



# Design Issues in USDA's Supplemental Nutrition Assistance Program: Looking Ahead by Looking Back

Victor Oliveira, Mark Prell, Laura Tiehen,  
and David Smallwood

## What Is the Issue?

USDA's Supplemental Nutrition Assistance Program (SNAP)—formerly the Food Stamp Program—provides low-income participants with electronic benefits that are used like debit cards to purchase eligible food items in authorized retail food stores. The program affects the lives of many Americans: on average, about 14 percent of the Nation's population participated in the program each month in fiscal year (FY) 2016. As one of the mainstays of the country's safety net, the program accounts for over half of USDA's annual budget. With origins in the Great Depression, SNAP began as a pilot program in 1961 and was permanently authorized in 1964. Since then, participation and expenditures have grown and declined in response to economic conditions and policy changes.

Because SNAP represents such a substantial Federal investment, policymakers closely examine the program. The challenges they face today on how to best design the program are similar to ones faced in the past. This report's examination of SNAP's evolution provides insight into why the program takes its current form. It also examines six issues that have resurfaced in recent SNAP policy debates and identifies tradeoffs among various program design features. By providing historical and analytical perspectives on major program design changes, this report looks ahead by looking back.

## What Did the Study Find?

In response to changes in the economy, as well as changes in the political and budgetary landscapes, policymakers have made many revisions in the program's design, which have often involved tradeoffs—enhancing one program goal at the expense of another.

Current issues examined in this report include the following:

- **Block granting SNAP.** Typically, block granting provides States a fixed amount of Federal funding, and the States (not the Federal Government) take responsibility for determining how the program is operated. Block granting SNAP would represent a fundamental change in the program and may end its entitlement-like characteristics.

ERS is a primary source of economic research and analysis from the U.S. Department of Agriculture, providing timely information on economic and policy issues related to agriculture, food, the environment, and rural America.

Block grants give the States flexibility to tailor the program's policies to their specific needs and circumstances; however, there are tradeoffs. First, if funding is fixed, the program may no longer respond to increased need—for example, during an economic downturn. Second, in the absence of national eligibility standards, it's possible that two people with identical circumstances may receive different treatment simply because they reside in different States.

- **Limiting the types of food participants can purchase.** SNAP participants can redeem program benefits for most types of food intended for home consumption. However, in recent years, States and organizations have increasingly urged USDA to restrict what recipients can purchase with SNAP benefits. Restrictions could potentially improve participants' nutrition, but they diminish consumer choice and possibly reduce SNAP participation. In addition, restrictions may be ineffective to the extent that people use their own money to purchase SNAP-restricted items.
- **Store eligibility requirements.** To become SNAP authorized, a food retailer must meet various eligibility requirements, which policymakers continue to modify. Stricter standards regarding the variety and types of foods offered can enhance the nutritional content of foods in those stores that meet the requirements. On the other hand, stricter standards can reduce the number of stores that are authorized, restricting participant access and potentially diminishing participation.
- **Adequacy of SNAP benefits.** Several recent reports have raised concern that SNAP benefits are too low because they do not take into account (1) geographic variation in food prices; (2) cost variations associated with the age and nutrient requirements of household members; and (3) the costs of time spent in food preparation. A clear tradeoff exists between the goals of benefit adequacy and cost containment: raising benefit levels also raises program costs.
- **Program access.** Since 2000, States can choose to implement SNAP broad-based categorical eligibility (BBCE), which allows them to align the SNAP asset test or gross income eligibility thresholds with certain other non-cash means-tested programs. BBCE promotes participant access and reduces administrative costs. On the other hand, some argue that BBCE has allowed higher income people to participate in SNAP and raised overall program costs.
- **Work requirements.** Individuals must comply with general work requirements or face disqualification. General work requirements include registering for work, taking a suitable job or not voluntarily quitting a job, and participating in workfare (unpaid work through a special State-approved program) or an employment and training program, if required by the State. In addition, able-bodied adults without dependents (ABAWDs) are subject to time-limited participation (3 months in a 36-month period) in SNAP if they do not meet certain work requirements. Although work requirements can increase earnings and training, the associated termination of SNAP benefits (if work requirements are not met) may affect those who are unable to find work.

The response of policymakers to these recurring challenges will shape the food and nutrition assistance environment in the future and affect participants, taxpayers, and other program stakeholders.

## How Was the Study Conducted?

Researchers from USDA's Economic Research Service studied SNAP's laws and regulations (both historical and current), examined program trends in terms of expenditures and numbers of participants, and reviewed numerous SNAP-related research reports and administrative publications.