

The Harmful Consequences of a Food Stamp Block Grant

On April 5, 2011, Representative Paul Ryan, chairman of the House Budget Committee, unveiled a proposal to convert the Supplemental Nutrition Assistance Program (SNAP) into a block grant for each state.¹ SNAP is the new name for the federal Food Stamp program but some states like Missouri still use the term Food Stamps in describing their program. In addition, Chairman Ryan's budget proposal would result in approximately \$127 billion in SNAP funding cuts over ten years. Under this formula, Missouri would lose approximately \$2.4 billion over the same period.² These cuts could be even *greater* if the proposal to block grant SNAP is implemented. A Food Stamp block grant would negatively affect Missouri in at least the following ways:

- **The Food Stamp Program is one of the most responsive programs in the State because of its current structure as an entitlement program.** For example, the State was able to replace *more than \$4.5 million* in lost Food Stamp benefits to over 21,000 households (and 50,000 individuals) in St Louis City in *one week in response to storms that struck the St. Louis region in July 2006.*³ The efficiency demonstrated by the State is made possible by the program's current structure as a counter-cyclical program that increases assistance in times of great need and decreases assistance in times of prosperity.⁴ **This feature is the main reason that the Food Stamp Program has become the State's greatest – and most successful – weapon in fighting hunger.** As shown below, changing the structure of the program would reduce its effectiveness.
- **Turning the Food Stamp Program into a block grant would mean that there would be limited funds available to help needy and hungry Missourians purchase food.** "Block-granting SNAP effectively means the federal government caps the total budget for the program, divides the money proportionately among the states, and allows state governments to determine how best to use the funds."⁵ Missouri cannot expect automatic increases in funding to meet increased need if the Food Stamp Program is converted into a block grant. Under a "block grant with fixed funding, states **do not automatically get any additional funding** when poverty rises and caseloads increase."⁶ Therefore, as food costs rise over time or as caseloads increase during a recession and assuming that the block grant cap remains static, the program's ability to help hungry Missouri households purchase food would decline noticeably and negatively impact low-income Missourians struggling with hunger.

"The Food Stamp Program (FSP) is an investment in our future. It offers nutrition benefits to participating clients, supports work, and provides economic benefits to communities."

— The Benefits of Increasing Food Stamp Program Participation in Your State, USDA, 2005 (emphasis added).
- **Converting the Food Stamp Program into a block grant, in conjunction with Chairman Ryan's proposed SNAP budget cuts, would mean that the State must choose from several options that are harmful to Missourians struggling with hunger.** The State would have to: (1) reduce eligibility levels,⁷ (2) cut benefits,⁸ or (3) make a combination of eligibility and benefit cuts.⁹ This has happened in Puerto Rico – when Food Stamps was converted into a block grant in 1982 – where eligibility levels and benefit levels

declined in the immediate years after the transition to a block grant.¹⁰ In addition, CBPP notes that states “would likely be able to shift funds away from food assistance to other purposes, which they would be tempted to do when they face large budget shortfalls (as they do today).”¹¹

- **Turning the Food Stamp Program into a block grant would reduce the program’s positive economic impact.** USDA has determined that every \$1 of Food Stamp benefits that are spent in a State generates nearly \$1.79 in economic activity.¹² In February 2011 alone, the Missouri Food Stamp Program served 940,259 individuals who then spent a total of approximately \$119.8 million in Food Stamp benefits.¹³ This means that the program generated an estimated \$214.4 million in economic activity for Missouri’s economy in just *one month* (February 2011). Block granting and cutting the program would significantly reduce the economic activity generated because the Food Stamp benefits available to our state would be *lower*, over time, than what would be available under the program’s current structural design. Given what we currently know about Chairman Ryan’s proposed SNAP budget cuts (which would also be incorporated in the block grant design), Missouri would not only lose \$2.4 billion in SNAP funding but also potentially \$4.3 billion in economic activity over the next ten years.
- **Turning the Food Stamp Program into a block grant could increase long term costs for the State.** It is well known that adequate nutrition is a significant factor in ensuring the long-term health of children. In fact, researchers from the National Cancer Institute and the University of Calgary found that children suffering from hunger or struggling with hunger were significantly more likely to have poor overall health 10 or 15 years later.¹⁴ Given the fact that converting the Missouri Food Stamp Program into a block grant could increase child hunger – and therefore negatively impact their health for years to come, Missouri could potentially experience greater costs for the State’s *Medicaid* (MO HealthNet) program in the coming years. Preserving the current structural design of the program would avoid this predicament and preserve the ability of the State to improve children’s health in Missouri.

“[F]unding for Food Stamps is important for a program that provides less-fortunate Americans with access to nutritious food they would not otherwise be able to afford. Fighting hunger is a national priority, and federal support for the food stamp program meets a basic human need for millions of Americans. Approximately half of all food stamp support goes to children and a quarter goes to elderly or disabled Americans. For them, and for any American unfortunate to someday be in the position of needing assistance to afford daily meals, we must continue to advocate on behalf of this necessary program.”

--U.S. Representative Jo Ann Emerson (R-MO) 9/6/2006 (emphasis added).

Endnotes

¹ Such a proposal rests upon the erroneous claim that the SNAP program is experiencing “relentless and unsustainable growth.” Dorothy Rosenbaum, *Chairman Ryan’s Proposal to Block Grant SNAP (Food Stamps) Rests on False Claims About Program Growth*, Center on Budget and Policy Priorities, April 5, 2011 (hereinafter “Rosenbaum paper”)(available at: <http://www.cbpp.org/files/4-5-11fa.pdf>).

² Dorothy Rosenbaum, *Ryan Budget Would Slash SNAP Funding By \$127 Billion Over Ten Years: Low-Income Households in All States Would Feel Sharp Effects*, Table 1, Center on Budget and Policy Priorities, April 11, 2011 (hereinafter “CBPP Analysis”)(available at: <http://www.cbpp.org/files/4-11-11fa.pdf>)

³ Bill Siedhoff, *Press Release: City’s Storm Recovery Efforts Brings Results, Food Stamp Replacement Adds to Success*, August 10, 2006.

⁴ Rosenbaum paper, *supra*, at 5-7 (discussing how the economic conditions are “the single biggest factor” in the growth of individuals participating in the SNAP program nationwide and pointing out that this growth in participation is projected by the Congressional Budget Office to decline after 2012 as the economy begins to recover). *See also* Bread for the World Institute, *Block Granting SNAP: A Really Bad Idea*, April 7, 2011 (pointing out that the number of people on SNAP is currently 44 million per month on a national basis *but that the number was two-thirds lower than they are now in 2007* and also pointing out that SNAP participation fell in the late 1990s as the economy expanded). (hereinafter “BWI article”) (available at: <http://notes.bread.org/2011/04/block-granting-snap-a-really-bad-idea.html>).

⁵ BWI article, *supra*.

⁶ Rosenbaum paper at 3-4 (emphasis added)(citing LaDonna Pavetti, Danilo Trisi, and Liz Schott, *TANF Responded Unevenly to Increase in Need During Downturn*, Center on Budget and Policy Priorities, January 2011).

⁷ CBPP Analysis, *supra*, at 1-2 (noting that if the eligibility cuts started in 2012, more than 8 million people would lose eligibility and if the eligibility cuts started in 2015, more than 10 million people would lose eligibility).

⁸ *Id.* at 2 (noting that if the savings were accomplished through benefit cuts alone, a family of four would see their benefits cut by \$174 per month and a family of three would see their benefits cut by \$116 per month).

⁹ *Id.* at 1.

¹⁰ Anne Petersen, Bryan Johnson, et al., *Implementing Supplemental Nutrition Assistance Program in Puerto Rico: A Feasibility Study*, Food and Nutrition Service, United States Department of Agriculture, pages 11-12, June 2010 (available at: <http://www.fns.usda.gov/oane/MENU/Published/SNAP/FILES/ProgramDesign/PuertoRico.pdf>). In fact, the block grant gross income limits were 40 percent *lower* than the Food Stamp Program

gross income limits in 1984 while the maximum benefit level under the block grant was 20 percent *lower* than the Food Stamp Program’s maximum benefit levels in that same year. *Id.* at 12.

¹¹ Rosenbaum paper, *supra*, at 3.

¹² Kenneth Hanson, *The Food Assistance National Input-Output Multiplier (FANIOM) Model and the Stimulus Effects of SNAP*, Economic Research Service, United States Department of Agriculture, October 2010 (available at: http://www.ers.usda.gov/Publications/ERR103/ERR103_ReportSummary.pdf).

¹³ Missouri Family Support Division, Missouri MO HealthNet Division, *Monthly Management Report*, February 2011, Table 28 (available at: http://www.dss.mo.gov/re/pdf/fsd_mhdmr/01102.pdf).

¹⁴ Alice Park, “Study: Effects of Childhood Hunger Lasts for Decades,” *Time Magazine*, August 2, 2010 (available at <http://www.time.com/time/health/article/0,8599,2008240,00.html>).