistance every year, hurting local economies and communities across the state.



ECONOMIC IMPACT OF SNAP

SNAP funding is a direct reinvestment back into Colorado communities, because every dollar credited to SNAP recipients is spent at a grocery store or farmer's market within the state. In 2017, retailers in Colorado redeemed about \$707.4 million in SNAP benefits, acting as an economic stimulus in the areas where SNAP recipients live and work. Low-income Coloradans rely on SNAP to make ends meet, and the health and economic benefits of the program are dramatic and far-reaching. Access to nutritious food and regular meals are essential for healthy families, a productive workforce, and thriving children. In Colorado, 12.1 percent of households are food insecure or struggle to afford a nutritionally adequate diet, and many low-income households would face severe food insecurity without SNAP benefits.

SNAP generated \$707 million in economic activity in Colorado in 2017.

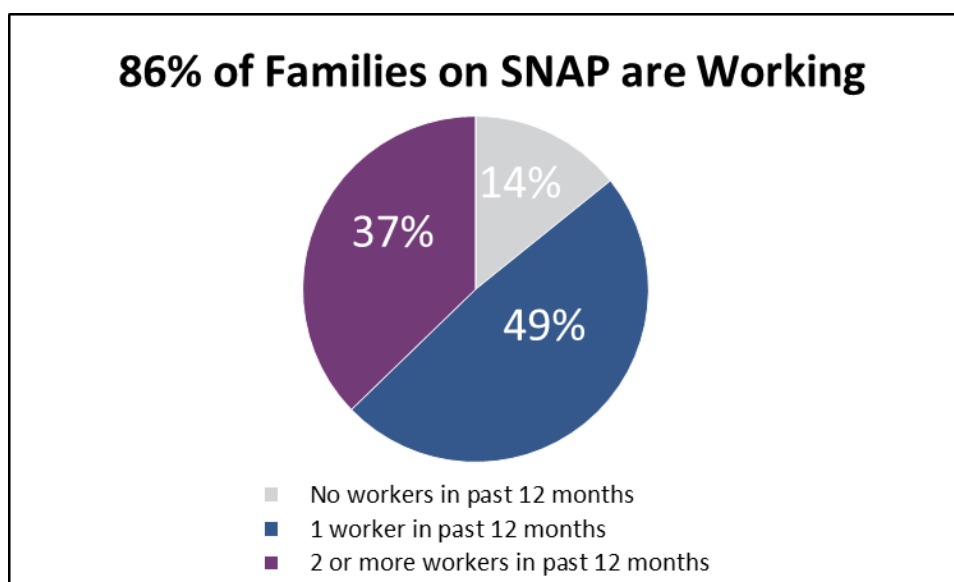
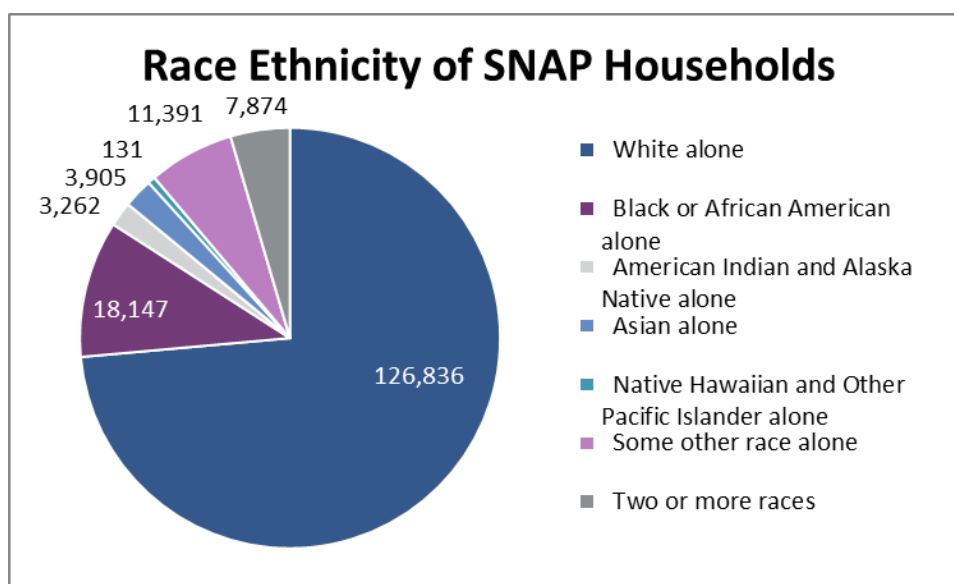
SNAP plays a key role in maintaining Colorado's economic health. During recessions or economic downturns, SNAP reaches more families as incomes decrease. When the job market is anemic and fails to provide workers with sufficient employment or wages to stay afloat, social insurance programs like SNAP pick up the slack. Not only does SNAP increase access to healthy food for Colorado families, it also bolsters incomes so that other essential expenses don't fall by the wayside. Food stamp dollars are spent at nearby grocery stores, allowing business owners to maintain workers even during economic uncertainty. When a Colorado family can more easily afford groceries, they are also more able to cover expenses such as housing, transportation, and childcare costs.

The health benefits of a nutritious diet further magnify the return on investment in SNAP. When families have access to healthy food and regular meals, their long-term health outlook is improved. The Public Health Institute estimates that full enrollment in SNAP, and regular access to nutritious food, could save Colorado between \$1 to \$2 billion each year in health care costs. A poor or insufficient diet can have dire consequences. Quality of life decreases, and many individuals are less able to work when dealing with serious health conditions such as diabetes, heart disease, cancer, and obesity — all of which are associated with poor access to nutritious foods. SNAP helps Coloradans afford groceries, make ends meet, and be more effective participants in the workforce, in addition to reducing long term health care costs.

SNAP's role as an economic stabilizer is proven by empirical data across the country. We live in Colorado because we love this state and the Colorado lifestyle. That way of life is made possible by a thriving economy and public investments, and assistance programs like SNAP play a crucial role in buoying our state and its residents during difficult times. The economic differences in rural and urban communities in Colorado makes SNAP even more necessary. Coloradans who live in rural areas shouldn't be penalized for remaining in their communities instead of seeking jobs on the front range. Food stamps help

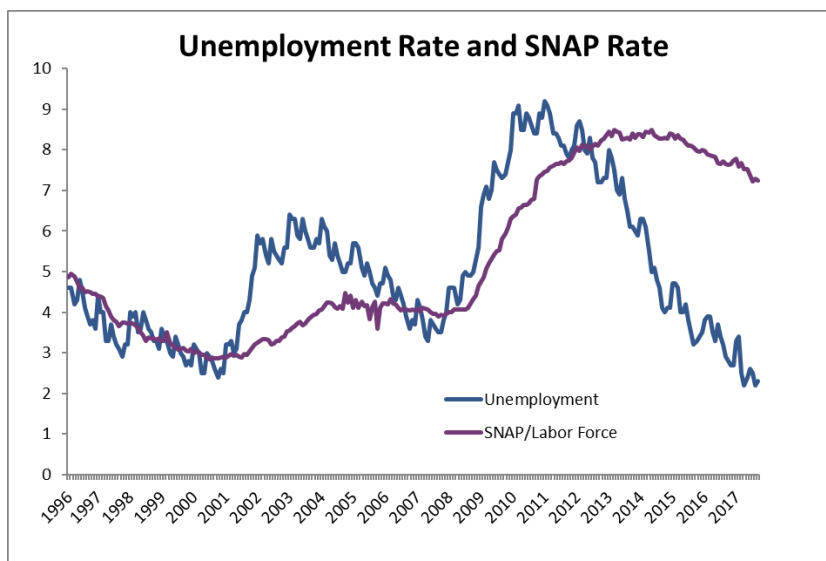
struggling local businesses stay afloat and retain employees. Colorado’s leaders have an obligation to improve access to SNAP benefits so that rural families don’t fall behind.

SNAP is a model for public assistance: a modest benefit, targeted at low-income families, that provides an enormous return on investment for states. Allowing the food stamp program to function as a stabilizer means minimizing restrictions on eligibility and funding. Capping federal spending, as the Clinton administration did to AFDC, would dilute the benefits of SNAP and weaken its positive economic impact. Similarly, work requirements hobble the program’s ability to do what it was designed to do: help Americans pay for basic needs when they encounter barriers to economic success. It is crucial that we understand the importance of programs like SNAP and continue to allow them to work for Coloradans.

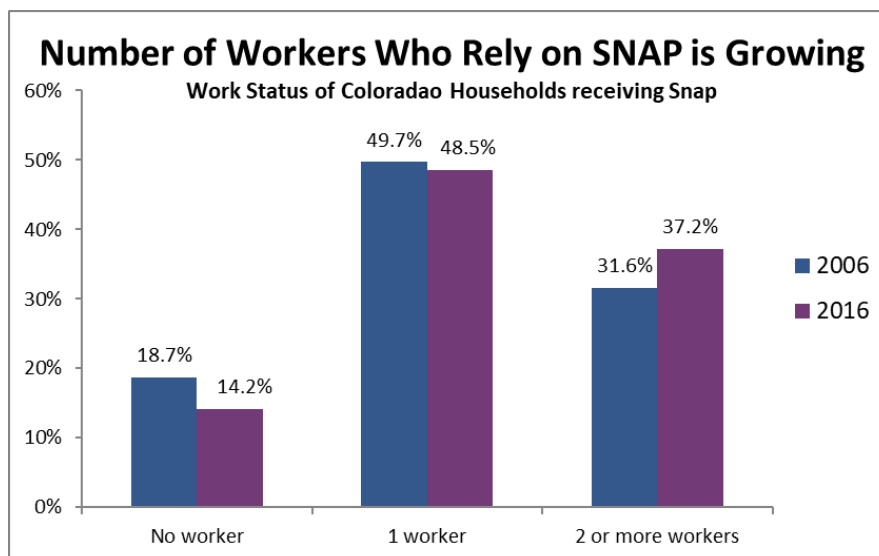


Rural counties have higher SNAP usage than urban counties. For instance, 8.3 percent of households in urban counties are enrolled in SNAP compared to 10.6 percent of households in rural counties.

SNAP served as an effective automatic stabilizer during the Great Recession, boosting economic activity in every county in Colorado. At the end of 2007, Colorado's rate of unemployment matched the rate of SNAP usage — both unemployment rate was 4 percent and the SNAP participation rate was 4 percent. By 2012, Colorado's unemployment rate more than doubled to 8.6 percent and SNAP usage responded by jumping to 8.1 percent.



While the number of Coloradans participating SNAP is declining as more people go back to work, the data indicates that SNAP continues to serve as an important support for the emerging economy. The new economy is producing more low-wage, low quality jobs, making it harder for families to meet basic needs through work alone. This means that more Coloradans are qualifying for SNAP while working. In 2006, 18.7 percent of households receiving SNAP had no one working the past 12 months. In 2016, that percentage fell to 14.2 percent. What's more striking is the rise in households in which there are two or more workers who still qualify for SNAP. In 2006, 31.6 percent of SNAP households had two workers, while 37.2 percent of SNAP households had two workers in 2017.



CONCLUSION

Even amid a growing economy, hunger remains a core challenge for many families and communities. And as the future of work shifts and evolves with lower-wage jobs becoming a bigger part of the workforce, food assistance remains a core priority to help keep people out of poverty and stabilize the economy. In turn, programs like SNAP need to remain in place to ensure that families can make ends meet and the economy avoids going into a freefall in the next downturn.

These kinds of public investments are essential to build the kinds of communities that thrive. And protecting the Colorado way of life means protecting these very investments that help families and support our economy.

As Congress continues its debate on the Farm Bill, making your voice heard about the importance of SNAP and programs like it is critical.

If you're concerned about this, there are three things you can do:

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The Colorado Fiscal Institute provides credible, independent and accessible information and analysis of fiscal and economic issues facing Colorado. We work for a Colorado where responsible fiscal and budget policies advance equity and widespread economic prosperity.

Contact us 720.379.3019 or visit www.coloradofiscal.org. Our offices are located at 1905 Sherman St., Suite 225, Denver, CO, 80203.