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Strengths of the Social Safety Net in the Great Recession: Supplemental Nutrition Assistance and Unemployment Insurance

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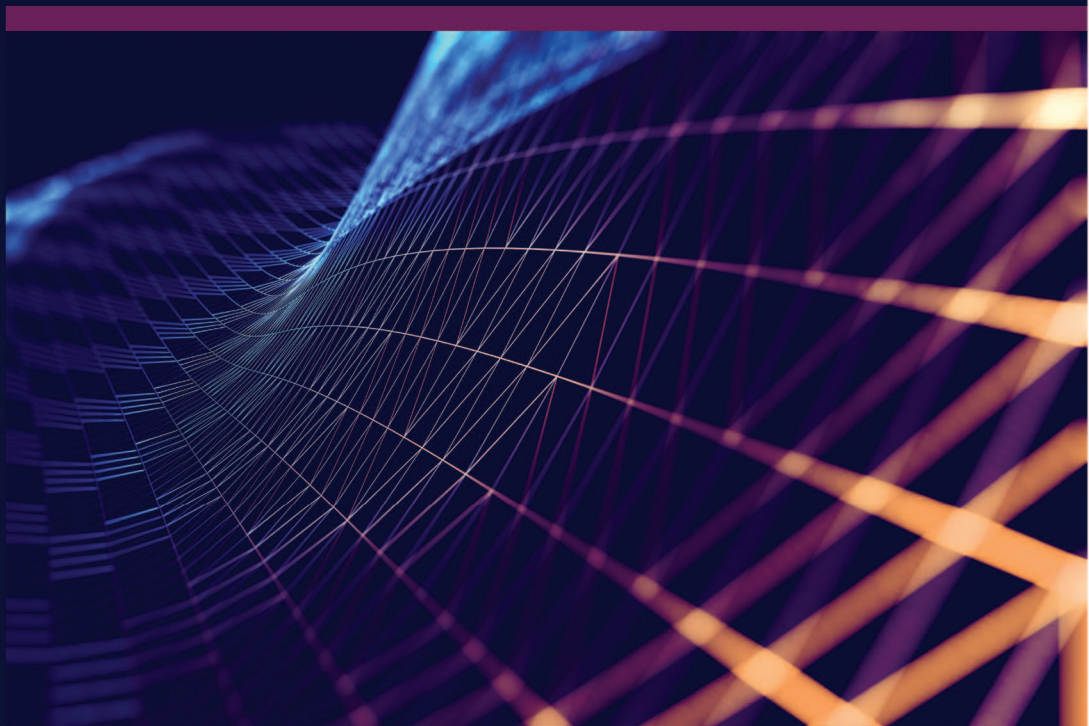
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*Supplemental Nutrition Assistance
and Unemployment Insurance*



Editors: Christopher J. O'Leary
David Stevens
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Editors

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June 2019

Chapter 1

Introduction and Overview

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Unemployment Insurance (UI) and the Supplemental Nutrition Assistance Program (SNAP) are essential threads in the social safety net for working Americans. These programs were particularly important during and immediately after the Great Recession.¹ Many workers lost their jobs, collected UI benefits, and often also received SNAP benefits. At the same time, many persons in low-income households already receiving SNAP lost their jobs and applied for UI benefits. Annual SNAP benefit payments reached roughly the same scale as the total of all state regular UI benefit payments in the period: nearly \$80 billion was paid in regular UI benefits during calendar year 2009, while just over \$76 billion in SNAP benefits was paid out in 2013.² Both SNAP and UI responded quickly to soaring unemployment, as the numbers of annual SNAP recipients rose from 20 million to 50 million and the numbers of annual UI beneficiaries increased from 10 million to 20 million during the recession.

Many households received benefits from both SNAP and UI during this period, but little is known about the extent of program interaction. Understanding how these programs worked together in the

crisis is necessary for improving policies to address hardship when economic difficulties reemerge. While the two programs have previously been studied separately, this is the first study to use administrative data to look at how these two programs worked together during a period of crisis in the economy and the labor market.

This book is based on analyses of SNAP and UI program benefit receipt around the time of the Great Recession in six states—Florida, Georgia, Maryland, Michigan, Missouri, and Texas.³ These six states span the full range of labor market experience during the Great Recession. Michigan, with an unemployment rate above 7 percent, had still not recovered from the early 2000s recession by December 2007, when the economic decline commenced. At the other extreme, Maryland started the recession in a strong position and was only mildly affected by the economic downturn. Missouri closely matched the pattern of decline and recovery seen in national averages, and the three large states of Florida, Georgia, and Texas all started the Great Recession in strong economic positions, but all three saw rapid declines in economic activity.

The six states also present a diversity of policy contexts. While access to SNAP benefits is governed by federal laws and regulations, SNAP reciprocity rates differ significantly across the six states, suggesting differences in state program administration. Similarly, state laws and regulations governing UI eligibility and benefits encompass a broad range of policy principles, particularly for lower-level earners who might turn to SNAP after job loss. Additionally, data available for analysis allowed us to examine program changes in Florida and Georgia, where there was declining UI generosity, as benefits were reduced during the economic recovery. Our analysis of SNAP in Texas examined the state's policy choice not to fully expand eligibility in all the ways permitted by federal recession recovery legislation. Together, the six states provide a rich context for learning about interactions in SNAP and UI program use.

The state analyses were done using data from before, during, and after the Great Recession. The state studies were not restricted

to a common limited range of data available in all states, because more information was available for some states than others, and all available data were used to examine the SNAP-UI interaction. For example, the Maryland, Georgia, and Texas studies all have a long-enough time frame to distinguish between the early postrecession “jobless recovery” phase and the later more robust recovery period. Furthermore, while the universe of all SNAP recipient households was available for all states, only the Michigan analysis used the universe of all UI applicants, including those who were denied benefits. For most of the states, UI benefit information was available only for SNAP households.

Evidence from the state studies shows that joint usage of SNAP and UI is significant even in good economic times, and that joint usage dramatically increased during the Great Recession. The rate of long-term joblessness increased, and even with substantial temporary extensions in the potential duration of UI benefits, many workers and households suffered food insecurity and turned to SNAP. Additionally, low-income working households already receiving SNAP often turned to UI following job loss. Averaged across the six states studied, UI receipt among SNAP households ranged from 4.5 percent in 2006 to 11.3 percent in 2009. Among UI beneficiaries in Michigan, 7.5 percent were also receiving SNAP at the time of UI application in 2006, and that reciprocity doubled to 15.0 percent by 2010.

While in good economic times there tends to be a smaller overlap between the two programs in benefit receipt, the level of program interaction is noteworthy at all times. SNAP is available only to eligible low-income households, while UI provides temporary benefits during involuntary unemployment to workers with strong labor-force attachments and solid earnings histories.

Data for analysis were drawn from the years before, during, and after the Great Recession—although the precise time periods differed across the six states. This book distills the evidence about how the UI and SNAP programs worked individually and how they overlapped and complemented each other. Changes in the parameters of one pro-

gram may have unintended impacts on the other program. Therefore, the new findings about the recession and postrecession interactions of UI and SNAP participation presented in this book have immediate relevance for public policy formation and program administration.

This introductory chapter proceeds with brief overviews of the UI and SNAP programs and an outline of the way eligibility rules permit the programs to interact. (More detailed examinations of the UI and SNAP programs are given in Chapters 2 and 3.) It continues with a general description of the data available for research and the national context for our state studies. Next, there is a description of the data available for the separate studies, along with contrasts drawn between these various data, followed by a graphical review of the extent of SNAP and UI program use and interaction in the study states. Finally, we present important results from each of the six state studies and offer some summary comments.

A BRIEF OVERVIEW OF THE PROGRAMS

Unemployment Insurance

UI is a federal-state program under which states determine most of the rules for eligibility and the levels and duration of benefits. UI is designed to pay temporary weekly benefits to individual experienced workers unemployed through no fault of their own, usually because of layoffs. In many states, UI benefit levels approximate half of an unemployed worker’s prior wage up to a maximum weekly amount set by the state. For the year ending December 2018, the U.S. average weekly benefit amount was \$356. In good economic times, UI beneficiaries receive only “regular” benefits, for which the maximum potential duration of benefit receipt is usually 26 weeks in most states. During recessions, additional benefit programs may be available. These include the permanent Extended Benefits (EB) Program, which generally pays up to an additional 13 weeks of benefits “trig-

gered” by specified levels of either state-insured employment or total unemployment. During most recessions, Congress enacts temporary emergency programs on top of EB. These temporary programs have had a variety of names, but recently they have been called Emergency Unemployment Compensation (EUC). During and after the Great Recession, there were brief periods during which UI recipients in some states could receive up to 99 total combined weeks of regular UI, EB, and EUC. At any given time, the potential duration of benefits available to individuals depends on state and federal law and the level of unemployment in the state.

UI recipients are required to search for work. They are aided in that search by the provision of reemployment services by the state Employment Service agency. Longer durations of benefits during recessions give UI beneficiaries more time to search for and find jobs. During the Great Recession, exhaustion of entitlement to UI benefits increased sharply, even though EB and EUC were available. As a result, many UI recipients became eligible for SNAP. Chapter 2 describes the UI program in greater detail.

Supplemental Nutrition Assistance Program

SNAP is designed to add food purchasing power to an eligible household’s budget to improve the household’s food security. Access to SNAP benefits starts with an evaluation of a household’s eligibility, based on income limits that increase with the number of eligible household members. These income limits take into account a handful of specific deductions, such as for housing costs and child care. Some states also impose specific asset limits, and some counties require single adults to look for work in order to receive benefits for more than three months. Initial household eligibility is usually set for a fixed period. This duration can be as long as one year for single adults or families and two years for elderly or disabled beneficiaries, although some states set shorter periods. For many households, reporting on basic eligibility conditions is required after half of the initial eligibil-

ity period, or any time there is a nontrivial change in income or assets. Once the initial eligibility period expires, households must complete the full recertification process again. As long as the household-size specific eligibility criteria remain satisfied during reporting and recertification, regular monthly SNAP benefits can continue uninterrupted.

The additional spending power provided by SNAP is restricted to food purchases. In contrast, federal and state UI laws place no restrictions on how UI cash benefits can be used or shared with others. For SNAP, in addition to being restricted to food purchases, there are limitations on the types of food SNAP can be used to buy—and the diversity of allowable items has changed over the years. Furthermore, a SNAP benefit amount cannot be transferred to anyone who is not a defined countable member of the recipient household. The SNAP program is fully explained in Chapter 3.

SNAP-UI Interaction

SNAP and UI affect the household budget very differently. SNAP is paid monthly, while UI is paid weekly. For a household that qualifies for both SNAP and UI, benefits in a month will usually be higher for UI than for SNAP. This stems from the different missions of the two programs—SNAP supplements food-purchasing power for low-income households, and the benefit can only be spent on food at authorized retailers, while UI aims to maintain socially adequate consumption by unemployed labor-force members and provides general purchasing power. Importantly, in determining SNAP eligibility, UI benefits are considered part of household income; but in determining UI eligibility, SNAP benefits are not considered.

Eligibility for SNAP requires net household income to be less than 130 percent of the federal poverty level for a given household size, and the monthly benefit amount can be lower than the federally determined maximum, depending on the level of net income, which has allowances for housing costs, child care costs, and the household contribution to food costs (see examples in Appendix 1A). UI eligi-

bility is not limited by the individual worker's usual income level or the economic activity of any other household members. Rather, UI depends only on two things: 1) prior earnings as a measure of workforce attachment and 2) the reason for the individual worker's job separation. UI benefit amounts increase with the level of prior earnings up to a state-determined maximum weekly benefit amount (WBA).

Within limits, both SNAP and UI can be received in periods when there are also earnings or other nonlabor income. However, added income may reduce benefit payments from both programs. The rates of reductions in program benefits resulting from additional income are referred to as effective marginal tax rates. We explain these rates for SNAP and UI first separately and then together, accounting for program interactions. It is important to note that as nonlabor income, UI benefits affect the SNAP amount differently than an equivalent amount of wage income earned through work.

Effective Marginal Tax Rates in SNAP

The monthly household SNAP benefit will decline with increased labor income at a rate of 24 percent, while added nonlabor income—like UI—will reduce SNAP benefits by 30 percent. These different effective marginal tax rates on income result from SNAP beneficiary households being expected to spend 30 percent of their net income on food—that is, 30 cents of each added dollar of nonlabor income. However, only 24 cents of each added dollar earned by work is to be spent on food, because labor earnings are given a 20 percent deduction before net income is determined for SNAP eligibility.

Over somewhat higher levels of income, the two effective marginal tax rates on SNAP each rise by half, to 36 and 45 percent for income from labor and nonlabor sources. These higher effective marginal tax rates come into force above the income level at which actual shelter costs minus *half* of SNAP countable income equal the maximum allowable shelter deduction. As income rises, the effect of

housing-cost deductions on effective marginal tax rates declines. The jump to a higher effective marginal tax rate through SNAP occurs at a lower level of gross nonlabor income than labor income, because nonlabor income is not given the 20 percent earnings deduction.

Effective Marginal Tax Rates in UI

Once initially eligible for weekly UI benefits, nonlabor income such as SNAP does not affect the weekly UI benefit paid. The full entitled UI weekly benefit amount when someone is involuntarily unemployed is based on prior earnings, and that amount is paid unless there are labor earnings reported for a week of benefits claimed. All states have a definition of earnings that qualify for a partial UI payment. Many states have only an initial earnings disregard amount, after which earnings reduce benefits dollar for dollar.⁴ Five of our study states have only initial UI earnings disregards. The initial earnings disregards in Georgia and Maryland are \$50, in Florida \$58, in Missouri 20 percent of the WBA, and in Texas 25 percent of the WBA. Several states have both an initial earnings disregard and a benefit reduction rate of less than 100 percent on earnings above the disregard. Michigan does not have an initial earnings disregard but reduces UI benefits by 50 cents for every dollar of earnings reported up to the WBA, beyond which the benefit reduction rate is 100 percent.

Effective Marginal Tax Rates Combining SNAP and UI

Both SNAP and UI require that beneficiaries actively seek work and accept suitable work offered to them. Increasing income from work can affect benefits from both SNAP and UI, and the combined effective marginal tax rates on earnings can vary widely and encompass a range from 0 to 100 percent.⁵ Over no range of earnings is the combined SNAP and UI effective marginal tax rate either less than zero or greater than 100 percent.

For a Michigan UI beneficiary, when labor earnings increase, the marginal tax rate on UI benefits is initially 50 percent and rises to

100 percent when labor earnings reach the WBA. Over this range of earnings for a Michigan UI recipient who is also eligible for SNAP and who is single with two children, the SNAP-UI effective marginal tax rate is 59 percent. This rate is the sum of a 50 percent reduction in UI benefits and a 9 percent reduction in SNAP benefits.⁶ As labor income continues to increase, the effective marginal tax rate on labor earnings next increases to 63.5 percent. This rate is the sum of a 50 percent reduction in UI benefits and a 13.5 percent reduction in SNAP benefits when the SNAP shelter-cost deduction begins to erode. As labor income rises past the WBA, the effective marginal tax rate on labor earnings rises to 91 percent. This rate is the sum of a 100 percent reduction in UI benefits and a 9 percent increase in SNAP benefits. This occurs as labor earnings are offset dollar for dollar by declines in nonlabor income from UI, so that one would expect a net change in income of zero. However, labor earnings receive a 20 percent deduction for SNAP determination, meaning that countable income falls and SNAP benefits rise.⁷ Michigan UI benefits end when labor earnings reach 1.5 times the WBA, so that all household income above this level is only labor earnings. In our Michigan example, after UI ends and earnings continue to increase, the SNAP benefit reduction rate becomes 36 percent, and this is the effective marginal tax rate. As earnings increase, the monthly SNAP payment declines until SNAP is zero when 30 percent of net monthly earnings equals the household full SNAP benefit. For earnings above this level, total income is equal to earnings, and neither SNAP nor UI benefits are received.⁸

Among the five study states with only an initial earnings disregard for UI, Texas provides a good example of effective marginal tax rates for SNAP-UI interaction because it has the biggest initial earnings disregard (see Appendix 1A). The pattern of effective marginal tax rates in these five states depends on whether the beneficiary is normally a relatively low earner or high earner.

A single parent with two children who normally works full time in Texas at a minimum-wage job and becomes involuntarily unemployed could receive both UI and SNAP (see example in Appendix

1A). Earnings below 25 percent of the parent's UI WBA would not affect either SNAP or UI benefits, but above that level UI is reduced dollar for dollar. Our simulation in Appendix 1A suggests that just before labor earnings reach the UI disregard, the effective marginal tax rate on labor earnings rises to 24 percent through a SNAP benefit reduction. Then, at slightly higher weekly earnings, UI benefits are reduced dollar for dollar, but SNAP is restored by 6 percent because nonlabor income is reduced as labor earnings increase, so the combined effective marginal tax rate is 94 percent. The combined effective marginal tax rate rises to 100 percent once SNAP is restored to the full monthly entitled benefit and remains at 100 percent until earnings are 125 percent of the WBA. The marginal effective tax rate then falls to zero until labor earnings rise to the maximum allowed by SNAP, given the assumptions about housing, child care, and other expenses. Above that level, SNAP declines by 24 cents for each additional dollar earned. Then, as earnings rise and the housing allowance begins to erode, SNAP declines by 36 cents per dollar earned until the SNAP grant falls to zero.

For a Texas example of a higher earner, consider a single parent of two who normally works full time, earning double the minimum wage. Both SNAP and UI would be payable when this person is involuntarily unemployed (Appendix 1A). As this worker gradually increases hourly earnings, the range of marginal effective tax rates would be limited to first 36, then 91, and finally 36 percent after UI entitlement ends, before falling to zero as SNAP entitlement ends.

Large and Variable Effective Marginal Tax Rates

Beneficiaries receiving both SNAP and UI at the same time face a large and widely varying range of marginal effective tax rates. Because of the different treatment of labor and nonlabor income in SNAP, additional earnings from work affect total household resources differently over different earnings ranges.

Other things being equal, because of the UI benefit reduction formula, joint SNAP-UI benefit receipt in Michigan reaches higher into the income distribution than in the other five states. The things held equal in this comparison include the household composition, the housing expense, and the level of base period earnings. Our discussion of SNAP and UI benefit interactions abstracts from several factors, including state income taxes, payroll taxes for social insurance, and the Earned Income Tax Credit. The aggregate scales of simultaneous SNAP and UI receipt in the states studied in this book reflect not only the differing SNAP and UI program rules for each state, but also the levels of unemployment and opportunities for reemployment.

In all six states studied for this book, the range of simultaneous SNAP and UI benefit receipt is longer for lower-wage earners than for higher-wage earners. As earnings recover from full unemployment, SNAP benefits end earlier than UI benefits for an adult who usually has higher wages, while UI benefits end earlier than SNAP benefits for an adult who usually has lower earnings. This pattern is particularly pronounced in states having UI partial benefit formulas with only an earnings disregard and a 100 percent benefit reduction rate after the disregard. This is the case for most U.S. states, and for all the states studied in this book except Michigan.

The examples discussed in this section describe the marginal effective tax rates an individual would face if his or her labor earnings increased. A more practical interpretation is the array of marginal effective tax rates that the full range of program participants would encounter by having different income and earnings at the time of benefit determination. Furthermore, the amount of UI received can change from week to week depending on earnings, but the amount of monthly SNAP benefits is usually only recomputed every six months. Nonetheless, when considering the interaction of SNAP and UI, it is important to recognize that marginal effective tax rates on additional earnings can range between zero and 100 percent, depending on initial entitlements and current labor and nonlabor income.

CONTEXT OF OUR ANALYSIS

Two features distinguish the research presented in this book about interactions between SNAP and UI: 1) the data available for investigation and 2) the dramatic change in economic events during the period studied. To set the stage for our exposition, we describe the data used by our state research teams, then we present national- and state-specific descriptions of the labor market crises, the level of SNAP and UI program use, and the degree of program interaction.

Data Coverage in the Six State Studies

The data sets available for all six states each cover all 19 months of the Great Recession. The time period the data cover ranges before and after these core months, and the period covered differs among the states. Researchers for each state requested data covering the maximum period available around the Great Recession. Three main administrative data systems accessed in all states were these: 1) UI applications and benefit payments, 2) SNAP applications and benefit payments, and 3) UI quarterly wage records. The application data provide demographic and geographic characteristics, and the benefit payment data give the levels of support provided. The UI wage records provide quarterly earnings context to benefit receipt from both programs. The data provided by states differed greatly in variables provided and time period—the latter is summarized in Table 1.1.

A key issue relating to the time period for the data is the fact that unemployment remained high well after the official end of the Great Recession in June 2009, and extended benefits remained in effect until the end of 2013. With currently available data, the effects of these and other postrecession changes in both the UI and SNAP programs can be observed in only a few of our study states. As a result, there are lessons that can be learned about the return to relative normality only if data are extended until 2014 and beyond. Three states examine SNAP and UI after 2013: 1) Georgia, with data into 2014 and 2015;

2) Maryland, with data through 2015; and 3) Texas, with data through 2014. The Georgia analysis team is the only group that split the post–Great Recession period into a period of jobless recovery and a period of normal job recovery; the latter finally emerged in 2013 and 2014. Therefore, the Georgia investigation provides complete information about the SNAP and UI return to prerecession levels.

Table 1.1 Data Coverage: Timing of SNAP and UI Data

State	UI benefits		UI wage records		SNAP benefits	
	Begin date	End date	Begin date	End date	Begin date	End date
Florida	July 2007	Apr 2012	2007 Q3	2012 Q2	July 2007	Apr 2012
Georgia	Jan 2006	Sept 2015	2006 Q1	2015 Q3	Oct 2004	July 2014
Maryland	Jan 2009	Dec 2015	2009 Q1	2015 Q4	Jan 2009	Dec 2015
Michigan	Jan 2001	Dec 2010	1997 Q3	2010 Q3	Jan 2006	Aug 2011
Missouri	July 2007	Dec 2011	2007 Q3	2011 Q4	July 2007	Dec 2012
Texas	Oct 2002	Apr 2014	2001 Q1	2014 Q3	Oct 2002	Sep 2014

SOURCE: This table summarizes the differing time ranges of three categories of program administrative data provided by state agencies to the research teams.

Availability of UI Application Data

Not all applicants for UI eventually receive UI benefits. Some applicants do not have enough recent prior earnings, so they are not monetarily eligible. Other applicants may have sufficient earnings, but they are found ineligible because of the nature of their job separation, especially if they quit rather than being laid off, in which case they are found “nonmonetarily ineligible” for UI benefits. These groups of applicants—eligible, monetarily ineligible, and nonmonetarily ineligible—have different economic and demographic characteristics. As a result, we would expect each group to have a different experience with respect to whether they become SNAP participants. Among our six study states, only the Michigan team used UI applicant data for analysis of UI and SNAP interactions. Researchers for most of the other states only had access to UI payment data among SNAP beneficiaries. Texas had a universe of UI payment data but not UI applicant data.

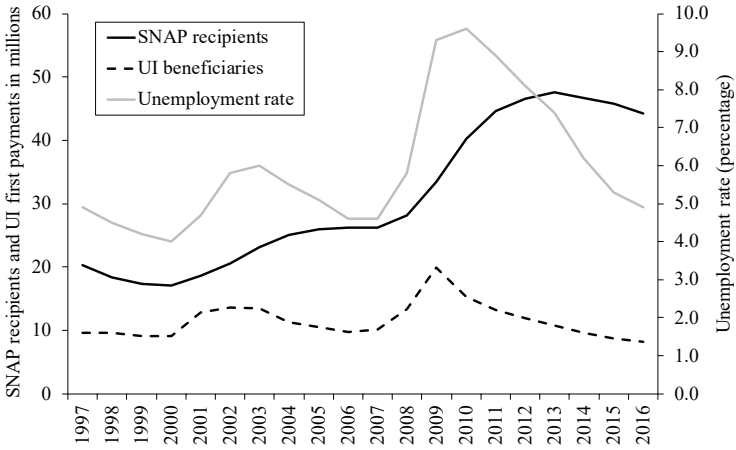
In Chapter 8, using Michigan data, Christopher J. O'Leary is able to show the effects of two things: 1) varying levels of prior earnings among unemployed workers who applied for UI and 2) the reason for their separation from employment. The analysis suggests that lower prior earnings are associated with a higher probability of receiving SNAP. O'Leary reports on the proportion of UI applicants who had SNAP before, at the time of, or after UI application and how those proportions differ by the degree of UI monetary and nonmonetary eligibility. He finds that UI applicants are most likely to receive SNAP benefits if they had weak attachment to the labor force (i.e., found not to be monetarily eligible) or quit their job or were fired (i.e., found not to be nonmonetarily eligible). By contrast, UI applicants were least likely to collect SNAP if they collected UI benefits but did not exhaust their regular UI entitlement.

Unemployment Rates and Program Benefit Receipt

The core time frame for analysis of SNAP and UI interactions is from 2006 to 2010. This time frame includes several months before and after the official period of the Great Recession, defined as lasting from December 2007 to June 2009. Figure 1.1 charts the national annual average of monthly unemployment rates, measured on the right vertical axis, against the numbers of SNAP and UI recipients, measured on the left vertical axis. The graph shows unemployment declining gradually after the early 2000s to reach about 4.5 percent in 2006, then rising dramatically to 9.6 percent in 2010. For every year displayed in the graph, SNAP had three to four times as many recipients as UI, and the numbers of benefit recipients in both programs follow a pattern generally similar to the unemployment rate. However, the SNAP peak (47.6 million SNAP recipients in 2013) lags behind the unemployment peak by about four years, while the UI peak (19.9 million UI beneficiaries in 2009) nearly coincides with the unemployment peak.

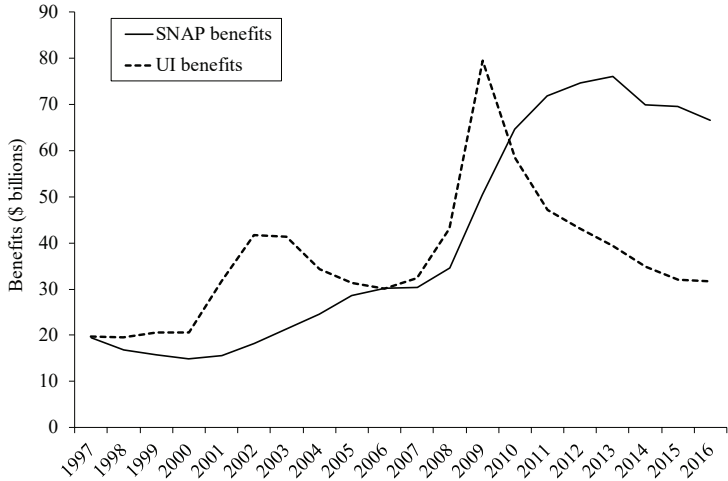
Total nationwide expenditures on SNAP and regular UI are presented in Figure 1.2. The scale of the two programs is about the same.

Figure 1.1 SNAP Recipients, New UI Beneficiaries, and Unemployment Rate in the United States, 1997–2016



NOTE: Amounts in nominal dollars.
SOURCE: USDA (2017); USDOL (2017).

Figure 1.2 National Totals for SNAP and Regular UI Benefits, 1997–2016

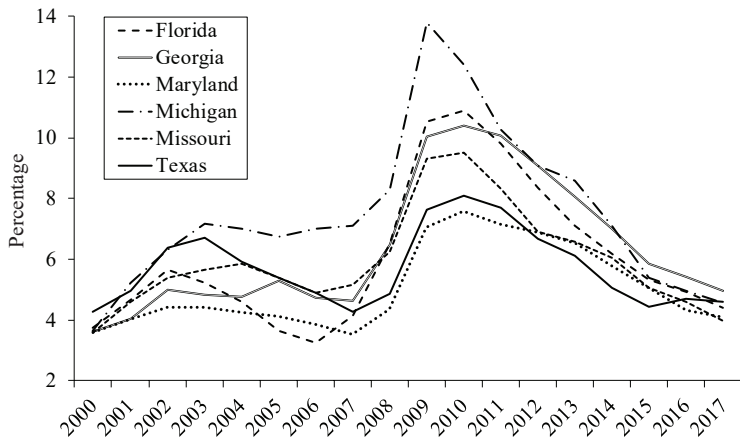


SOURCE: USDA (2017); USDOL (2017).

Expenditures for both programs were about \$20 billion annually in 1997. Regular state UI expenditures peaked at nearly \$80 billion in 2009, while SNAP spending reached just over \$76 billion in 2013. Both programs appear to respond automatically to changes in unemployment, but UI program expenditures respond much more quickly than SNAP, particularly in the downward direction after cyclical peaks in unemployment.

Unemployment in our six study states follows the same general pattern as the national average, but there are important differences in the patterns among the states. Figure 1.3 shows that Michigan had not yet recovered from the early 2000s recession before the onset of the Great Recession in late 2007, and among our states Michigan reached the highest rate—nearly 14 percent on a seasonally adjusted basis in 2009. Unemployment in the five states except for Michigan had declined during the early 2000s to new minimums by 2007, and all these states later peaked again in 2010. Among the six states in this period, Michigan had the worst labor market experience, while Mary-

Figure 1.3 Annual Average Unemployment Rates by State from Seasonally Adjusted Monthly Data, Jan. 2000–Oct. 2017

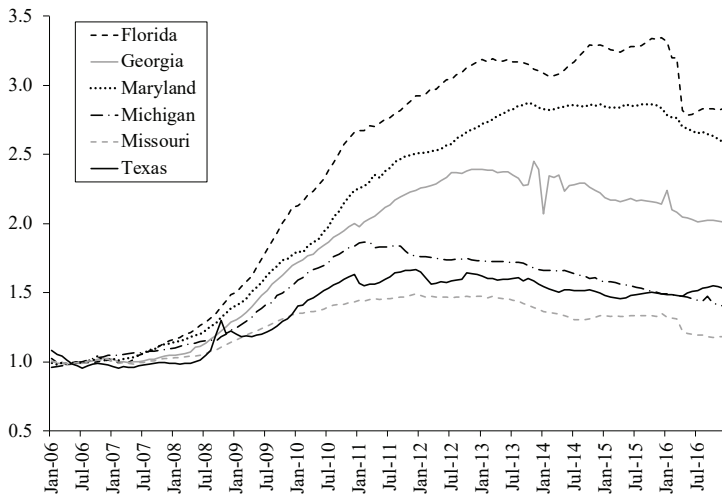


SOURCE: BLS (2017).

land had the best. As shown in Figure 1.3, Maryland had the lowest peak unemployment at under 8 percent.

To examine trends in SNAP beneficiaries over time, Figure 1.4 sets January 2006 equal to one as the base period of an index to compare all six states on the number of SNAP households. Between 2006 and 2010, the biggest increases in the index are seen in Florida, where

Figure 1.4 Monthly SNAP Households by State, 2006–2016, Indexed to January 2006 = 1.000

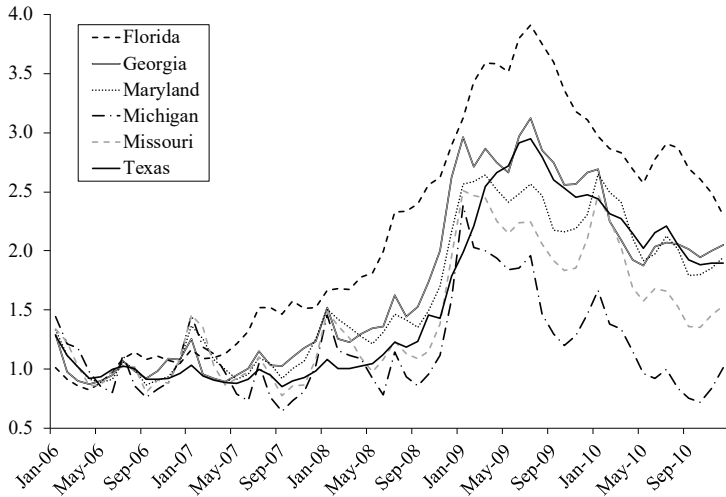


SOURCE: USDA (2017).

the index reaches 2.6, Maryland (2.2), and Georgia (2.0); Michigan, Texas, and Missouri showed smaller increases over the period.

Figure 1.5 presents the counts of UI beneficiaries in each of the six states indexed to January 2006 equal to one. Over the period January 2006 to July 2009, this index shows that the number of UI beneficiaries increased the most in Florida (3.9). After starting at the highest unemployment rate in 2006 (Figure 1.3), Michigan (2.0) showed the smallest increase in UI beneficiaries over the same period.

Figure 1.5 Monthly UI Beneficiaries by State, 2006–2010, Indexed to January 2006 = 1.000



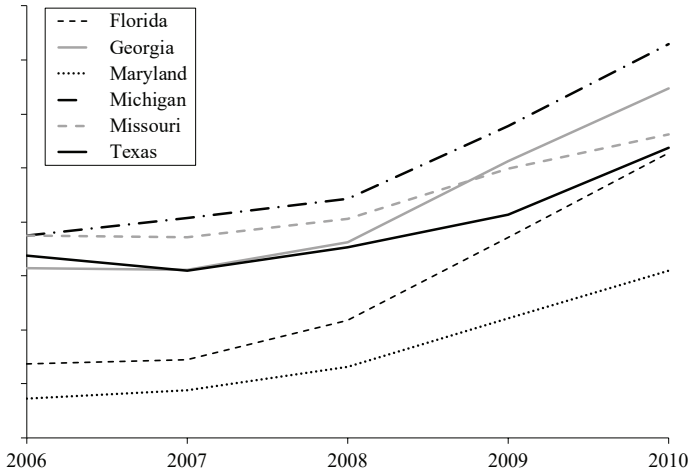
SOURCE: USDOL (2017).

By July 2009, the numbers of UI recipients in Georgia and Texas roughly tripled, while the increases in Maryland and Missouri more than doubled.

Based on published federal reports, Figure 1.6 shows that SNAP recipients, as percentages of state populations, increased in all study states from 2006 to 2010. The biggest relative increase over the period occurred in Florida, where the SNAP recipient rate rose from 7 percent in 2006 to over 14 percent in 2010. Most of the states stayed in the same rank order over the entire period. The exception was Georgia, which moved from the fourth-highest to the second-highest percentage of SNAP reciprocity. Among the six states, average annual SNAP receipt in the population rose from 9.4 percent in 2006 to 15.2 percent in 2010.

Figure 1.7 shows UI benefit reciprocity from 2006 to 2010 as a percentage of state populations. Michigan’s rates were the highest;

Figure 1.6 SNAP Recipients as Shares of State Populations, Monthly Averages, 2006–2010

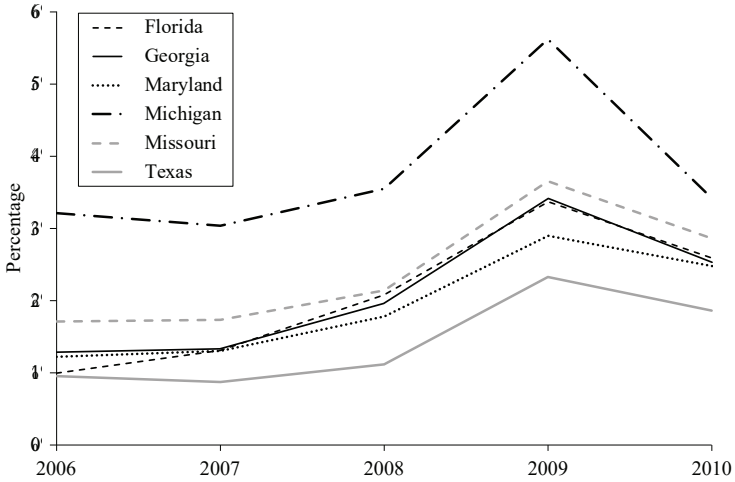


SOURCE: USDA (2017); U.S. Census Bureau (2017).

they rose from 3.0 percent of the adult population in 2006 to about 5.5 percent in 2009 before declining sharply to 3.5 percent in 2010. The population reciprocity rate in the other five states followed the same pattern as in Michigan but was lower. In all years, the lowest rates occurred in Texas. The average rate across the six states ranged from 1.4 percent in 2006 to 3.3 percent in the peak reciprocity year of 2009.

A commonly used measure of UI reciprocity is beneficiaries as a percentage of all unemployed persons. By this measure, Figure 1.8 shows that Michigan had the highest UI reciprocity rate among the six states during the period of the Great Recession, although the Michigan rate declined every year from 2006 on and dropped sharply in the first year of the economic recovery, as fewer newly laid-off workers applied for benefits. Over this period, Texas had the lowest reciprocity rate. The average reciprocity rate among the six states ranged from 37.6 percent in 2006 to 43.8 percent in 2009.

Figure 1.7 UI Recipients as Shares of State Populations Aged 18–64, Monthly Averages, 2006–2010

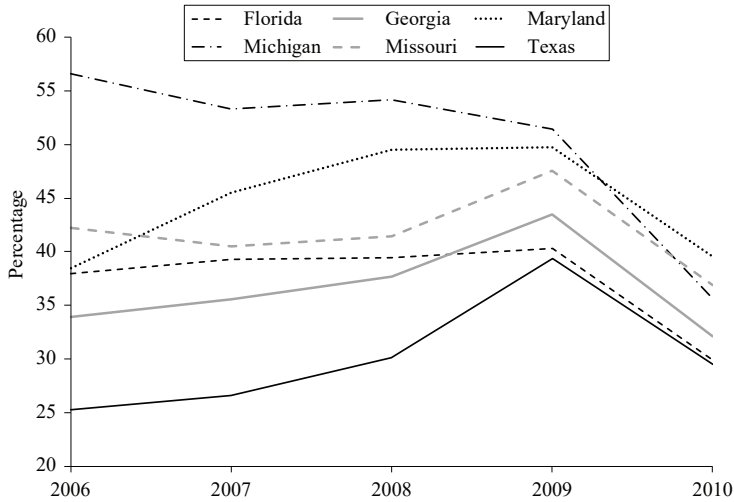


SOURCE: USDOL (2017); U.S. Census Bureau (2017).

The joint program benefit receipt rate among six states from 2006 to 2009, based on state administrative data, is shown in Figure 1.9. Among all SNAP recipients in each state, the percentage of those also receiving UI is charted in the figure. As UI receipt increased, the percentage of SNAP recipients also receiving UI increased every year in all five states over the period from 2006 to 2009. Michigan had the highest percentages from 2006 to 2008, with between 8 and 11 percent of SNAP adult recipients receiving UI benefits too. Florida experienced the biggest increase from 2006 to 2009, as its UI recipient percentage rose from 3.5 to 13.5 percent among all SNAP adult recipients. For the six states, the average percentage of UI recipients among adult SNAP recipients increased from 4.5 percent in 2006 to 11.3 percent in 2009.

For Michigan, between the years 2006 and 2010, Figure 1.10 summarizes the percentage of SNAP recipients among all UI benefi-

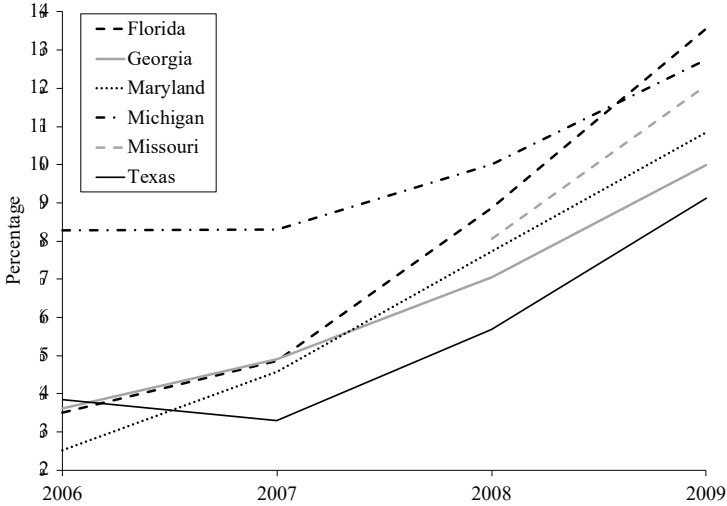
Figure 1.8 UI Recipients as Shares of State Unemployed, Monthly Averages, 2006–2010



SOURCE: USDOL (2017); BLS (2017).

ciaries for different time periods relative to the UI application date. The solid line at the bottom shows that, in the month of UI application in 2006, 7.5 percent of UI beneficiaries in Michigan were also in SNAP recipient households, and that this percentage increased each year, reaching 15 percent in 2010. The dotted line shows that for every year in the graph, the percentage of UI beneficiaries who had received SNAP in the 12 months prior to UI application was about 5 percentage points higher than the percentage receiving SNAP in the month of UI application. The percentage receiving SNAP within one year after UI application was about 10 percentage points higher than the rates of receipt at application for UI benefits, and within two years after UI application, the SNAP receipt rate was higher still, reaching 29 percent in 2008.⁹ Essentially, the results show that about 10 percent of UI beneficiaries were receiving SNAP when they applied for UI.

Figure 1.9 Shares of SNAP Recipients Aged 18–64 with UI Receipt in the Same Month, by State 2006–2009



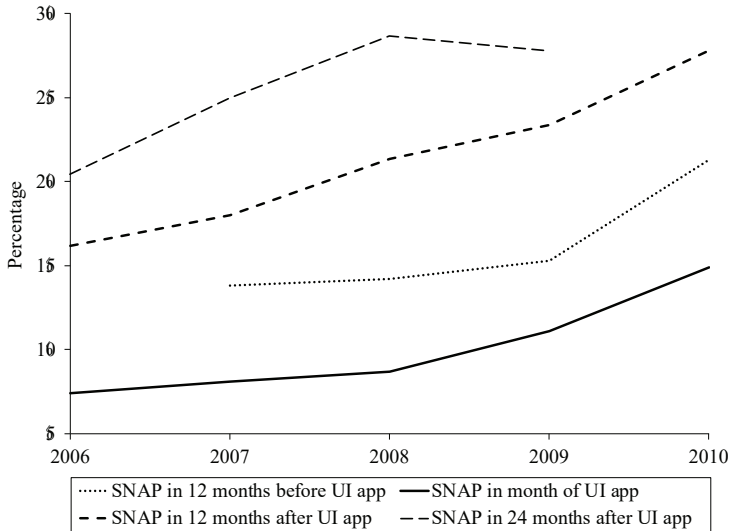
SOURCE: Author’s calculations from state SNAP and UI program administrative data.

This is about 5 points lower than the percentage who received SNAP in the year before UI application, and 10 and 15 points lower than the percentages of UI beneficiaries receiving SNAP within one and two years of UI application, respectively. What this means is that SNAP receipt by UI beneficiaries was not insignificant, and it increased substantially during the Great Recession.

LESSONS FROM PRIOR RESEARCH

A review of the prior research on SNAP-UI program interaction is found in Chapter 4 as a prelude to the six state studies discussed in Chapters 5 through 10. It serves as a contrast to these later studies, in that the prior research was based mainly on general household survey data from the Current Population Survey (CPS) or the Survey

Figure 1.10 Shares of Michigan Regular UI Beneficiaries Aged 18–64 Who Received SNAP before, during, and after UI Application



SOURCE: Author's calculations from Michigan SNAP and UI program administrative data.

of Income and Program Participation (SIPP). These studies involved relatively small and geographically dispersed samples of SNAP and UI program participants.

Evidence from prior studies suggests that the liberalization of SNAP policy since 2001 led to steady increases in SNAP participation. However, during the Great Recession, policy liberalization appears to have been less important in driving program participation than economic conditions. The surge in SNAP participation during the Great Recession built on a prerecession trend. The relaxation of strict time limits on SNAP beneficiaries who are able-bodied adults without dependents (ABAWDs) contributed to increased SNAP participation in the Great Recession. SNAP also played a greater role in income support for UI recipients during the Great Recession than was

observed in the 2001 recession, and its importance increased with UI exhaustion. SNAP receipt surged with the rise in joblessness during the Great Recession, but the prior literature does not address the pattern of SNAP receipt in a recovery.

The previous studies informed the topic of joint benefit receipt but left many questions unanswered. The deeper analysis of SNAP and UI usage in the six state studies in this book illuminates the previously documented recession trends and provides evidence on post-recession outcomes. Brief summaries of the state studies are provided next, followed by a synthesis of the new evidence from these studies.

LESSONS FROM THE SIX STATE STUDIES

Florida

The Great Recession induced significant changes in patterns of both SNAP and UI receipt in Florida. In Chapter 5, authors Colleen Heflin and Peter Mueser note that the share of SNAP recipients also receiving UI increased, and reliance on SNAP became secondary for many of these households. However, since UI eligibility rests on work history and employment separation status, many disadvantaged households receiving SNAP were not eligible for UI benefits. That the growth in the SNAP recipients was more than three times greater than the growth in the number of joint SNAP-UI recipients makes clear the significant limits to the cushion provided by UI to disadvantaged individuals facing economic distress.

Evidence from Florida suggests important limitations to the role of UI in helping those at the bottom of the income distribution, most of whom weathered the recession with SNAP alone. Noteworthy results from the Florida analysis include the following:

- SNAP and UI caseloads increased more dramatically in Florida than in the United States as a whole.

- The large growth in joint SNAP-UI receipt was driven mainly by increasing UI usage among new SNAP entrants.
- The percentage of households consisting of able-bodied adults without dependents (ABAWDs) among all SNAP households in the Florida study group more than doubled during the Great Recession, from 20 percent to 42 percent.
- Characteristics of households on SNAP changed dramatically as a result of the Great Recession: the proportions of male-headed households and white households increased, while there were declines in the proportions of households with children, individuals with disabilities, and African Americans.
- For households receiving them, UI benefits were of substantially higher value than SNAP benefits, despite Florida's low maximum UI benefit amount.

Georgia

In the Georgia evaluation, Chapter 6, authors Lakshmi Pandey, Peter Bluestone, Alex Hathaway, Sarah E. Larson, and Erdal Tekin used data spanning a longer time period than was available in most of the other study states. This allowed evaluation of recession impacts in the Great Recession as well as during the intermediate and protracted long-term recovery periods in Georgia. Trends in usage during the Great Recession were similar for both SNAP and UI, but SNAP was used by considerably more Georgians than UI. Joint SNAP-UI recipients represented only a small portion of the total SNAP population, but UI provided substantially larger benefits than SNAP. While UI and joint SNAP-UI participation quickly returned to prerecession levels, SNAP participation remained elevated well above prerecession levels after the recession bottomed out. Several factors contributed to this pattern.

First, UI benefits are available only for a limited time, while SNAP benefits are normally not time limited. Second, in July 2012, Geor-

gia reduced the maximum potential duration of UI benefits from 26 weeks to a sliding scale ranging between 14 and 20 weeks, depending on the level of state unemployment. Third, in January 2014, extended and Emergency Unemployment Compensation for persons exhausted regular UI benefits expired. Finally, some job creation reduced the UI recipient population, but in some cases the new jobs paid less than recipients had earned before, leaving many still eligible for SNAP benefits. Conclusions of the Georgia study included the following:

- Joint SNAP-UI receipt was a small portion of total SNAP receipt.
- UI receipt and joint SNAP-UI receipt declined faster than SNAP-only receipt.
- Older SNAP beneficiaries became a larger percentage of the SNAP population during the recession.
- By 2015, the total SNAP recipient population had declined.
- Older SNAP recipients remained a larger share of beneficiaries during the recovery.

Given the evidence and change in the Georgia program environment, Chapter 6 authors Pandey et al. also offered speculation about what might happen in the next recession:

- Many Georgians will return to UI and SNAP.
- Shorter potential UI duration in Georgia will speed up the move from UI to SNAP.
- There will be a larger reliance on SNAP than on UI.
- More federal support through SNAP and EUC will be needed.

Maryland

The Great Recession was milder in Maryland than in other states. However, the state unemployment rate was around the national average during the recovery. The Maryland SNAP caseload increased

faster than the national caseload through 2015. This trend may reflect increased SNAP benefit amounts, relaxed eligibility conditions, and increased outreach efforts by the Maryland Department of Human Resources, say authors Ting Zhang, Susan Christiansen, and Jing Li in Chapter 7.

The Maryland SNAP and UI beneficiary populations differed in postbenefit earning patterns. Less than half of the 950,000 adult SNAP recipient households had income from employment after receiving benefits, compared to over 90 percent for UI households. Nonetheless, more than one-quarter of individuals who received some UI benefits also received SNAP benefits, suggesting that they had either no job or a low-wage job that allowed eligibility for SNAP.

Maryland households receiving both SNAP and UI were among the most disadvantaged. They qualified for weekly UI benefit amounts that were so low they could still qualify for SNAP. Adults in such households were more likely to be single, younger, female, to have children, to have completed only a secondary or lower education level, to have low earnings, and to be minority and/or Hispanic. Among these households, average earnings were highest for the 31- to 45-year-old age group, but even for this group, average earnings were still below the federal poverty level for a household of two. On the other hand, those who received UI benefits before SNAP had higher average earnings levels and did not qualify for SNAP before exhausting their UI benefits. Some of the main results from the Maryland analysis were as follows:

- Many UI benefit exhaustees drew SNAP benefits as a last resort.
- Two years after starting SNAP benefits, only about one-quarter of recipients reported earnings.
- Two years after starting UI benefits, about one-third were employed and another one-third were receiving SNAP.
- The Maryland SNAP population increased after the recession and remains stubbornly high.

Michigan

In the Michigan analysis, which forms Chapter 8, author Chris O'Leary focuses on rates of SNAP receipt among UI applicants between 2007 and 2010 by the degree of UI eligibility and the duration of UI receipt. In that period, the rates of SNAP receipt in the year before UI application were 20.2 percent among all UI applicants and 15.8 percent among all UI beneficiaries. Excluding those who received SNAP anytime in the year before UI application, average rates of SNAP receipt in the year after UI application were 13.0 percent among all UI applicants and 11.1 percent among UI beneficiaries. Within two years after UI application, the SNAP receipt rates were about 5 percentage points higher in each category.

Among UI beneficiaries, those who exhausted UI entitlement and got extended or emergency UI benefits had higher rates of SNAP receipt than those who did not exhaust regular UI. From 2007 to 2010, the rates of SNAP receipt among UI applicants increased by 50 percent in the year before UI application, 80 percent in the month of UI application, and 150 percent in the year after UI application. The biggest year-to-year increase for all measures was from 2009 to 2010. In models controlling for UI eligibility, entitlement, and other observable variables, O'Leary observed the following:

- There were no differences between urban and rural areas in rates of SNAP receipt among UI beneficiaries.
- SNAP receipt rates among UI beneficiaries decreased with increasing tenure in the prior job, with age of the beneficiary, and with prior earnings level as measured by the UI weekly benefit amount (WBA).
- In Michigan, 28.1 percent of those who received SNAP within a three-year period around their UI application qualified for the state maximum UI weekly benefit amount.
- SNAP usage among Michigan UI beneficiaries reached well up into the income distribution during the Great Recession.

Simple unadjusted comparisons between UI beneficiaries and nonbeneficiaries suggest that being a UI beneficiary reduces the rate of flow into SNAP receipt by about 6 percentage points. Controlling for differences in observable characteristics, the estimated reduction is about 3 percentage points.

Effective as of January 2012, the maximum potential UI duration in Michigan was cut from 26 to 20 weeks. Simulations estimated that this cut in UI duration would increase SNAP receipt by 2.6 percentage points within two years of UI application. Consequently, any effect of UI reducing the flow into SNAP would be diminished. This suggests that federal responsibilities for income replacement through SNAP would increase relative to the state employer-financed responsibilities through UI. However, recent federal cuts to SNAP mean that the program will not address needs of the unemployed at the same level as during the Great Recession.

Missouri

In Missouri, the onset of the Great Recession induced expected changes in the size and character of the SNAP and UI caseloads, but during the subsequent recovery, the return to prior patterns has been uneven. Even during the recession, most Missouri SNAP recipients retained strong connections to the labor market. And while the recession led to a dramatic growth in the overlap of SNAP and UI, the programs fell far short of providing a meaningful social safety net in the face of financial hardship caused by the economic downturn. Following are some lessons from the Missouri analysis, put forth by authors Heflin and Mueser in Chapter 9.

- The recession led to a dramatic increase in the joint use of SNAP and UI.
- The percentage of SNAP households receiving UI increased from 3 percent to over 10 percent.
- The percentage of UI recipients receiving SNAP increased

from around 20 percent to nearly 25 percent as the number of UI recipients tripled.

- The characteristics of SNAP recipients in Missouri changed in expected ways because of the recession, but we do not observe a return to the prior characteristics in the period of recovery.
- Most Missouri SNAP recipients aged 18–64 were strongly connected to the labor market.
- The SNAP and UI programs fell short of being a complete social safety net for Missouri families during the economic downturn.
- Although UI provided important benefits to many families receiving SNAP, a large share of families facing financial hardship during the economic downturn relied exclusively on SNAP.

Texas

The Texas research examined SNAP and UI and discovered four benefit receipt patterns encompassing the years of the Great Recession:

- 1) UI-only recipients had the highest earnings and best recovery.
- 2) UI-before-SNAP beneficiaries had prior earnings nearly as high but slower earnings recovery.
- 3) SNAP-before-UI recipients had lower earnings and very slow earnings recovery.
- 4) SNAP-only recipients had the lowest earnings and little recovery after program benefits.

Chapter 10 authors Daniel Schroeder and Ashweeta Patnaik suggest that small changes in the timing or sequencing of benefits have significantly different effects on reemployment and earnings suc-

cess. The authors also found that program use in the jobless recovery period was more similar to the recession period than to the prerecession period. Furthermore, they found that the absence of benefits in periods of hardship can severely hinder later employment and earnings success.

The Texas study also closely examined the Great Recession-era experience of SNAP beneficiaries who are ABAWDs. The ABAWD research focused on the limited pursuit by Texas of available federal waivers on the strict SNAP-benefit time limits for ABAWDs. The authors concluded the following three things: 1) hardship could have been reduced for ABAWDs, had waivers relaxed time limits; 2) additional federally funded SNAP payments would not have cost the state anything; and 3) SNAP and UI recipients recover prior earnings levels faster when receiving benefits quickly from both programs upon experiencing job loss or other economic stress. Texas did not actually have a lower rate of ABAWDs than other states, but it did have shorter benefit durations among ABAWDs. Schroeder and Patnaik offered further policy guidance:

- Policies should aim to explicitly link SNAP and UI more closely.
- More joint benefit receipt is needed under recessionary conditions.
- A jobless recovery period presents a policy context that is distinct from prerecession or expansionary periods.
- Special services are needed for those who lag in earnings recovery during the early recovery.
- States can avoid unnecessary hardship when federal funds are available.
- Future research should further investigate evidence that hardship is not a spur to success, but rather, it can delay employment and earnings recovery.

Synthesis of the State Lessons

At the start of the Great Recession in late 2007, the labor markets in the six states varied. The labor market was worst in Michigan and best in Maryland. By the official end of the recession in June 2009, the economic collapse had ended in Michigan but was still slowly spiraling downward in Maryland. In all six states, the UI programs responded more quickly than SNAP, both when increasing payments during the decline and when scaling back in the recovery. Changes in the numbers of recipients were particularly dramatic for UI in Florida, and they were somewhat weaker for SNAP in Texas.

The number of UI recipients increased and decreased quickly between 2007 and 2010 in all six study states. However, starting in 2007, the number of SNAP beneficiary households increased relatively slowly, finally peaking between 2013 and 2015 in these states. The numbers of joint SNAP-UI recipients also started to rise by 2007 in all six study states and, like UI, joint SNAP-UI receipt peaked more quickly than SNAP-only receipt. The general time pattern of joint usage in all states was similar. Florida had the biggest rise in UI receipt among SNAP beneficiaries, with the rate rising from 3.5 percent in 2006 to 13.5 percent in 2009. In Michigan, SNAP receipt among new UI beneficiaries rose from 7.5 to 15.0 percent over the period, with joint SNAP-UI rates being much higher within one and two years after UI application.

Based on program design, UI provides more income support than SNAP. The average dollar value of UI benefits was more than three times the SNAP benefits per month, but as emphasized in the Texas analysis, the sequencing of SNAP and UI receipt mattered. People who received SNAP first and then UI tended to have lower usual earnings levels, and therefore they qualified for lower levels of UI benefits than people who got UI before SNAP. Most SNAP-recipient households had members who were attached to the labor force and had some quarterly earnings from work, but, as seen in Florida and Georgia, those earnings tended to be very low. Job loss often created

severe hardship for households receiving SNAP only or SNAP before UI, because with low weekly benefit amounts, the added income from UI for these households tended to be very low. The growth in the number of SNAP-UI joint recipients came mostly from people who received UI first—individuals with relatively strong attachment to the labor force whose households became eligible for SNAP only after they lost their jobs and their wage income.

The six state studies revealed varied information about the characteristics of joint SNAP-UI recipients. The analysis from Maryland indicated that SNAP-UI recipients were most likely to be young, female, minority, single with children, and with high school or less schooling. Evidence from participant inflow in Florida indicated the characteristics of joint recipients were changing, as the increase in joint SNAP-UI recipients came mostly from male-headed white households, leading to declines in the percentage of joint program beneficiaries with children, those with disabilities, and those who were African American. Controlling for observable characteristics, the Michigan analysis indicated no difference in the rate of SNAP-UI receipt in urban or rural households but found higher levels of SNAP-UI receipt associated with higher job tenure, age, prior earnings, and more recent prior SNAP receipt. Also in Michigan, 28.1 percent of SNAP-UI beneficiaries received the maximum state UI weekly benefit amount. Additionally, Georgia provided evidence that, for older recipients, SNAP became particularly important in the midst of the recession and during both the early and late stages of the economic recovery.

This study provides limited information about the postrecession period. However, Georgia, Maryland, and Texas had longer postrecession data for analysis, and these study teams identified two postrecession phases. The first phase, called *jobless recovery*, was much like the recession phase, and both of these were distinct from the late-stage recovery. By the late-stage recovery, the characteristics of SNAP and UI program participants had returned to prerecession profiles. Authors of the Texas and Florida chapters both highlighted

the important group of ABAWDs. In Florida, these households more than doubled, from 20 percent to 42 percent of the SNAP population, while in Texas the ABAWD group of SNAP recipients increased by only 5 percent. Schroeder and Patnaik attribute this to a decision by state program administrators not to apply for available federal waivers that would have relaxed time restrictions on SNAP durations for ABAWDs. The importance of this missed opportunity is highlighted by the Texas evidence that increased economic hardship can delay reemployment. Indeed, early and adequate interventions greatly benefit those most challenged in earnings recovery. Additionally, there is also some evidence from Michigan that among prior SNAP recipients who lost their jobs after leaving SNAP, receiving UI benefits reduced their chances of returning to SNAP, indicating that access to UI helps control SNAP benefit costs. Indeed, federally funded extended and Emergency Unemployment Compensation certainly reduced the flow from UI into SNAP.

To reduce future UI costs, a small but significant number of states responded to the Great Recession by reducing the maximum duration of UI benefits. Led by Missouri in 2011, four of the six study states responded to UI benefit financing stress in the Great Recession by shortening the potential duration of regular UI benefits to less than the standard 26 weeks as a way of reducing or eliminating the need to raise UI taxes. Michigan shortened potential UI duration to 20 weeks, and Florida and Georgia shortened the potential duration to a variable period of 20 or fewer weeks, depending on the severity of unemployment. The Michigan chapter estimates that shortening the potential duration of regular UI benefits from 26 to 20 weeks during the Great Recession would have increased the number of SNAP beneficiaries by 2.6 percentage points within two years of UI application. In this case, the state UI program benefit reductions generated spillover costs on federally funded SNAP benefits.

Public policy designed to reduce UI benefit costs has gone beyond reducing the maximum duration of UI benefits. Since the Great Recession, the eligibility and generosity of SNAP have been reduced in

nearly a dozen states. The Michigan study estimated increased spillover into SNAP from reducing UI benefit adequacy, but this flow also might have been lower under stricter SNAP eligibility conditions. Nonetheless, the next downturn in the business cycle will come with job loss and economic hardship. The major public policy question for the future is, to what extent will the social safety net be strong enough to help workers and households survive and recover?

CONCLUSION

The six state studies show that a great deal can be learned about SNAP and UI, both separately and as they interact, by analyzing state program administrative data. The two programs are very different: they have different public policy goals, are designed to serve distinct populations, provide differing types of transfer payments, have different eligibility requirements, and offer benefits in differing amounts and durations.

We learned that even in good economic times, some unemployed workers who are solidly in the middle class do not return to work before using up their entitlement to UI benefits, and some of these individuals experience economic losses that qualify them to receive SNAP benefits. Other workers in low-wage jobs with irregular hours and persistently low incomes regularly receive SNAP benefits and occasionally turn to UI. This is more likely to happen when job opportunities evaporate in severe recessions. While the overlap in benefit use from the two programs always exists, the overlap is much greater in recessionary times.

Studying the period before, during, and after the Great Recession, we see that both programs were under great strain because unusually large numbers of individuals and families had inadequate incomes or were unemployed. Because of its severity and duration, the Great Recession was a real stress test for both programs. Nonetheless, both programs continued to have a significant welfare-improving effect on

households and individuals with respect to food security and income replacement.

The state studies show that the degree of overlap in the populations served by the UI and SNAP programs during recessions depends on state and federal policy regarding each program. Three key factors are 1) state UI program generosity regarding eligibility requirements and the potential duration of UI benefits, 2) federal enactment of UI extended benefits programs, and 3) federal generosity in SNAP's program parameters.

The interaction between SNAP and UI will continue in the future, and the interaction will increase with the severity of recessionary periods. From public policy and public administration perspectives for either program, it is important to take into consideration what happens in the other program. For example, if more states legislate reductions in the potential duration of regular UI benefits to less than 26 weeks, more individuals will exhaust their entitlement to UI benefits, and more of these households will seek SNAP benefits. In recessions, increased access to EB benefits and enactment of EUC programs will delay some individuals' exhaustion of benefits, and in some cases those individuals will find jobs before they exhaust their entitlement to UI, especially if robust publicly funded reemployment services are offered to unemployed workers who are permanently separated from their prior jobs. Thus, UI benefit extensions allow UI beneficiaries to apply for SNAP either later or not at all.

For example, Congressional Budget Office (CBO) analysis by Acs and Dahl (2010) finds that among households in 2009 with at least one member of the household unemployed, those receiving federal Emergency Unemployment Compensation (EUC) after exhausting regular state UI benefits had a poverty rate of 19.6 percent, while the poverty rate of those same households would have been 24.3 percent without EUC. Since the eligibility level for SNAP is 130 percent of the poverty level, in the absence of EUC the spillover from UI benefit exhaustion into SNAP could have been 5 percentage points higher among households experiencing unemployment.

Research presented in this volume shows the direct and large effects that SNAP and UI have on each other. Since all legislative proposals considered in Congress that involve new expenditures must be “scored” by the CBO for the likely net impact on the unified budget of the government before Congressional action can take place, the interaction between SNAP and UI demonstrated in this book should be taken into consideration in making these scoring estimates.¹⁰ When new temporary Emergency Unemployment Compensation programs are enacted during future recessions, Congress should reduce the budgetary cost estimates of the new UI legislation because of the expected reduction in SNAP costs that will result.

PLAN FOR THE BOOK

The rest of the book is divided into nine chapters. The next two chapters provide detailed backgrounds on the UI and SNAP programs. Chapter 4 provides a review of the previous research literature on SNAP and UI interactions. Chapters 5 through 10 present the six state studies in alphabetical order: Florida, Georgia, Maryland, Michigan, Missouri, and Texas. The summary and conclusions to these state studies have been given in this introductory chapter.

Notes

1. The National Bureau of Economic Research’s recession dating committee designated December 2007 to June 2009 as the longest period of declining gross domestic product since the Great Depression of the 1930s. As such, it has often been referred to as the “Great Recession.”
2. Adding federally funded emergency extended and additional unemployment benefits to regular state UI resulted in the total reaching \$151.8 billion in 2010. The \$76 billion for SNAP in 2013 does include the increased maximum allotments for households, which started on April 1, 2009, and lasted until late 2013 because of provisions in Public Law 111-5, known as the American Recovery and Reinvestment Act of 2009.

3. Studies in the six states were conducted by teams of social scientists at public universities and nonprofit research organizations, supported by the Economic Research Service of the U.S. Department of Agriculture and coordinated by the Jacob France Institute at the University of Baltimore.
4. Examples are given in Appendix 1A for the effects of UI partial benefit systems in Michigan and Texas. The Michigan system is more complicated than the Texas system, which has only an initial earnings disregard. Michigan has no initial earnings disregard, and UI benefits are reduced by 50 cents of each dollar in earnings up to the full entitled WBA. Earnings above the WBA in Michigan reduce UI dollar for dollar until the beneficiary works his or her way off UI when earnings equal 150 percent of the WBA.
5. A full range of examples representative of our six study states are given in Appendix 1A.
6. The effective SNAP tax rate is 0.09, resulting from the asymmetric treatment of the increase in labor earnings and the decrease in nonlabor UI income. Added labor earnings reduce SNAP by 24 percent after the 20 percent labor earnings deduction and the 30 percent obligation for spending on food. However, the labor earnings gain reduces nonlabor (UI) income by 50 percent, and, given the 30 percent obligation for food expenditures, the SNAP tax rate with respect to labor income further declines by 0.15, from 0.24 to 0.09.
7. When UI is replaced dollar for dollar by labor earnings and the SNAP reduction rate is 45 percent, because countable income declines by 20 percent of labor earnings, the effective marginal tax rate on SNAP benefits is -9 percent (0.45 multiplied by -0.20).
8. The effective marginal tax rates described in this paragraph are displayed graphically in Figure 1A.5 of Appendix 1A.
9. The charted rate of SNAP receipt within two years after UI application in 2009 was based on data from only part of 2011, since the available Michigan SNAP receipt data ended in August 2011.
10. See Wandner (2010), pp. 87-91, regarding federal budget scoring.

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Appendix 1A

Simulation of SNAP-UI Interaction

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To provide simulation examples of the interaction between Supplemental Nutrition Assistance Program (SNAP) benefits and unemployment insurance (UI) benefits, we consider a low-income working family and determine its SNAP eligibility and monthly benefit amount. For this family, we then examine how SNAP benefits would change as labor earnings increase. We next consider the effect on SNAP benefits for this household when nonlabor income increases and everything else is held constant. After this, we examine how weekly UI benefits are determined, and how they change with additional earnings in the six states we study in this book. Finally, we examine how both SNAP and UI benefits would change if earnings gradually increased for a beneficiary of both programs.

SNAP ELIGIBILITY AND MONTHLY BENEFITS

The Supplemental Nutrition Assistance Program is designed to improve food security among eligible households. To determine if a given family is eligible for SNAP benefits, SNAP administrators first evaluate a household’s monthly income and assets. Gross monthly income must be at or below 130 percent of the federal poverty level, which depends on the household size. From usual gross monthly income, officials apply a standard deduction, which also depends on household size. Officials then apply a 20 percent earnings disregard and a series of specific deductions, including a child care expense deduction, a deduction for shelter expenses in excess of half of count-

able income, and a medical expenses deduction for elderly or disabled households.¹ The household is expected to spend 30 percent of its own net monthly income on food. So from labor earnings, after the 20 percent disregard, the obligation to spend 30 percent of the net on food means a 24 percent benefit reduction rate for additional labor income.

Box 1A.1 provides an example of SNAP benefit determination for a household with one adult and two young dependent children.² The maximum monthly SNAP benefit for a three-person household in 2018 is \$504. The adult in this household is assumed to work 40 hours per week at the federal minimum wage of \$7.25 per hour. While the adult is working full time, this family would receive \$431 in monthly SNAP benefits.³ Details of this example are listed in the rows of Table 1A.1. The second column of this table presents an example in which the adult in the hypothetical household earns the Michigan minimum wage of \$9.25, but all other circumstances remain unchanged. In that case, the monthly household SNAP benefit would be \$309.

CHANGES IN SNAP MONTHLY BENEFITS AS LABOR EARNINGS INCREASE

Once initially SNAP eligible, in most states a household's continued eligibility is subject to periodic redetermination based on the same initial eligibility conditions. As long as the household continues to satisfy these criteria, monthly SNAP benefits can continue. An example of how SNAP benefits would change for the hypothetical three-person family as monthly labor earnings increase is presented in the first column of Table 1A.2. This column shows that if the adult has no monthly earnings, the monthly SNAP benefit would be \$504, and the SNAP benefit would remain unchanged as monthly income from labor earnings increased, until earnings reached \$952. The third column shows the effective marginal tax rate on earnings in terms of the SNAP benefit reduction. The \$100 increments obscure the pre-

**Box 1A.1 Determination of the SNAP Benefit Amount—
An Example**

Step 1 — Gross income: The federal minimum wage is currently \$7.25 per hour. Full-time work for 40 hours per week yields average monthly earnings of \$1,256, since the average month has 4.3 weeks.

Step 2 — Net income for shelter deduction: Begin with the gross monthly earnings of \$1,256. Subtract the standard deduction for a three-person household (\$160), the earnings deduction (20 percent times \$1,256, or \$251), and the child care deduction (\$67). The result is \$778 (Countable Income A).

Step 3 — Shelter deduction: Begin with the shelter costs of \$934. Subtract half of Countable Income A (half of \$778 is \$389) for a result of \$545. The shelter deduction is \$535 because of the excess shelter deduction cap.

Step 4 — Net income: Subtract the shelter deduction (\$535) from Countable Income A (\$778) for a result of \$243.

Step 5 — Family's expected contribution toward food: 30 percent of the household's net income (\$286) is \$73.

Step 6 — SNAP benefit: The maximum benefit in 2018 for a family of three is \$504. The maximum benefit minus the household contribution (\$504 minus \$73) equals \$431.

Result—The family's monthly SNAP benefit is \$431.

cise changes, but when earnings reach \$952, SNAP declines by 24 cents for each additional dollar earned. This tax rate becomes effective when countable income reaches the cap on shelter costs of \$535. The 36 percent tax rate becomes effective when one-half of countable

Table 1A.1 Summary of SNAP and UI Benefits for a Working or Unemployed Adult with Two Young Children and Various Wage Rates

	Working individuals		Unemployed individuals			
Hourly wage (\$)	7.25	9.25	7.25	9.25	13.00	16.55
Usual weekly hours	40	40	40	40	40	40
UI weekly benefit amount:						
WBA = $0.041 \times \text{HQ} + \text{DA}$ (\$6 \times kids) (\$)			165	208	287	362
Hours per month (4.3 \times weekly hours)	173	173				
Monthly gross earnings (if working) (\$)	1,256	1,602				
Quarterly earnings (if working) (\$)	3,768	4,807				
Monthly UI benefits = $4.3 \times \text{WBA}$ (\$)			711	893	1,234	1,557
Standard deduction (\$)	160	160	160	160	160	160
Earnings deduction (20% of gross) (\$)	251	320	0	0	0	0
Child-care costs (kids = 2) (\$)	67	67	67	67	67	67
Countable income (\$)	778	1,055	484	666	1,007	1,330
Shelter costs (\$)	934	934	934	934	934	934
Half countable income (\$)	389	527	242	333	504	665
Shelter deduction (capped at \$535) (\$)	535	407	535	535	430	269
Net income (\$)	243	648	-51	131	577	1,061
Family contribution (30% of net) (\$)	73	195	-15	39	173	318
Maximum SNAP benefit						
(persons = 3 = 1 adult + 2 kids) (\$)	504	504	504	504	504	504
Actual SNAP benefit (\$)	431	309	504	465	331	186
Total income (SNAP + UI + earnings) (\$)	1,687	1,912	1,215	1,358	1,565	1,743

SOURCE: Authors' computations based on assumed household characteristics and existing program parameters.

income plus the cap on the shelter-cost deduction reaches the actual shelter-cost amount. This happens in this case when earnings reach about \$1,282 in SNAP, since after this point the housing allowance deduction begins to decline. As earnings continue to increase, SNAP declines by 36 cents for each dollar increase in net income until 30 percent of net income equals the maximum entitled monthly SNAP benefit, at which point the monthly SNAP benefit is zero. In this case, this happens when labor earnings reach \$2,463.

CHANGES IN SNAP MONTHLY BENEFITS AS NONLABOR INCOME INCREASES

In contrast to the previous example of increasing labor income, increases in nonlabor income from any source are not reduced by the 20 percent earnings deduction when determining countable income. Examples of nonlabor income include things like interest on savings deposits, rental income, stock dividends, and—most importantly for this appendix—money from transfer programs such as UI. The consequence of the exemption of nonlabor income from the earnings deduction is that the household is expected to spend a full 30 cents of each dollar of nonlabor income on food. So in the case of our hypothetical household, after nonlabor income exceeds the sum of the standard deduction (\$160), the child-care allowance (\$67), and the cap on shelter expenses (\$535), then the marginal effective tax is 30 percent on nonlabor income above \$762. The effective marginal tax rate on nonlabor income will jump to 45 percent when nonlabor income rises to a level at which half of countable income plus the maximum shelter deduction equals the actual shelter costs. In our example, that is when nonlabor income reaches about \$1,022 and countable income is about \$800. The 45 percent effective marginal tax rate reduces SNAP until nonlabor income rises to about \$1,720, at which point the expected 30 percent food expenditure from net income of \$1,681 after the standard deduction and child-care costs is just equal (at \$504.30) to the

Table 1A.2 SNAP Monthly Benefit Amounts for a Three-Person Family with an Unemployed Adult Who Normally Works Full-Time at \$9.25 Hourly, with and without Michigan UI Benefits as Earnings Increase

Additional income without UI				Additional income with UI benefits				
Monthly earnings (\$)	SNAP benefit amount (\$)	SNAP tax rate with respect to earnings	Monthly UI benefit (\$)	Marginal tax rate on UI for earnings	SNAP benefit after UI and earnings (\$)	Marginal tax rate on SNAP for earnings	Marginal tax rate on SNAP+UI for earnings	Total income, earnings+ SNAP+UI (\$)
0	504	0.00	893	0.00	465	0.00	0.00	1,358
100	504	0.00	843	0.50	456	0.09	0.59	1,399
200	504	0.00	793	0.50	447	0.09	0.59	1,440
300	504	0.00	743	0.50	438	0.09	0.59	1,481
400	504	0.00	693	0.50	429	0.09	0.59	1,522
500	504	0.00	643	0.50	417	0.12	0.62	1,560
600	504	0.00	593	0.50	403	0.14	0.64	1,597
700	504	0.00	543	0.50	390	0.14	0.64	1,633
800	504	0.00	493	0.50	376	0.14	0.64	1,670
900	504	0.00	440	0.53	365	0.12	0.65	1,704
1,000	493	0.11	340	1.00	374	-0.09	0.91	1,713
1,100	469	0.24	240	1.00	383	-0.09	0.91	1,722
1,200	445	0.24	140	1.00	392	-0.09	0.91	1,731
1,300	418	0.26	40	1.00	401	-0.09	0.91	1,740
1,400	382	0.36	0	0.40	382	0.18	0.58	1,782
1,500	346	0.36	0	0.00	346	0.36	0.36	1,846

1,600	310	0.36	0	0.00	310	0.36	0.36	1,910
1,700	274	0.36	0	0.00	274	0.36	0.36	1,974
1,800	238	0.36	0	0.00	238	0.36	0.36	2,038
1,900	202	0.36	0	0.00	202	0.36	0.36	2,102
2,000	166	0.36	0	0.00	166	0.36	0.36	2,166
2,100	130	0.36	0	0.00	130	0.36	0.36	2,230
2,200	94	0.36	0	0.00	94	0.36	0.36	2,294
2,300	58	0.36	0	0.00	58	0.36	0.36	2,358
2,400	22	0.36	0	0.00	22	0.36	0.36	2,422
2,500	0	0.22	0	0.00	0	0.22	0.22	2,500
2,600	0	0.00	0	0.00	0	0.00	0.00	2,600

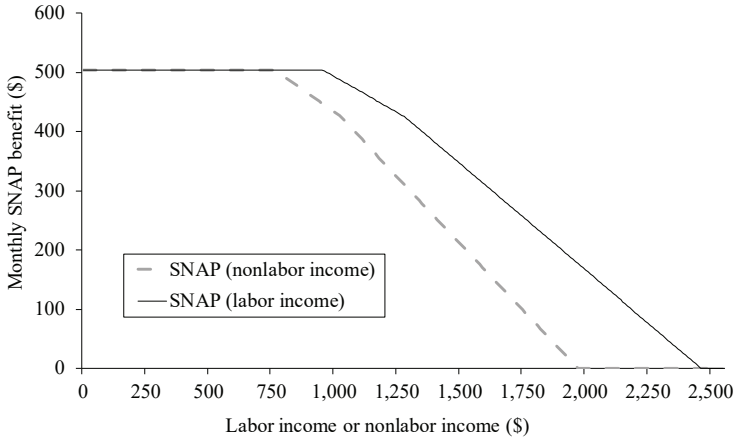
NOTE: These examples illustrate the interaction between SNAP, UI, and earnings. The examples do not consider federal and state income taxes, payroll taxes, or the Earned Income Tax Credit. In some earnings ranges, because of the \$100 increments in earnings simulated, these approximations miss the precise change points of tax rates.

SOURCE: Authors' computations based on assumed household characteristics and existing program parameters.

initial full SNAP monthly entitlement of \$504 for our hypothetical household.

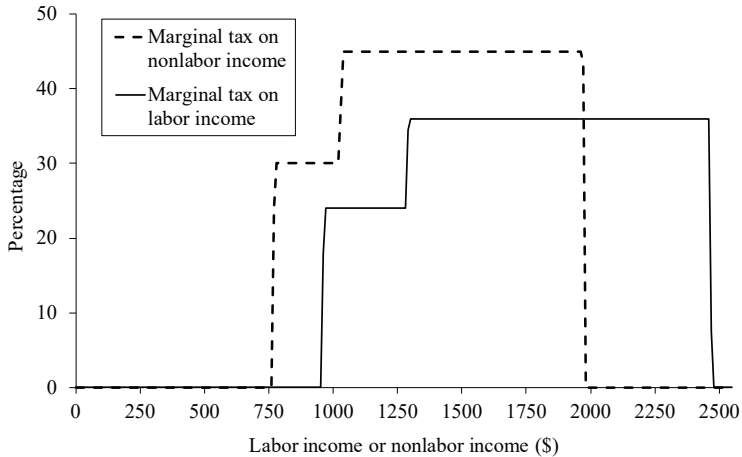
The different effects of labor earnings and nonlabor earnings on SNAP benefits are summarized graphically for our hypothetical household in Figure 1A.1. This figure shows that SNAP benefits are not reduced until a higher level of labor earnings is reached compared to nonlabor earnings. The marginal effective tax rates on SNAP benefits for the different types of income in our hypothetical household are shown in Figure 1A.2. The household is expected to spend 30 percent of net income on food. For additional nonlabor income, the marginal effective tax rates are 30 and 45 percent, with the higher rate applicable after the shelter deduction is exhausted, and for labor income, the marginal effective tax rates are 24 and 36 percent because labor income is reduced by 20 percent by the earnings deduction.

Figure 1A.1 SNAP Benefits with Increasing Labor or Nonlabor Income with \$504 Initial Monthly SNAP Benefit



SOURCE: Authors’ computations based on assumed household characteristics and existing program parameters.

Figure 1A.2 SNAP Effective Marginal Tax Rates with Increasing Labor or Nonlabor Income with \$504 Initial SNAP Benefit



SOURCE: Authors' computations based on assumed household characteristics and existing program parameters.

Determination of weekly unemployment benefits

As an example of UI benefit determination, we start with the case of Michigan. While the Michigan minimum wage is higher, we include the federal minimum wage of \$7.25 among the examples. The Michigan UI weekly benefit amount (WBA) is set at 4.1 percent of high-quarter earnings in the UI base period. The base period is the first four of the last five completed calendar quarters. We assume steady prior work without any quarterly variation in earnings. The right four columns in Table 1A.1 show UI benefit computations for an unemployed adult with two young children in Michigan for four increasing hourly wage rates. For earnings rates of \$7.25, \$9.25, \$13.00, and \$16.55, the WBA amounts would be \$165, \$208, \$287, and \$362, respectively. The last example is the maximum WBA paid in Michigan. The UI benefit formulas in the five other states studied in

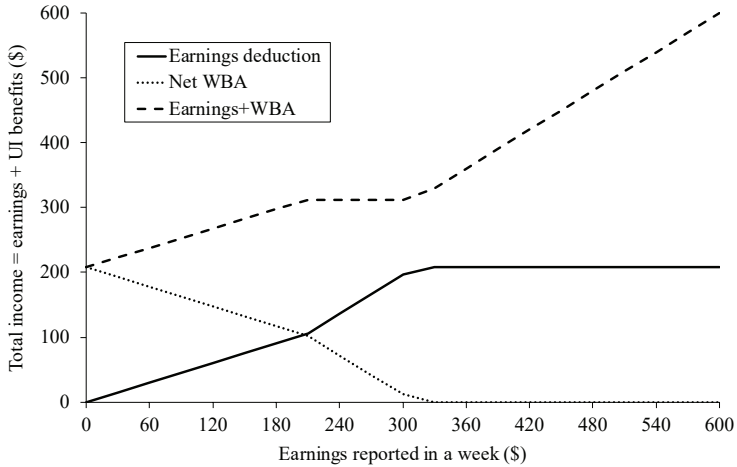
this book are similar to Michigan's in that they all are based on earnings in the one or two highest-earnings quarters of the base period.

EFFECT OF REPORTED EARNINGS ON WEEKLY UI BENEFITS

All states allow at least some earnings during weeks for which UI benefits are paid. When less than the full WBA is paid, it is usually called *partial UI benefits*. For some benefits to be paid, all states require earnings to be less than the full UI weekly benefit amount. Most states, including five of the six studied in this book, have UI benefit rules that disregard some reported weekly earnings and reduce weekly benefits dollar for dollar above a set threshold of reported earnings. Michigan does not have an earnings disregard and instead reduces weekly UI benefits by 50 cents for every dollar of earnings reported on the continued claim form up to the WBA amount. After that point, weekly UI benefits are reduced dollar for dollar from the WBA until the benefit is zero—that is, when earnings reach 1.5 times the WBA. Therefore, the effective marginal tax rate on earnings for UI beneficiaries in Michigan is initially 50 percent, and then 100 percent, until it falls to zero when the beneficiary works his or her way off UI. Figure 1A.3 depicts the levels of weekly UI and total income for increasing levels of additional reported earnings for an unemployed Michigan adult who normally earns \$9.25 hourly and has a WBA of \$208. Usual weekly earnings for this person are \$370. The 50 percent effective marginal tax rate on UI benefits continues until earnings reach the WBA (\$208). Earnings above that level reduce UI benefits dollar for dollar until weekly earnings are \$312. Above this level, the adult has worked his or her way off UI.

The algebra of partial UI weekly benefits depending on weekly labor earnings can be written as a negative income tax system with a guarantee amount, an earnings disregard, and a tax on earnings beyond the disregard. The algebra involves the following:

Figure 1A.3 Impact of Reported Earnings on the Michigan UI Weekly Benefit Amount for an Individual with a \$208 WBA



SOURCE: Authors' computations based on assumed household characteristics and existing program parameters.

E = weekly earnings

R = the weekly earnings disregard

t = the fraction of earnings deducted from benefits

Y = total weekly income

WBA = the weekly benefit amount

With partial benefits under UI, total weekly income is

$$Y = E + WBA - t \times (E - R),$$

so that income while receiving UI reaches the highest level when

$$Y^* = E^* = (WBA / t) + R.$$

For Michigan, $R = 0$, and

$$t = \{0.5 \mid E \leq WBA; 1.0 \mid WBA < E \leq 1.5 \times WBA\}.$$

So income is maximum on UI when $Y = WBA / 0.5$; after that point, weekly benefits decline dollar for dollar with increasing earnings until the beneficiary works his or her way off UI beyond $E = 1.5 \times WBA$.

For Georgia, Maryland, Florida, Missouri, and Texas, the weekly UI earnings disregards are \$50, \$50, \$58, $0.2 \times WBA$, and $0.25 \times WBA$, respectively, and $t = \{1 \mid E > R\}$, so that total weekly income while receiving UI reaches a maximum when $E = R$ and continues at the level of $Y = WBA + R$ until $E > WBA + R$.

In principle, the SNAP system works the same way: the monthly benefit is $SNAP(n)$, which depends on the number of beneficiaries in the household, n , and is reduced at rates t_i depending on the level of monthly earnings E_m . Different SNAP benefit reduction rates become effective at different levels of earnings, depending on the household size and other factors. For the three-person household in our example, the main other factors governing the SNAP amount are monthly housing cost subject to limits, child-care costs, the level of nonlabor income, and the requirement that 30 percent of net income must be spent on food. The SNAP benefit reduction rates (marginal effective tax rates) observed in our simulations are 0.24 and 0.36. These parameters guide our simulations of interaction between SNAP and UI. There is an implicit level of earnings disregard $R(n)$ for SNAP that also depends on the household size.

RECEIPT OF SNAP WHILE RECEIVING UI

To link UI to SNAP, we compute monthly UI as 4.3 times the UI weekly benefit amount (WBA). We see in Table 1A.1 that hourly earnings at the federal minimum wage of \$7.25 would result in Michigan UI benefits of \$711 per month, which would be low enough to yield the maximum SNAP benefit amount of \$504 per month for a family with one unemployed UI beneficiary adult and two young children.⁴ More accurately, at the Michigan minimum wage of \$9.25, the monthly UI amount would be \$893. If fully unemployed, our hypo-

thetical household in Michigan could receive a monthly SNAP benefit of \$465 along with the \$893 in UI. As shown in Table 1A.1, the \$13.00-per-hour job would yield a UI WBA of \$287 and a SNAP monthly benefit amount of \$331 when the person becomes unemployed. Working 40 hours weekly at \$16.55 is the minimum needed to qualify for the maximum UI WBA of \$362 in Michigan. Unemployment with a \$362 WBA would yield a monthly SNAP benefit for this household of \$186 without any other earnings.

EFFECTS OF ADDITIONAL LABOR EARNINGS WHILE RECEIVING SNAP AND UI

Table 1A.2 shows the interaction of SNAP and UI as labor earnings increase for our hypothetical household. This household has two young children and one adult who normally works full-time at the Michigan minimum wage of \$9.25 per hour. The first column in the table shows monthly earnings increasing in \$100 increments. Columns 2 and 3 apply to a household with an unemployed adult without UI, and the remaining columns assume Michigan UI benefit eligibility and receipt. Column 4 shows how monthly UI benefits would change with increases in monthly earnings. Column 5 shows the effective marginal tax on labor earnings through UI benefit reductions, column 6 shows changes in monthly SNAP benefits, column 7 shows the effective marginal tax on labor earnings due to SNAP benefit reductions, column 8 shows the total effective marginal tax on labor earnings through reductions in both UI and SNAP benefits, and column 9 shows the total income from earnings, SNAP, and UI.

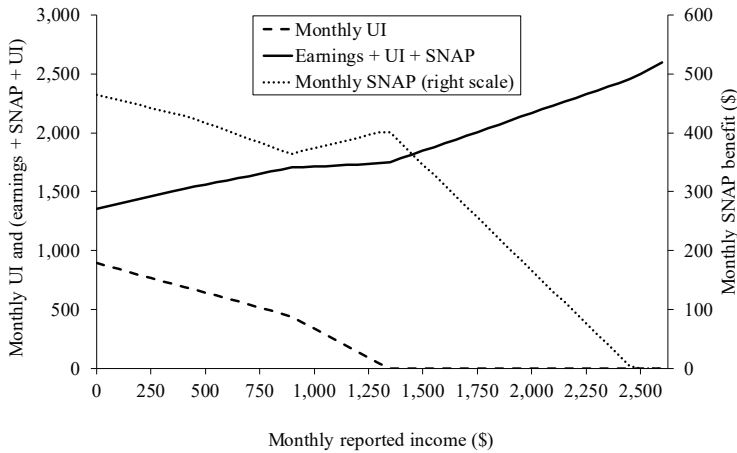
The first UI tax rate is 0.5, and it rises to 1.0 when labor earnings reach the monthly UI benefit amount. The first SNAP tax rate is 0.09. This rate results because added labor earnings reduce SNAP by 24 percent after the 20 percent labor earnings deduction and 30 percent obligation for spending on food. However, effective earnings go up only by half since UI goes down by 50 percent, and there is a reduc-

tion in nonlabor income from UI that is replaced by labor income. The labor income is given an earnings reduction; the UI benefit is less, and that is not given the earnings reduction. Figures in the second row of Table 1A.2 show that when labor income increases by \$100, UI benefits fall by \$50 and SNAP falls by \$9, so the total effective marginal tax rate is 59 percent, and the net gain to the household from a \$100 increase in labor earnings is \$41.

Continuing the UI and SNAP example in Table 1A.2, the effective marginal tax rate on labor earnings through SNAP rises to 0.135 when the shelter-cost deduction begins to erode after labor earnings exceed \$652. Interestingly, the effective marginal tax rate on labor income through SNAP becomes -9 percent when labor earnings reach the monthly UI benefit amount and the Michigan UI benefit reduction rate is dollar for dollar. In this range of 100 percent UI benefit reduction, nonlabor income is effectively exchanged for labor income, which has a more favorable treatment in terms of SNAP, but the combined benefit reduction rate is 91 percent instead of 100 percent because SNAP payments actually increase. This pattern is displayed in Figure 1A.4, which shows the monthly SNAP payments plotted on the right-hand y axis, while monthly UI and total household income are plotted on the left-hand y axis. Michigan UI benefits end when labor earnings reach 1.5 times UI benefits, so all household income above this level represents labor earnings. After UI ends and earnings continue to increase, the SNAP benefit reduction rate rises to 36 percent as the shelter deduction is eroded. SNAP benefits end when labor earnings rise above \$2,463 per month. For earnings above this level, total income is equal to earnings. Again, this scenario ignores the federal and state income tax systems, payroll taxes for social insurance, and the Earned Income Tax Credit. The pattern of Michigan effective marginal tax rates on labor earnings for this hypothetical household is given in Figure 1A.5.

The five other states studied in this book have earnings disregards only for UI, followed by 100 percent benefit reduction rates for earnings above the disregard level. The disregards in Georgia and

Figure 1A.4 Monthly UI and SNAP Benefits for an Unemployed Michigan Minimum-Wage Worker with Two Young Children as Earnings Increase

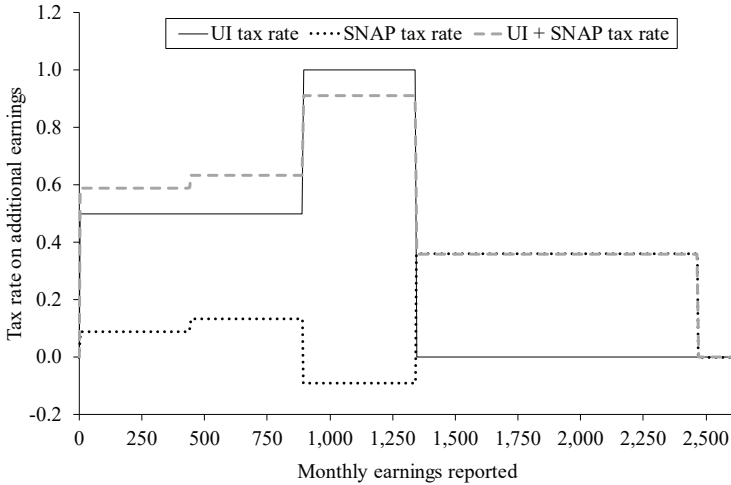


SOURCE: Authors' computations based on assumed household characteristics and existing program parameters.

Maryland are \$50, in Florida \$58 (the federal minimum hourly wage times eight), in Missouri 20 percent of the WBA, and in Texas 25 percent of the WBA. The pattern of marginal benefit taxation in these states depends on whether the beneficiary is normally a relatively high earner or a low earner.

Texas provides a good graphical example for these five states. Since Texas has the biggest UI earnings disregard ($0.25 \times \text{WBA}$), it's possible to see the pattern of marginal tax rates graphically. In Texas, the federal minimum wage of \$7.25 is the effective rate, and someone who normally works 40 hours per week at that wage would qualify for a UI WBA of \$151. For a single adult with two young dependent children and the usual expenses listed in Box 1A.1, when out of work, that person's monthly SNAP payment would be \$504 and the monthly UI would be \$648. Figure 1A.6 shows the marginal tax rates for this Texan when earnings increase from zero. At \$162 ($0.25 \times \648), the

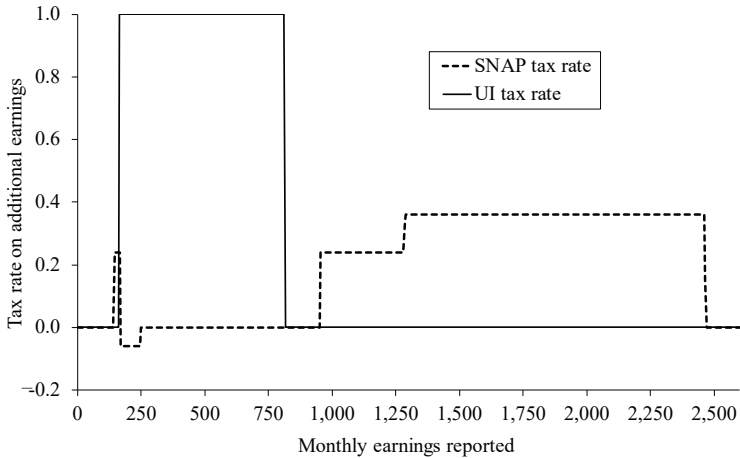
Figure 1A.5 SNAP and UI Tax Rates with Respect to Earnings for a Michigan Minimum-Wage Worker (\$9.25 hourly) with \$465 Monthly SNAP and \$893 Monthly UI Benefits



SOURCE: Authors' computations based on assumed household characteristics and existing program parameters.

tax on UI rises to 100 percent. As earnings increase, UI is reduced dollar for dollar until earnings reach \$810 (1.25×648) monthly, at which point UI ends. Interestingly, before labor earnings reach the UI disregard of \$162, the effective marginal tax rate on labor earnings rises to 24 percent through a SNAP benefit reduction. The SNAP reduction starts when UI is \$648 and labor earnings are about \$144. When labor earnings rise to \$162 or slightly higher, the effective marginal tax rate drops to -6 percent as UI is reduced dollar for dollar in labor earnings, and SNAP benefits rise because UI (which is nonlabor income) is exchanged for labor earnings. As labor earnings continue to increase, monthly SNAP recovers to the full \$504 entitled benefit until labor earnings reach \$952. Above that level, SNAP declines by 24 cents for each additional dollar earned. Then, starting at earnings of \$1,340, SNAP declines by 36 cents per dollar earned until SNAP

Figure 1A.6 SNAP and UI Tax Rates with Respect to Earnings for a Texas Minimum-Wage Worker (\$7.25 hour) with a \$648 Monthly UI Benefit Amount and a \$504 Monthly SNAP Benefit

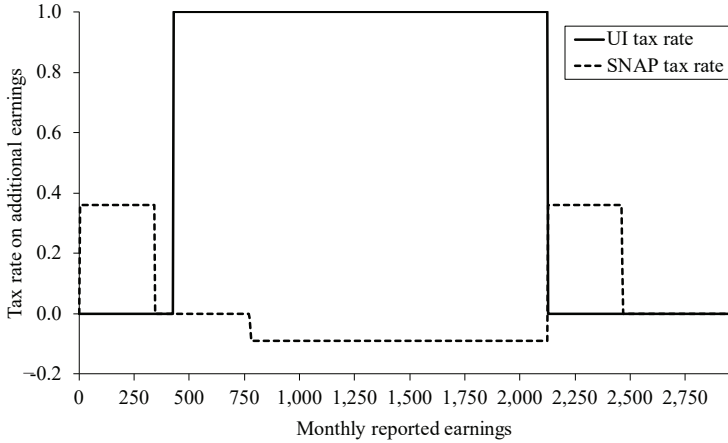


SOURCE: Authors' computations based on assumed household characteristics and existing program parameters.

ends at earnings of \$2,463. The changes in SNAP tax rates occur at the same earnings levels as the Michigan example, because for this particular low-income household, the reductions both follow the example given in Box 1A.1.

Contrast the minimum-wage Texas earner to an adult earning \$19.15 hourly. That hourly rate is sufficient to yield a 2018 UI WBA in Texas of \$395. If the household consists of this adult with two dependent children and the usual expenses assumed above, a totally unemployed adult would receive \$122 in monthly SNAP payments, along with \$1,700 in monthly UI.⁵ The pattern of SNAP and UI marginal tax rates is illustrated in Figure 1A.7. Starting from unemployment, any earnings would reduce SNAP by 36 cents for each dollar earned, and SNAP benefits would stop when labor earnings reached \$339 (SNAP/0.36). As labor earnings continue to increase, UI bene-

Figure 1A.7 SNAP and UI Tax Rates with Respect to Earnings for a Texas Wage Earner with a \$395 Weekly Benefit Amount (\$1,700 monthly) and a \$122 Monthly SNAP Benefit

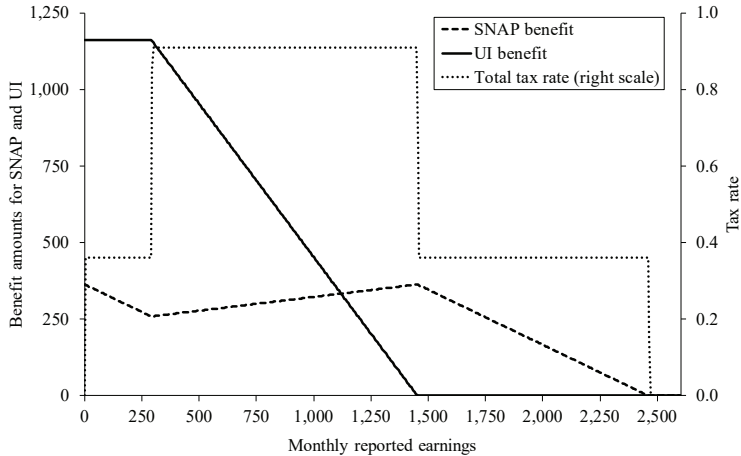


SOURCE: Authors' computations based on assumed household characteristics and existing program parameters.

fits begin to fall, dollar for dollar, after \$425 in earnings. Interestingly, as labor income rises and replaces nonlabor UI, the 20 percent SNAP earnings deduction comes into play again when earnings top \$780. From that level up to labor earnings of \$2,125 (or $1.25 \times \$1,700$), SNAP continues to rise, reaching the original entitlement of \$122. For earnings beyond that level, SNAP starts declining at a rate of 36 percent of additional labor earnings, and it reaches zero at earnings of \$2,463.

For an unemployed Texan with two young dependents and a usual full-time job at \$13 per hour, when working off SNAP and UI from full unemployment, the patterns of income, benefits, and tax rates are depicted in Figure 1A.8. In this middle case, the SNAP and UI reductions happen in the same range of increasing earnings, and in this case SNAP receipt also can continue beyond the earnings range when UI benefits end. The three figures for Texas summarize the gen-

Figure 1A.8 SNAP and UI Benefit Amounts and Tax Rates for Earnings by a Texas Wage Earner (\$13.00 hourly) with a \$363 Monthly SNAP Benefit and a \$270 UI WBA



SOURCE: Authors' computations based on assumed household characteristics and existing program parameters.

eral pattern of interaction for SNAP and UI in the five study states other than Michigan.

Appendix Notes

I thank Ken Kline for excellent research assistance. For constructive comments that improved accuracy and exposition of this appendix I thank Steve Wandner, Colin Gray, Michael Wiseman, Pauline Leung, Peter Mueser, and David Stevens.

1. There are two types of shelter deductions: The capped shelter deduction is capped at \$535 per month for households that do not include an elder, disabled adult, or disabled child, regardless of how high the shelter costs are. The uncapped shelter deduction applies if the household includes at least one person who is elderly (aged 60+) or is disabled; there is no limit or cap on the shelter costs that exceed 50 percent of net income.
2. The example further assumes that no one in the household is either over age 60 or disabled.

3. This comes from <https://www.cbpp.org/research/food-assistance/a-quick-guide-to-snap-eligibility-and-benefits> (Center on Budget and Policy Priorities 2018). Countable income = $0.8 \times$ gross income – standard deduction (persons) – child care (kids); net income = countable income – (shelter price – $0.5 \times$ countable income); SNAP = SNAP (number of persons) – ($0.3 \times$ net income).
4. We leave the child-care expense in the SNAP computation to simplify comparisons, and because both UI and SNAP continuing eligibility require active search for work or employability development for most beneficiaries.
5. A WBA of \$395 would yield an annualized income rate of \$20,540. The poverty threshold for a family of three is \$20,780 for 2018, and 130 percent is \$27,014. So even a \$395 WBA would not disqualify an unemployed adult with two young children from getting SNAP payments.

Appendix Reference

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Chapter 2

The Unemployment Insurance Program and Its Relationship to the Supplemental Nutrition Assistance Program

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The Unemployment Insurance (UI) program’s parameters and the policy (set by both the federal and state governments) have a large impact on whether and when unemployed workers collect Supplemental Nutrition Assistance Program (SNAP) benefits, administered by the U.S. Department of Agriculture. If UI beneficiaries receive adequate UI benefits up until the time they find new employment, they may not need to apply for SNAP. During the Great Recession, however, UI benefits did not last long enough for many beneficiaries to find jobs. The SNAP program experienced a large increase in participants during the Great Recession, and UI beneficiaries were a significant portion of the increase. The SNAP program is particularly affected by the percentage of the unemployed who receive UI, the amount of UI benefits they receive each week, and the duration of UI benefits. The effect of the UI program on SNAP enrollment, however, varies between states because of differences in state UI laws and administration and because of the design of federal UI extension programs during periods of high unemployment.

In addition, the public workforce system provides reemployment services to UI recipients. These services can help UI recipients return

to work before they exhaust entitlement to all UI benefits. Research has shown that more intensive, in-person services make it more likely that UI beneficiaries will return to work before they exhaust their entitlement to UI benefits, making it less likely that they will need SNAP benefits. This chapter examines aspects of the UI program that affect the SNAP program and how the UI program during the study period changed because of public-policy decision making.

The UI program is generally the first public workforce program to serve unemployed workers, and this was certainly true in the Great Recession. Unemployment increased dramatically in 2008, especially for dislocated workers who qualified for UI benefits. Workers usually applied for benefits by telephone or by computer. Nonetheless, in most states, workers applying for UI must register with the Employment Service for referral to jobs or receipt of reemployment services, and they may be asked to report to local workforce offices to have their UI eligibility reviewed or to receive reemployment services.

The UI system pays partial, temporary benefits to unemployed workers who are unemployed through no fault of their own. These workers also must have recent and substantial experience in the labor market, through which they earned wages or salaries. Employers pay taxes into state accounts in the Unemployment Trust Fund in the U.S. Treasury so that balances are available to make future UI benefit payments. The financing system is designed to build up funds during good times so that these funds are available to make payments during future periods of high unemployment. If state accounts become insolvent, the states can borrow from the federal government. Thus, benefits are available to individual workers, and the UI system is designed to be part of the countercyclical fiscal system that leans against the forces of recession.

UI benefits are large compared to SNAP benefits. UI benefit formulas in most states are designed to replace approximately 50 percent of lost weekly wages up to a maximum benefit amount set by each state. UI benefits are paid to individuals based on their past earnings rather than to families based on need. As a result, the relative value

of UI benefits is much greater for a single SNAP recipient than for a larger family.

Table 2.1 shows that in 2009, the monthly value of SNAP benefits was only 15 to 20 percent of the average monthly UI benefit for a one-person family, while the value rose to between 45 and 65 percent for a family of four. It is worth noting that SNAP is relatively less valuable in Maryland and Michigan, states where UI provides for additional dependent allowances. Since SNAP is an antipoverty program, the lower rows of Table 2.1 contrast household SNAP benefits to state minimum UI benefit amounts paid to some UI beneficiaries involved with SNAP. The SNAP benefits are much higher relative to minimum UI benefit amounts, particularly in Missouri, Florida, and Georgia, where UI minimums are very low and no dependent allowances are paid. SNAP is relatively less valuable than minimum UI payments in Michigan because of a relatively high minimum weekly benefit amount (WBA) and a six-dollar-per-dependent additional UI payment per week. Only a small fraction of UI beneficiaries receive the minimum WBA, but joint UI and SNAP receipt is more likely for those at the minimum WBA because of their low recent earnings.

To further contrast UI and SNAP benefit levels, we use program administrative data from Michigan. Table 2.2 shows the average WBAs of UI beneficiaries who applied in Michigan between January and August of 2009.¹ A total of 427,266 applicants started new Michigan UI benefit years in this period. The minimum Michigan UI WBA in 2009 was \$117, but the average WBA among all beneficiaries in this period was \$316, while the state maximum was \$362. The average UI WBA for those who also received SNAP in the 36-month period from 12 months before UI application until 24 months after was \$284, compared to \$329 for those who did not receive SNAP in that period.

The average WBA for the UI-only group is not much higher than the average WBA for the group that also received SNAP, because the maximum WBA in Michigan is relatively low at \$362. In this total sample of UI beneficiaries who applied between January and August

Table 2.1 Value of SNAP Relative to Average and Minimum UI, by Family Size, 2009

	Florida	Georgia	Maryland	Michigan	Missouri	Texas
UI AWBA (\$)	238	282	311	304	256	321
UI AMBA (\$)	1,022	1,213	1,373	1,307	1,103	1,380
SNAP, 1 person—\$200	0.196	0.165	0.146	0.153	0.181	0.145
SNAP, 2 people—\$367	0.359	0.303	0.261	0.275	0.333	0.266
SNAP, 3 people—\$526	0.515	0.434	0.365	0.387	0.477	0.381
SNAP, 4 people—\$668	0.654	0.551	0.453	0.483	0.606	0.484
UI min. WBA (\$)	32	44	25	117	30	58
UI monthly min. WBA (\$)	138	189	107	503	129	249
SNAP, 1 person—\$200	1.449	1.058	1.869	0.398	1.550	0.803
SNAP, 2 people—\$367	2.659	1.942	2.595	0.694	2.845	1.474
SNAP, 3 people—\$526	3.812	2.783	2.992	0.948	4.078	2.112
SNAP, 4 people—\$668	4.841	3.534	3.178	1.151	5.178	2.683

NOTE: “AWBA” is the average weekly benefit amount, and “AMBA” is the average monthly benefit amount ($AWBA \times 4.3$). Weekly additional UI allowances of \$8 and \$6 per dependent in Maryland and Michigan, respectively, are figured into the ratios. The monthly SNAP allotments are the maximum amounts by family size, including the 2009 increase provided for by the American Recovery and Reinvestment Act. These maximum SNAP amounts were available to households throughout the United States from April 1, 2009, through September 30, 2009.

SOURCE: USDOL (2010); USDA (2019); authors’ computations.

Table 2.2 Comparison of Average UI Weekly Benefit Amounts (WBA) among Michigan UI Beneficiaries Involved with SNAP and All Other UI Beneficiaries, January–August 2009

Time period relative to UI application	Both UI & SNAP receipt		Only UI receipt		UI WBA ratio
	Number of persons	Average UI WBA (\$)	Number of persons	Average UI WBA (\$)	Both UI & SNAP/only UI
12 months prior	59,872	270	367,394	324	0.833
Month of UI application	43,753	270	383,513	321	0.842
12 months after UI	94,593	282	332,673	326	0.866
24 months after UI	118,036	285	309,230	328	0.867
Anytime in 36 months	125,419	284	301,847	329	0.863

SOURCE: Author’s computation from Michigan program administrative data.

2009, fully 60 percent were at the maximum WBA, including 68 percent of those who did not receive SNAP and 40 percent of those who did. This is an impressive indicator of joint program use: 40 percent of UI beneficiaries who applied in the first nine months of 2009 and received SNAP within 36 months of their UI application qualified for the Michigan maximum UI WBA.

The average WBA of \$284 for UI beneficiaries who also received SNAP during the 36-month period around their UI application implies an average level of base period earnings at \$27,707. This average income level was below the SNAP-qualifying level (\$28,665) for a family of four in 2009 (HHS 2009). As a result, unemployed Michigan workers who qualified for a UI WBA much greater than double the state minimum WBA of \$117 would often still qualify for SNAP if they were the only earner in a four-person household. Those who received SNAP before or in the same month as UI application had somewhat lower average WBAs (\$270) than those who received SNAP within one (\$282) or two (\$285) years after application. In terms of understanding the relative importance of SNAP and UI to the household, the Michigan data suggest that contrasting SNAP with the UI average weekly benefit amount is a reasonable approach. This rule of thumb seems appropriate for the group of six states studied. However, it might be misleading in other states paying higher UI benefit amounts, where the average WBA of SNAP-involved UI beneficiaries is significantly lower than that for those not involved in SNAP.

Regular UI benefits generally have been paid for up to 26 weeks so that the program operates as an automatic stabilizer for the U.S. economy. When there is a downturn in the economy, the amount of benefits paid out increases automatically because the UI program is a budgetary entitlement and is not subject to budget appropriations at either the state or federal level. As the U.S. economy moved into the Great Recession, unemployment rates—as measured both by the Bureau of Labor Statistics' Current Population Survey (CPS) and by UI program enumerations—more than doubled in the period between

the cyclical unemployment low in 2007 and the cyclical unemployment highs in 2009 and 2010.

State UI agencies responded quickly to the Great Recession, succeeding in determining program eligibility and making payments to a greatly increased flow of UI claimants. The regular UI program served nearly double the number of unemployed workers receiving first payments in 2009 compared to 2006. Because of longer durations of insured unemployment, the total amount of regular UI benefits paid out increased by 250 percent during this same interval.

However, the severity of the Great Recession is not measured only by the increase in the number of workers falling into unemployment; it is also measured by how long workers remained unemployed. There was media attention on the enormous increase in the number of long-term unemployed—measured in the CPS as workers unemployed for more than 26 weeks. This measure of long-term unemployment corresponds to those insured workers who would have exhausted their entitlement to regular UI benefits. The great increase in durations of unemployment resulted in unprecedented numbers of UI beneficiaries who exhausted their entitlement to regular UI benefits; their numbers rose from 2.6 million in 2007 to 7.0 million in 2010 (Table 2.3).

The basic 26-week regular UI program is considered to be adequate during periods of low unemployment. Starting in the 1950s, however, Congress found regular UI to be inadequate when unemployment rises and more workers exhaust their entitlement to all of their potential weeks of UI benefits. Congress reacted in 1958 and 1961 by enacting temporary extended benefit programs to take care of a temporary need for additional UI benefits during a recession. In 1970, Congress enacted a Permanent Extended Benefit (EB) program designed to eliminate the need for temporary extensions. In fact, the Permanent EB program recently became a second-level (or second-tier) program, and Congress has enacted additional temporary third-tier programs in response to recessions in 1971, 1974, 1982, 1991,

Table 2.3 Unemployment Insurance First Payments, Exhaustions, and Expenditures, Fiscal Years 2007–2016

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Unemployment rates (%)										
CPS civilian	4.6	5.3	8.6	9.8	9.2	8.2	7.7	6.5	5.4	4.9
Insured	1.9	2.2	4.1	3.7	3.0	2.7	2.4	2.1	1.7	1.6
Program activity (millions)										
First payments	7.5	8.8	14.4	11.3	9.7	8.7	8.1	7.2	6.6	6.3
Exhaustions of regular benefits	2.6	3.1	6.4	7.0	5.1	4.4	3.8	3.2	2.6	2.4
Benefit payments (\$ billions)										
Regular benefits	31.61	38.14	75.34	63.04	48.52	44.26	39.64	35.88	31.72	31.42
Extended benefits (EB)	0.01	0.02	4.12	8.00	11.92	4.94	0.11	0.00	-0.03	0.04
EUC08	0.00	3.55	32.66	72.09	52.66	39.58	25.43	4.84	-0.23	0.01
Federal additional	0.00	0.00	6.48	11.71	1.92	0.00	0.00	0.00	0.00	0.00
UCFE-UCX/trade	0.93	1.36	1.09	1.52	1.78	1.65	1.32	1.19	1.01	0.76
Total benefit payments (\$ billions)	32.55	43.05	119.69	156.37	116.80	90.43	66.50	41.91	32.46	32.24
State tax collections (\$ billions)	34.90	32.22	31.14	38.28	49.27	59.38	48.95	46.89	42.18	41.46

NOTE: EUC08 is the Emergency Unemployment Compensation program that was first enacted in June 2008. It is called EUC08 to distinguish it from previous temporary emergency programs with the same name. UCFE and UCX are unemployment compensation for federal employees and for ex-service members, respectively.

SOURCE: USDOL (2015c). The sum of individual UI programs may not add up to the total for all programs because of rounding.

2002, and 2008. The temporary recessionary extensions beginning in 1971 resulted in much longer potential duration of benefits, but until 2009 the total potential duration of regular UI, EB, temporary, and emergency extensions was never greater than 72 weeks, and frequently was not greater than 52 weeks (Isaacs and Whittaker 2011; Whittaker and Isaacs 2013).

In 2008, Congress reacted to the enormous increase in long-term unemployment as it normally does in a recession: it created a temporary third-tier UI program—the Emergency Unemployment Compensation program (EUC08). It also took a further unprecedented step—it liberalized the Permanent Extended Benefit program by extending access to the program and the duration of benefits. Congress also transferred EB funding from the Unemployment Trust Fund to general revenue, fully relieving state UI trust fund accounts of any fiscal responsibility for the program.

Just as the Great Recession was unprecedented in its severity, the extension durations also were unprecedented. During the Great Recession, the combination of the three UI programs yielded a maximum potential duration of benefits that reached 99 weeks between November 2009 and September 2012. The EUC program ended in all states on January 1, 2014.

Although state UI accounts in the Unemployment Trust Fund are supposed to build up during nonrecessionary periods so that they can fund state regular UI benefits during recessions, during the 2000s states were frequently unwilling to let their UI tax rates rise, so between 2005 and 2007 state UI tax collections barely exceeded the regular UI benefit payments. As a result, fund balances were not building up for the next recession. When the Great Recession began, regular UI benefit payments exploded, reaching \$75 billion in Fiscal Year (FY) 2009, while state UI tax collections responded slowly. In FY 2011, regular UI benefits payments were two-and-a-half times the amount of state collections.

As a result, between July 2008 and June 2011, 36 states borrowed money from the U.S. Treasury. The Unemployment Trust Fund's pos-

itive net reserves, which had been \$40 billion at the end of June 2008, dropped to $-\$25$ billion by the end of June 2011, as 29 states plus the Virgin Islands were still in debt to the U.S. Treasury. The problem was particularly acute for seven states that each owed more than \$2 billion, including California, which owed more than \$10 billion (Vroman 2011). On March 18, 2015—almost six years after the end of the recession—10 states still owed a total of \$14.4 billion, but California accounted for more than half of that amount, at \$9.0 billion (USDOL 2018).

The slow recovery of Unemployment Trust Fund account balances calls into question the future financial health of the UI program. State workforce agencies must pay off their debts and build up their account balances through a combination of tax increases and benefit reductions. This effort takes several years to accomplish and will be successful only if the United States does not experience another recession in the near future.

The American Recovery and Reinvestment Act of 2009 (ARRA) included a variety of UI provisions that were designed to ease the problems of both unemployed persons and the financially strapped state UI programs. ARRA provisions went beyond merely extending the EUC08 program through December 26, 2009: the ARRA also funded a temporary increase of \$25 in the weekly UI benefit amounts, called Federal Additional Compensation. This was available to all unemployed workers participating in all UI programs, at a cost of \$20.1 billion, for the period 2009–2011. Permanent Extended Benefits became 100 percent federally funded, and states could temporarily ease EB eligibility requirements to expand the number of unemployed workers eligible for the benefits. These EB provisions cost the federal government \$24.0 billion between 2009 and 2011. The taxation of UI benefits also was partially suspended. State UI agencies were given relief from the repayment and accrual of interest on their outstanding federal loans. Furthermore, state UI agencies received \$500 million in additional UI administrative funds to respond to increased workloads. Finally, the UI modernization provi-

sions, which changed and modernized state UI eligibility provisions, were enacted as part of ARRA (Shelton, Romig, and Whittaker 2009).

REGULAR UI PROGRAM

Eligibility for UI

Each state determines its own UI eligibility conditions, but the process of making a determination is similar among the states. To be eligible for UI, an unemployed worker must meet both monetary and nonmonetary requirements. The nonmonetary requirements relate both to the reasons for job separation and to job search. Workers must have become unemployed through no fault of their own—generally, being laid off because there is insufficient work for them. Once they are initially eligible for UI, in order for them to continue to receive benefits they must be able, available, and actively seeking work, and they cannot refuse suitable work.

Unemployed workers also must have sufficient recent work attachment, which is measured by examining earnings in a UI base period—generally the first four of the last five completed calendar quarters. Many states also provide for a more recent alternative base period, which workers with insufficient wages in the regular base period can use to qualify. In 2017, all of the study states had an alternative base period of the last four completed quarters except for Florida and Texas. The minimum wages needed to qualify for benefits are shown in Table 2.4, with Georgia having the lowest amount and Michigan having the highest.

UI claimants who have sufficient wages in their base period receive a monetary determination of the weekly benefit amount they will receive and the maximum number of weeks for which they can draw benefits, yielding a maximum potential amount of benefits during the benefit year they establish. The generosity of benefits varies greatly across the country. Among the study states, Michigan and

Table 2.4 State Eligibility Conditions for Participating States, 2017

State	Minimum wages needed to qualify in base period (\$)	Maximum weekly benefit amount (\$)	Maximum potential benefits (\$)	Minimum potential duration, in weeks	Maximum potential duration, in weeks
Florida	3,400	275	6,325	9	12–23
Georgia	1,760	330	6,600	6	14–20
Maryland	1,800	430	11,180	26	26
Michigan	5,180	362	7,240	14	20
Missouri	2,250	320	6,400	8	20
Texas	2,442	493	12,818	10	26

SOURCE: USDOL (2014).

Florida required the greatest amount of wages to qualify for benefits, while Georgia required the least. Texas had a maximum weekly benefit amount and maximum potential benefits that were nearly 80 percent greater than those in Florida. In addition, the potential duration of benefits in Maryland is uniform at 26 weeks for all beneficiaries. Florida and Georgia have maximum potential duration that depends on the state unemployment rate as measured by the CPS. For the five states excluding Maryland, the actual potential duration depends on base period earnings, with the minimum potential duration varying from a low of 6 weeks in Georgia to a high of 14 weeks in Michigan. Higher weekly benefit amounts and longer durations of benefits increased the likelihood that workers would find jobs before they exhausted their entitlement to UI benefits, and higher amounts and longer durations decreased the likelihood that they would apply for SNAP. Other things being equal, applications for SNAP should have been earlier and greater in Florida than in Maryland or Texas, where UI is more generous.

DURATION OF BENEFITS

Maximum Potential Duration

At the beginning of the study period, all study states had maximum durations of 26 weeks. However, between 2010 and 2012, seven states reduced their weeks of benefit duration, and four of the study states were part of this group: Florida, Georgia, Michigan, and Missouri.²

When the UI program began paying benefits in 1938, states generally set the maximum potential duration for regular UI at 15 weeks. The states felt constrained from making it longer because of concerns fostered by early actuarial studies of the program. After World War II, states gradually increased the potential duration, until by 1975 all states had maximum durations of 26 weeks or greater. For over 30 years, all states sustained a consensus that they could afford to pay at least 26 weeks of regular UI benefits.

During periods of high unemployment, if extended benefits are available in states, the reduced potential duration of regular UI benefits in the seven states discussed above is likely to reduce the number of additional weeks of benefits available. Since the potential duration of EB benefits is 13 weeks, or 50 percent of regular duration, an individual eligible for 26 weeks of regular UI would receive 13 weeks of EB, while an individual receiving 20 weeks of regular UI benefits would receive only 10 weeks of EB benefits, resulting in a total reduction of 9 weeks. The exhaustees of the two UI programs, thus, would run out of income support more than two months earlier than individuals in states with longer regular UI benefits.

Duration and Exhaustion

With state legislation providing for different maximum durations of benefits, the average potential duration for individuals will vary in response to the statutory limits, and average actual duration will be

lower than the average potential duration. Average potential duration varies greatly, depending on the maximum potential duration (which was reduced in Florida, Georgia, and Michigan) and whether duration is variable or uniform. As a result, Maryland and Texas have the highest average potential duration, while Florida and Georgia have the lowest. Similarly, Florida and Georgia have the lowest average actual duration (Table 2.5).

UI Partial Benefits and SNAP

Particularly relevant to simultaneous SNAP-UI receipt are the rules for partial weekly UI benefits—that is, payments less than the full UI weekly benefit amount for which entitlement is figured on base period earnings. As stated in the introductory chapter of this book, weekly earnings must be reported on continued claims for UI benefits. All states permit some earnings during UI-compensable weeks. For example, Michigan makes a distinction between unemployed weeks without any earnings from work and underemployed weeks with some low level of earnings. All states compensate a week of underemployment if earnings are less than the full UI weekly benefit amount.³ Forty-five states have an initial earnings threshold, below which benefits are not reduced. Thirty-nine of these states reduce benefits dollar for dollar beyond the initial disregard, so that UI payments continue until earnings exceed the WBA plus the disregard. Six programs with an initial disregard reduce benefits for earnings beyond the disregard by a rate of less than one, so that in these programs UI payments can continue when earnings are higher than the WBA plus the disregard. Seven states have no initial earnings disregard but reduce benefits by less than 100 percent of weekly earnings. Michigan is in this latter group. A graphical representation of the way that weekly income changes for a UI beneficiary in Michigan with increasing earnings is shown in Appendix Figure 1A.1, following Chapter 1. As discussed in Chapter 1, among the six states studied in this book, Florida, Georgia, Maryland, Missouri, and Texas have

Table 2.5 UI Wage Replacement and Benefit Duration Measures, 2016

	AWBA/ AWW	Average potential duration (weeks)	Average actual duration (weeks)	Exhaustion rate	Reciency rate % (rank)
United States	0.337	23.0	15.5	36.9	31
Florida	0.270	12.1	9.8	50.0	12 (50)
Georgia	0.288	13.6	8.5	36.1	15 (47)
Maryland	0.312	26.0	19.1	35.7	35 (19)
Michigan	0.315	19.8	12.3	33.4	31 (28)
Missouri	0.288	16.1	12.0	39.5	24 (33)
Texas	0.383	22.3	16.7	46.7	33 (26)

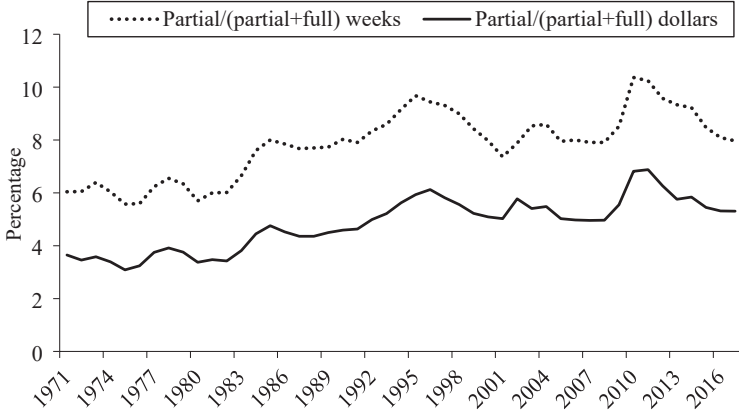
NOTE: Data are for both taxable and reimbursable employers. “AWBA” = average weekly benefit amount; “AWW” = average weekly rate.

SOURCE: USDOL (2016). The total unemployment rate to determine the reciprocity rate is from USDOL (2017b). All data are for 2016.

initial UI disregards, with 100 percent effective marginal tax rates on benefits thereafter.

In 2017, 8 percent of all weekly UI payments were less than the full WBA, and about 5 percent of UI compensation that was paid involved a reduced benefit due to reported weekly earnings (Figure 2.1). These rates of partial UI are less than the peaks of 10 percent of total weeks and 7 percent of dollars of UI in 2011 during the Great Recession. However, the current rates are higher than the 6 percent of weeks and 4 percent of dollars seen in 1971, reflecting a secular increase in the rate of reported earnings during UI benefit receipt. Nonetheless, the rate of earnings during UI receipt is probably higher than shown in these figures. A large field experiment in Washington suggests that UI beneficiaries will report a higher share of earnings on weekly UI claims when partial benefit rules are relaxed, even if earnings do not increase (O’Leary 1997), and the UI Benefits Accuracy Measurement quality control system identifies underreported weekly earnings as the second biggest factor in explaining UI overpayments. In fact, more than 30 percent of UI overpayments in 2016 were due to underreported earnings on weekly continued claims forms (USDOL 2017a).

Figure 2.1 UI Partial Benefit Payments: Weeks Paid and Dollars Paid as Percentage of U.S. Totals, 1971–2017



SOURCE: Unpublished data from the U.S. Department of Labor, Employment and Training Administration.

Regarding the relevance of changes in weekly earnings on the interaction between SNAP and UI, in practical terms, changes in earnings immediately affect UI payments, since they must be reported on continued claims, but changes in UI or weekly earnings do not immediately affect monthly SNAP payments. SNAP monthly benefit levels are based on recent and expected income and household circumstances at the time of application, and those computations are usually only validated in most states midway through the SNAP benefit entitlement period. In the SNAP benefit computation, labor earnings are treated more favorably than nonlabor income like transfer payments, which include UI. The SNAP benefit specialist would have to expect the income from UI to be established and likely to continue for it to figure into the SNAP monthly benefit amount. However, it should be noted that applicants for food assistance from SNAP or cash assistance from Temporary Assistance for Needy Families (TANF) are expected to exhaust all available sources of income before benefits are determined. Available sources of income could include UI,

various types of Social Security benefits, and employment income. In fact, SNAP applicants are required to register for work search with the public employment service, accept any offer of suitable work, and take part in an employment and training program to which they are referred by the SNAP office (USDA 2018).

WAGE REPLACEMENT RATES

The extent to which lost wages are replaced by UI benefits is usually measured by dividing the average weekly benefit amount (AWBA) by the average weekly wage in covered employment (AWW), which is derived from the state UI wage records. Thus, the AWBA for UI recipients is compared to a different population—the AWW for all employed workers whose employment is covered by the UI program.

There has been a secular decline in wage replacement rates over time. There also are differences in replacement rates by state. Florida has the lowest replacement rate, at 27.0 percent, among the study states in 2016, while Texas has the highest at 38.3 percent.

UI RECIPIENCY RATES

The reciprocity rate is insured unemployment as a percentage of total unemployment. It is an overall measure of programmatic and economic factors that affect whether unemployed workers receive UI benefits. It encompasses both monetary and nonmonetary eligibility factors that determine whether individuals receive UI and how long they will receive UI benefits.

Nationally, reciprocity rates for the regular UI program have varied from just less than 30 percent up to 50 percent. However, reciprocity rates vary greatly by state, and the differences are closely related to the benefit eligibility conditions and generosity of the state UI pro-

gram. Among the study states, Florida and Georgia had the lowest reciprocity rates, at 12 and 15 percent, respectively, in 2016, while Maryland and Texas had the highest, at 35 and 33 percent.

BENEFIT FINANCING

Although the UI program is designed to be self-financing and countercyclical, recently many states have not been willing to build up their trust fund balances in good times to be ready to self-finance much higher benefit payments during recessions. Instead, many states have maintained relatively low trust-fund balances and had to borrow from the federal government early in a recession. While the states have mostly paid back their borrowed amounts after the Great Recession, payback has been slow, and UI trust-fund balances have remained low years after the end of the recession.

Table 2.6 shows the benefit-financing situation at the beginning of 2015. Tax rates were low in most states. Missouri had a zero minimum rate, and Georgia and Michigan had near zero minimum tax rates. While all study states have kept their minimum rates low, only Florida and Georgia also have kept their maximum tax rates low: federal law requires that the maximum rate must be no lower than 5.4 percent, and that is the rate these two states have chosen.

Table 2.6 State Tax Provisions in Study States, 2015

State	Minimum & maximum tax rates (%)	Taxable wage base (\$)	Reserve ratio	Average high-cost multiple
Florida	0.10/5.40	7,000	1.02	1.00
Georgia	0.0125/5.40	9,500	0.79	0.80
Maryland	0.30/7.50	8,500	0.96	0.80
Michigan	0.00/6.30	9,000	1.86	0.86
Missouri	0.00/9.75	13,000	0.68	0.60
Texas	0.00/6.00	9,000	0.13	0.15

SOURCE: USDOL (2015a,b).

Federal law also requires that the taxable wage base be at least \$7,000. In 2016, the UI base is 6 percent of the Social Security taxable wage base of \$118,500, even though the UI and Social Security wage bases started at the same \$3,000 level in the late 1930s. Florida maintains that low \$7,000 taxable wage base, and other study states have made only limited increases on their own. This is despite research that shows that higher taxable wage bases are related to more solvent state UI trust-fund accounts.

Measures of the adequacy of state reserves in the Unemployment Trust Fund are shown in Table 2.6. The reserve ratio is state trust reserves relative to total covered wages. The high-cost reserve multiple is a measure of current reserves to the reserve needed to fund the state program during a past year of high benefit payments. Reserves are low based on both of these measures. In the past, USDOL has advocated a reserve of 1.5. None of the study states have reserves anywhere near that level.

Interestingly, Florida's UI financial situation is as good as that of most of the other study states. This is despite its particularly low tax rates and a low tax base. Florida has been able to achieve its current benefit finance status by reducing UI benefits, as has been demonstrated by its low maximum potential duration, replacement rate, and reciprocity rate.

The potential for UI tax systems in our six states to respond to changes in benefit charges is summarized in the financing parameters listed in Table 2.6. State tax collection began increasing in FY2010 and continued to increase through FY2012. Starting in FY2011, state tax collections exceeded regular UI benefit payments, but collection declined beginning in FY2012. Thus, there was not a sustained period of building up the depleted trust fund reserves.

Five-and-a-half years after the end of the Great Recession, states were still in a weak financial situation. As of the end of 2014, states' accounts in the Unemployment Trust Fund still owed the federal government \$12.86 billion. Ten states were insolvent. Twenty-six states had estimated funding—based on a measure of highest past cost—

that would last less than one year, which is less than USDOL has determined to be sufficient to weather a future recession. Nevertheless, outstanding loans from the federal government were down substantially from \$42.18 billion at the end of 2010 (USDOL 2015c).

PERMANENT EXTENDED BENEFITS

The permanent Extended Benefits (EB) program has been in place for 35 years. It usually provides up to 13 weeks of benefits over and above the regular UI program when unemployment rates meet certain levels (that is, the EB program “triggers on” at those levels). During the Great Recession, temporary federal legislation enabled states to increase the potential duration of the EB program by seven weeks, raising the total potential duration of benefits under the program to 20 weeks for the period lasting from February 2009 to July 2012.

Normally, the costs of the EB program are split between the states and the federal government, with each entity paying 50 percent from either the state account in the Unemployment Trust Fund or the Extended Unemployment Compensation account. During much of the recession, the federal government paid for 100 percent of EB costs.

All of the study states except Maryland were eligible for 13 weeks of EB for over three years, stretching the total to between 158 and 168 weeks. Because Maryland did not enact an alternate trigger mechanism that used the CPS total unemployment rate instead of the insured unemployment rate, reaching the threshold that would trigger EB was much more difficult in Maryland, and the state qualified for only 29 weeks of EB.

States could opt to have their UI beneficiaries be eligible for an additional seven weeks of EB during the federally legislated “high unemployment period.” Maryland was the only study state that did not choose the high unemployment period option, which would have allowed Maryland beneficiaries to draw 20 weeks rather than 13 weeks of EB benefits.

Once the Emergency Unemployment Compensation 2008 (EUC08) program became effective, EB was paid after EUC, rather than after regular UI benefits. Normally the EB program is considered to be the “second tier” of benefits, paid immediately after regular UI. During and after the Great Recession, however, it became the third tier of UI, following EUC08.

EMERGENCY UNEMPLOYMENT COMPENSATION

The Emergency Unemployment Compensation 2008 program began paying benefits in July 2008; those benefits terminated on January 1, 2014.⁴ The program paid additional benefits to UI beneficiaries who exhausted all their regular UI benefits. At first, EUC provided 13 weeks of benefits, but the program expanded, and eventually there were four tiers of benefits that paid as much as 53 weeks of benefits (Table 2.7). Congress was responding to the Great Recession, as it had to almost all prior recessions, by adding temporary emergency benefits to the permanent regular UI and EB programs. The difference was that the EUC program was longer than any past temporary emergency program, in response to a recession that was more severe than any in the post–World War II period.

For the long-term unemployed, the effect of EUC was to greatly expand the number of weeks of UI receipt and to delay (or elimi-

Table 2.7 Weeks Payable under Emergency Unemployment Compensation, July 2008 through December 2013

Effective dates	Weeks payable
7/2008–11/2008	Up to 13
12/2008–10/2009	Up to 20 or 33
11/2009–9/2012	Up to 20, 34, 47, or 53
9/2012–1/2014	Up to 14, 28, 37, or 47

SOURCE: USDOL (2017c); EUC trigger-summary spreadsheet from the team leader for reporting, Tom Stengle of the Office of Unemployment Insurance, U.S. Department of Labor.

nate) the transition of UI recipients to SNAP beneficiaries. The public policy goal of EUC was, by greatly extending benefits, to give UI beneficiaries more time to search for and find work before they exhausted all entitlement to UI benefits. In response to labor market conditions, there were a number of legislative expansions, extensions, and contractions of EUC that paid benefits between June 30, 2008, and January 1, 2014 (see Table 2.8).

The key factors in when UI beneficiaries were likely to apply for SNAP during and after the Great Recession were the number of

Table 2.8 Extended Benefits Weeks Paid, July 2008 to January 1, 2014

State	Weeks of extended benefits (EB) (13 Weeks)	Weeks of high unemployment period (HUP) (20 weeks)
Florida	168	161
Georgia	165	158
Maryland	29	0
Michigan	160	145
Missouri	163	153
Texas	158	126

SOURCE: EB trigger-summary spreadsheet from the team leader for reporting, Tom Stengle, Office of Unemployment Insurance, U.S. Department of Labor.

weeks of eligibility for all UI programs and the number of “final” UI payments for workers. The UI program counts “final payments” from each UI program—regular UI, EB, and EUC. However, the final payment of interest from the perspective of potential SNAP applicants is the “final” final payment—the last payment that beneficiaries could receive from all UI programs for which they were eligible.

WEEKS OF POTENTIAL BENEFITS FROM THE REGULAR, EB, AND EUC PROGRAMS

The potential duration of all UI benefits during the study period depended on the sum of the availability of all three UI programs:

- **Regular UI benefits:** The maximum potential duration for regular benefits was 26 weeks in all states during the Great Recession, but among the study states, it declined because of state legislation for Florida, Georgia, Michigan, and Missouri in 2011 and 2012.
- **Extended Benefits:** These benefits were available only when states met the EB trigger thresholds and the maximum payable period was either 13 or 20 weeks.
- **Emergency Unemployment Compensation:** This was available from July 2008 through December 2013. The maximum potential benefits varied between 13 and 53 weeks, depending on the federal legislation in place and on the unemployment rate within individual states.

Thus, the total weeks of potential benefits can be looked at as in Box 2.1, below:

Box 2.1 Potential Weeks of Benefits, by Individual UI Program, June 2008 through December 2013 for the Study States

Extended benefits (third tier)

Up to 13 weeks of benefits for beneficiaries.

Available in all study states for between 29 and 168 weeks.

High unemployment period benefits (third tier)

Increased potential EB benefits up to 20 weeks.

Available in all study states, except Maryland, for 145 to 168 weeks.

Emergency unemployment compensation (second tier)

Available in all study states, providing up to between 13 and 53 weeks of benefits, depending on federal legislation and unemployment rate by state from July 2008 through December 2013.

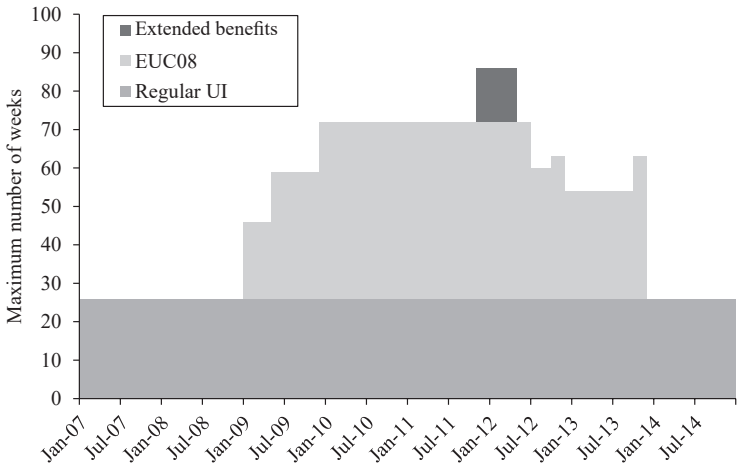
Regular UI (first tier)

Twenty-six weeks' maximum potential duration in all states, but reduced in Florida, Georgia, Michigan, and Missouri (2011–2012).

Thus, although maximum benefit entitlement varied between 2008 and 2013, the greatest amount of potential benefits a UI beneficiary could have received was 99 weeks = 26 weeks of regular UI + 20 weeks of EB + 53 weeks of EUC. Given this total potential availability of UI benefits (Regular UI, EB, and EUC), we have constructed charts for the study states. Figure 2.3 presents the results for the state of Maryland for the period from July 2008 through 2013.

Figure 2.2 shows that Maryland had maximum potential benefits of 26 weeks throughout the period. In Maryland, EUC started in January 2009 and increased from one to two to three tiers by January 2010. EUC declined after June 2012, then varied between two and three tiers until EUC ended nationally at the end of December 2013. Maryland had by far the shortest EB duration of any of the study states, with 29 weeks, during which UI beneficiaries could draw an

Figure 2.2 Maryland: Maximum Weeks of UI Available: Regular, EUC, and EB



SOURCE: EB and EUC trigger-summary spreadsheets from the team leader for reporting, Tom Stengle, of the Office of Unemployment Insurance, U.S. Department of Labor.

additional 13 weeks of benefits. Maryland did not qualify for the high unemployment period's additional seven weeks of potential EB benefits. In total, Maryland UI recipients received far less in benefits than recipients in the other study states.

“Final” Final Payment

The UI system measures final payments for regular UI, EB, and EUC, including each of the four tiers of EUC that existed between 2009 and 2013, but this study is interested in “final” final payments, which is a count of the number of last UI payments that beneficiaries received by month. These UI beneficiaries could potentially have received all of their regular UI benefits and exhausted them, gone on to receive all of their EUC benefits (including up to four tiers of benefits), and then received all of their eligibility for EB benefits, including the extra high unemployment period of an additional seven weeks of benefits.

Putting together all of these programs and then selecting the final payments from the last program for which the Maryland UI beneficiaries were eligible month by month would allow us to develop a count of those who left the UI program and had no further eligibility for UI benefits.

There are limitations, however, to any measure of individuals who received their “final” final payment, because there are cases in which these payments were not “final.” If any study state in which the individual received a last UI payment subsequently triggered onto a higher EUC tier or triggered onto EB, exhaustees might have been eligible for additional benefits. In that case, these former beneficiaries would have been contacted, asked to contact the UI program if they still were unemployed, received a benefit redetermination, and returned to the UI program.

On the other hand, when a state triggered off EB or triggered down to a lesser number of EUC tiers, beneficiaries could be immediately affected. Once the trigger change occurred, beneficiaries who

had received more than the new maximum number of weeks were immediately cut off from the program.

Despite the fact that redeterminations occurred and individuals counted as “final” final exhaustees could return to the UI program—and be counted again as an exhaustee if they used all of their new entitlement to benefits—the above measure of “final” final payments is a reasonable approximation of the outflow of beneficiaries from the UI program, who were more likely to apply for SNAP at or after the time of their exiting the UI program, when they had lost UI benefits as a form of income support.

EMPLOYMENT SERVICES

Employment and reemployment services are needed by many UI beneficiaries to help them find employment before they exhaust all of their UI benefits. As permanently displaced workers, UI beneficiaries often have been employed at one job for a long time, so they tend to be unfamiliar with how to effectively search for work. Displaced workers are also likely to suffer large wage losses when they become reemployed (Jacobson, LaLonde, and Sullivan 1993). Research has shown that comprehensive, staff-assisted reemployment services hasten their return to work. The key components of reemployment services are assessment, counseling, job matching and referral to job openings, job development, provision of labor market information, job clubs, and job search workshops. Job search workshops are effective if unemployed workers learn how to develop résumés, search for work using formal and informal search methods, and practice how to effectively participate in job interviews. Job search assistance is an employment service that trains workers, providing them with the skills to seek and obtain jobs. One review of publicly funded training found that reemployment services are the most effective form of short-term training (LaLonde 1995).

Most reemployment services are provided by the Employment Service, which routinely provides reemployment services to UI claimants. The budget for the Employment Service has remained stagnant for many years and had declined in real terms to half of what it was in the mid-1980s. In addition, Reemployment Service Grants, which supplemented the Employment Service budget, were provided in the early 2000s but then lapsed. The American Recovery and Reinvestment Act of 2009 provided \$400 million for reemployment services, of which \$250 million went to Reemployment Services Grants and Reemployment and Eligibility Assessments, while \$150 million went to the provision of other services by the Employment Service. This added funding was made available because of the great increase in the number of unemployed workers who needed assistance finding jobs during the Great Recession. As a result, many more displaced workers were served during the second half of 2009 and through 2010, by which time the funds were exhausted. Those funds have not been replaced.

GETTING READY FOR THE NEXT RECESSION

The flow of UI recipients into SNAP is likely to be limited in the immediate future, but it could increase greatly during the next recession.

Current state UI policy has an important bearing on how much UI funding will be available during the next recession. Low UI tax rates and low taxable wage bases make it less likely that states will have enough funds in their unemployment trust fund accounts to fully fund regular UI benefits or the state portion of EB. Inadequate funding would encourage states to reduce benefit payments, which can be accomplished by making it harder for potential beneficiaries to initially qualify for benefits. This can be done by holding down maximum weekly benefit levels and maximum potential durations of ben-

efits. Seven states already reduced maximum potential durations in 2011–2012, and similar pressure could lead to a repeat effort to hold down benefits, especially if states' trust fund accounts again become insolvent.

What things could be altered in the UI program that would reduce or delay the flow of UI recipients into SNAP during the next recession? Here is a list:

State Benefit Financing

- Higher taxable wage base
- More responsive tax schedule

State Benefit Payments

- Less restrictive qualifications for benefits
- Fewer disqualifications after initial benefit receipt
- Higher maximum benefits
- Maximum potential regular UI durations of 26 weeks or more
- Uniform potential duration
- Enacting or improving short-time compensation programs

Federal Policy

- Enactment of an indexed, higher UI-taxable wage base
- Enactment of standards for regular UI eligibility, duration, and benefit levels
- Prompt enactment of new EUC programs early in recessions
- EUC durations that are appropriate to the severity of the recession
- Increased funding for reemployment services grants
- Improving funding of the Employment Service

Notes

The opinions expressed herein are solely the authors' and should not be attributed to the W.E. Upjohn Institute for Employment Research or the Urban Institute.

1. Since available administrative data end in August 2011, we can examine SNAP-UI involvement two years after UI application and one year before.
2. The effective dates for the reductions in regular benefits were as follows: Florida, January 1, 2012; Georgia, July 1, 2012; Michigan, January 15, 2012; and Missouri, April 17, 2011. Maximum potential eligibility in Florida and Georgia vary with the state unemployment rate (Robert Johnston of the Office of Unemployment Insurance, telephone conversation with the author, March 30, 2015).
3. Munts (1970) and Decker (1997) describe the workings of state UI partial benefit systems. McCall (1996) estimates the effects of differing state rules on unemployment durations.
4. Emergency Unemployment Compensation 2008 paid benefits to exhaustees of regular state UI with benefit years ending on or after May 1, 2007.

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Chapter 3

The Supplemental Nutrition Assistance Program

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Transformation of the Food Stamp Program (FSP) into a near-universal system of food-oriented income support, renamed (in 2008) the Supplemental Nutrition Assistance Program (SNAP), is arguably the most significant development in American social policy during the first decade of the new millennium. Three things were the primary drivers of the change: 1) contraction of traditional welfare assistance following the 1996 transformation of Aid to Families with Dependent Children (AFDC) into Temporary Assistance for Needy Families (TANF), 2) progressive relaxation of federal eligibility requirements for food stamp receipt beginning in 2000, and 3) the demand for assistance generated by the Great Recession of 2007–2009.

A few statistics help illuminate the scale of the FSP to SNAP evolution and concomitant reconfiguration of the nation's safety net: In an average month of federal Fiscal Year (FY) 2000, the FSP served about 6 percent of the U.S. population and 12 percent of all children. The annual cost (in 2016 dollars) was \$23.2 billion, or 0.2 percent of gross domestic product (GDP). By FY 2014, five years after the nominal end of the recession, 15 percent of the population and 28 percent of children were participating in SNAP, and the annual cost had increased to over 0.4 percent of GDP. In contrast, during the same period, receipt of TANF cash benefits declined by 38 percent (despite population growth of 13 percent), and real state and federal TANF outlays for income support were down 43 percent (despite overall government outlay growth of 92 percent).¹

The use of *supplemental* in the new name for food stamps is important: the program is at least nominally intended to add to some-

thing else, not to serve alone as help of last resort. Thus, assessment and evaluation of SNAP as social assistance must include interaction with other income support programs, including unemployment insurance (UI). The evolution of SNAP and the consequences for interaction with UI are the subject of this chapter. The trajectory of SNAP development has varied across states because of differences in state administrative strategies, exercise of various options, and economic circumstances. The preceding chapter on UI and this one on SNAP set the stage, from a largely national perspective, for a more in-depth look at state projects in the remainder of the book. The chapters at the heart of the book provide detail on the interaction in the six states—Florida, Georgia, Maryland, Michigan, Missouri, and Texas—that are the focus of the underlying project.

The base camp for this expedition is SNAP as it existed at the beginning of FY2009—10 months into the recession that began nationwide in December 2007 and three months after the first emergency extension of unemployment compensation.² The first section following this introduction provides an overview of the evolution in food stamp policy up to the FY2009 reference point. The second section details the system this history produced. The third section reviews the SNAP policy response to the recession and summarizes important subsequent developments. The fourth section looks at the consequences of the interaction of recession and policy for the SNAP caseload. This section provides more detailed data on the overlap between UI and SNAP receipt, which is described briefly in Chapter 1. The fifth section concludes with a preview of issues to be addressed in the literature review in Chapter 4, the subsequent state-specific chapters, and in the book's final chapter.

BACKGROUND: THE ROAD TO 2009

A bit of history is useful for understanding the state of SNAP in the midst of the recession and the role the program was to play as the

recession unfolded. As with any social assistance program, there are myriad details. What is important to this chapter and to this book is the evolution of the nature of the FSP-SNAP benefit, the eligibility standards for its receipt, and the roles of federal, state, and local government in its delivery. These dimensions all affect the complementarity of SNAP and UI.

The First Food Stamp Program

The program that was to become SNAP originated in the 1930s with efforts to support farm prices by federal purchase of excess commodities, followed by distribution to families in need.³ The commodities distribution program, administered by the U.S. Department of Agriculture (USDA) through the Federal Surplus Commodities Corporation (FSCC), was intended to increase farmer incomes. The FSCC determined what to purchase, and states distributed the purchased goods to persons and administering institutions based on various criteria. Although dealing with agricultural surplus by distribution to the needy was widely applauded, distribution of commodities outside the established commercial food retail network proved unwieldy and unpopular, particularly among food retailers. In response, a new system was devised to support distribution through the normal retail network and implemented as a pilot program in 1939 in Rochester, New York.

Instead of commodities, participants in the new program gained the opportunity to buy vouchers for food purchases that were accepted as cash in grocery stores. The vouchers were formatted as stamps and came in two colors, orange and blue. Participants generally qualified by receiving some form of public assistance (including participation in Works Progress Administration employment), but some individuals and families not “on relief” also were certified for the benefit. Those deemed eligible were required to buy orange stamps with a total value equal to an estimate of “normal food purchases” for their household income and size—the rule of thumb was \$1 per person

per week (Coppock 1947). Orange stamps cost recipients their face value. The benefit was that each allotment of orange stamps came with free blue stamps, generally having total face value equal to half the mandatory orange-stamp purchase. The blue stamps could be used on any commodity declared to be surplus in a monthly list published by the USDA. The lists were elaborate.⁴ The ingenious stamp format provided for fractional usage (\$0.25) by stamp tear-off, and for grocer reimbursement through submission to the managing government agency of cards affixed with stamps received.

While widely lauded, the original Food Stamp Program was never specifically authorized by Congress. It existed as an administrative response to the congressional mandate for finding use for surplus commodities. Once initiated, local government participation grew steadily, so that by early 1942, just three years after the pilot program, almost half of all counties in the country were reported to have a Food Stamp Program, and 60 percent of the U.S. population resided in covered areas (Coppock 1947). However, as the program expanded, so did the surrounding controversy. Pressures developed to add products to the surplus list, inconsistencies in administration and standards developed across states, fraud and abuse reports multiplied, questions arose about the actual impact on consumption, and participation in some adopting counties fell suspiciously below previous levels of surplus commodity use—suggesting that the purchase requirement created a barrier to access not present in direct commodity distribution. The program ended in March 1943 “since the conditions that brought the program into being—unmarketable food surpluses and widespread unemployment—no longer existed” (USDA 2014b, p. 1).

Several features of the first Food Stamp Program are usefully highlighted as points of reference in considering subsequent program changes.

First, the design focus was on promoting consumption of target commodities—“moving surplus commodities with special purpose money,” in the words of one administrator (Coppock 1947). This aspect was underscored by program operation through the USDA’s

Surplus Marketing Administration (SMA) rather than as part of the new welfare-oriented Federal Security Agency (which, like the Food Stamp Program, began in 1939). The required orange-stamp purchase was determined by a prediction of consumption in the absence of the subsidy, not by an estimate of need—the object was to push consumption beyond the amount predicted. Since expected normal consumption rose with income, in some instances better-off participants received *more* blue stamps than did those with lower incomes. Thus, from the beginning, Food Stamp Program benefits have been based on a prediction of income.

Second, the orange-stamp purchase requirement meant that the program's horizon, the time period to be covered by normal outlays, was of necessity brief. One could not ask families on relief to pre-pay a year's worth of consumption. The short horizon was consistent with general relief practice for nonelderly individuals and their dependents. In principle, a short horizon also allowed rapid response to changes in people's circumstances.

Third, the actual impact of the program on consumption of target commodities and on food consumption generally was ambiguous—depending in part on the amount of the required orange-stamp purchase and in part on the range of commodities on the blue-stamp list. It was possible for families to use the blue-stamp bonus to pay for some proportion of normal consumption of the surplus commodities, and to use the money released for other purposes—in most cases effectively rendering the orange/blue distinction meaningless. This uncertainty about the effect of food stamp programs on the behavior of recipients is a continuing theme of food stamp policy discussions (Hoynes, McGranahan, and Schanzenbach 2016).

Fourth, location of the program in an agency of the USDA and the program's association—however tenuous—with farm incomes would have lasting consequences for the political viability and resilience of the program from 1939 to the present.

A fifth and final point is that the food stamp system relied on state and local government for certification of eligibility and operations

management. The Surplus Marketing Administration never had more than 1,000 employees for a program that was, by early 1942, serving almost 5.5 million people (Coppock 1947). Combined with subdivision of the SMA operation itself into four regions, the result was considerable variation at ground level in access, operational details, and management quality. While public support for food stamps as a relief effort was strong, the program placed considerable burden and temptation on state and local government. The burden was administration, including the financial operations of selling and redeeming the stamps. The temptation was curtailment of other benefits, given that recipient families received surplus commodities. Among other things, substitution of food stamps for other relief led the SMA to establish an income floor for food stamp participation to constrain such efforts. Thus, from the beginning, predicting the consequence of food stamp policy has involved two mediating behaviors: The first is the choices made by state and local governments in creating the program as it is operated on the ground. The second is the response of potential recipients to the program as presented by their state and local governments.

Food Stamps and the Great Society

The Depression-era Food Stamp Program may have ceased operation in 1943, but it was not forgotten. The structure of the original program, as well as the problems encountered in its implementation, clearly influenced the shape of subsequent proposals. Restoration efforts began in earnest in the early 1950s, in response both to the reappearance of commodity surpluses and to the recession of 1953–1954. These efforts culminated in 1959 with congressional authorization of a two-year trial of a new food stamp program to “promote the general welfare, raise the levels of health and of nourishment for persons whose incomes prevent them from enjoying adequate diets, and dispose in a beneficial manner of [surplus] food commodities.”⁵ This citation of purpose is interesting in the primacy it attached to nutrition

and its relegation of disposal of surplus commodities to third priority. Reference to “incomes” and “persons” in the authorization provided opportunity for stand-alone eligibility determination independent of relief status.

The Eisenhower administration did not pursue the opportunity for food stamp resurrection afforded by Congress. But less than two years later, on the day after his 1961 inauguration, President John F. Kennedy issued an executive order initiating pilot food stamp projects. And through a determined effort by Kennedy’s successor, President Lyndon Johnson, the resurrection effort came to fruition in the Food Stamp Act of 1964.⁶ While nominally in the lineage of the 1939–1943 experiment, the 1964 program—as part of Johnson’s “War on Poverty”—was, in important ways, quite different. Instead of orange and blue stamps, the new program used a special script issued in various “coupon” denominations. As with the orange stamps, participants were required to purchase a quantity of the coupons, but unlike in the original program, the purchase price was less than the face value of the coupons. The system thus delivered its benefit by making food cheaper. In the new program, the required coupon purchase was based not on estimates of “normal” outlays but on a minimal (“thrifty”) food budget established by the USDA that varied by family size. The price charged was determined by applicant income: higher-income households paid a larger proportion of the price of their purchase requirement; very-low-income households got the full allotment. The coupons could be used for virtually any unprepared food, not just surplus commodities.

The new law identified the FSP as a joint federal, state, and local operation, with the federal government paying a portion of administrative costs and all the benefit cost; the USDA remained at the helm of federal administration. Governments were given the option of operating either a commodities distribution program or food stamps within counties, but not both. State and local governments retained authority over eligibility requirements, “consistent with income standards used by [the] State [administering] agency in administration of its federally

aided public assistance programs” (Sec. 5[b]). “Such standards,” the law continued, “also shall place a limitation on the resources to be allowed eligible households.”⁷ The most important such “federally aided public assistance program” at the time was AFDC. Thus, while the new law extended the FSP’s benefits to families not receiving other assistance, it continued a link to eligibility standards used for AFDC. The food stamp law also followed the AFDC administrative model: states were required as a condition of participation to submit for approval by the USDA a plan for FSP operation that, among other things, set out eligibility standards in detail.

Nixon’s Other Good Deed

Implementation of the Food Stamp Act revealed many problems with the new law. President Nixon proposed various corrective actions in a message to Congress (Nixon 1969). The eventual outcome was a series of amendments passed in 1971.⁸ Among other things, the amendments gave the secretary of agriculture, “in consultation with the Secretary of HEW” (the Department of Health, Education, and Welfare, now Health and Human Services), authority to establish uniform *national* resource and income eligibility standards for FSP recipients. The amendments also added a mild work test: “able-bodied adult persons” without caregiving responsibilities and not in school or training were required to register for work at a federal or state employment office as a condition of FSP participation, and turning down a suitable job offer was made grounds for benefit exclusion. Considering FSP history and the ultimate consequences the changes would have, the structural changes signaled by the new rules were very significant. The Congressional Budget Office would later declare that “with the 1971 modifications, the Food Stamp Program became the first universal, national welfare program with national eligibility standards based on need and not particular household characteristics” (Hoagland 1977, p. 7). However, this development was largely missed by most contemporary observers because of another, more dramatic initiative, the Family Assistance Program (FAP).

The requirement that national standards for the FSP be set by the USDA in consultation with HEW reflected President Nixon's intention, expressed in his initial proposal, to ensure "that the Food Stamp Program is complementary to a revised welfare program." That "revised program" turned out to be FAP, first proposed in August 1969. Over the subsequent two-and-a-half years, FAP went through various versions and protracted and contentious debate in two Congresses. Ultimately, it failed. The core of the proposal was a simple "negative tax" transfer scheme, which provided a basic income benefit that declined as household income increased. The benefit for a family of four with no other income was \$1,600 per year. After a \$600 allowance for work expenses, the payment declined by \$0.50 for every dollar of earnings beyond the \$600. The "benefit reduction rate" was thus 0.5. The Family Assistance Program was intended to replace AFDC and possibly other means-tested benefits as well, although provision was made for states with higher AFDC benefits to supplement the FAP payment. The FAP benefit reduction rate was set lower than the benefit reduction rate applied in AFDC to reduce the work disincentives that such schemes were presumed to create.

FAP's critics focused on various features, including incentive problems in states with AFDC benefits higher than the FAP standard. A common liberal criticism was that the basic "guarantee" in the program, the size of the grant for households with no other income, was too low—just \$1,600 (\$9,891 in 2016 dollars) a year for a family of four.⁹ While the base was indeed modest, the reduction of the benefit as earned income increased was scaled so that support was extended to working families with earnings as high as \$3,800 (\$23,491 in 2016 dollars). Many of these families were ineligible for AFDC in some states because they included both parents and neither was disabled. In states that did provide aid to two-parent families, eligibility was lost if the "principal earner" was employed for more than 100 hours per month, regardless of income.

FAP's planners faced the classic problem with negative tax systems: if the benefit reduction rate was less than 100 percent (i.e., dol-

lar for dollar), an increase in the basic benefit of a dollar moved the maximum income consistent with receiving benefits—the break-even point—up by more than a dollar. This increased the number of eligible families. Thus, given the shape of the income distribution, the consequence for programs like FAP was that the effect of increasing the base benefit on costs and participation could be offset only by raising the benefit reduction rate (thus keeping the break-even the same, or even lowering it) and, in the process, presumably reducing work incentives. Compared to FAP, the food stamp reform had the politically advantageous element of stealth: it was never claimed that the program's maximum benefit would meet all basic needs. Nevertheless, because of a low benefit-reduction rate, food stamps provided support for low-income working families—and reached beyond FAP in providing benefits to households without children. Yet stamps could be promoted as aiding agriculture, without the political taint of being termed a “guaranteed income.” Thus, while between 1969 and 1971 public attention may have focused on FAP, in the background the Nixon administration and its congressional allies laid the foundation for the “universal, national welfare program” that 36 years later would become a key element in the nation's response to the Great Recession.

The Big Cash-Out Step, and Beyond

Change continued. In 1973, Congress took another step in the direction of a universal benefit by requiring that food stamps be offered in all counties across the country by the following year. Structurally, the most important additional development in the 1970s occurred when the Food Stamp Act of 1977 eliminated the purchase requirement. After final implementation in 1979 of this “cash-out,” the Food Stamp benefit was delivered in coupons calculated based on household composition and income net of deductions. If 30 percent of the household income net of deductions was less than the Thrifty Food Plan, the difference was made up in a monthly coupon allocation.

The cash-out continued the gradual shift in FSP operation from targeting food consumption to more general income support. Food coupons could now be more readily substituted for food purchases that would have been made with cash, thereby releasing cash for other purposes. As McDonald (1977) points out in his landmark book *Food, Stamps, and Income Maintenance*, the cash-out change made food stamps look even more like the negative income tax (NIT) transfer program proposed by economist Milton Friedman. The NIT concept had been tested experimentally in various locations and was incorporated into the FAP proposal. But the differences were important. Unlike the Friedman proposal, the FSP was not a substitute for other means-tested benefits, nor was it ever integrated with the income tax code, and the horizon for eligibility assessment and benefit determination was a month, not a year.

FSP participation increased rapidly following implementation of the 1977 reforms. As has happened frequently over the life of the program, Congress responded to the increase in participation with restrictions. The Omnibus Budget Reconciliation Act of 1981 restricted FSP eligibility to households with gross income of less than 130 percent of the applicable poverty guideline,¹⁰ regardless of deductions from income allowed by other parts of program law. The following year's budget act added a second test that denied benefits to families with incomes that, after deductions, were greater than the applicable poverty guideline. Both these "gross" and "net" income restrictions served to curtail eligibility among families with earnings, since deductions principally apply to work expenses.

Once again, the moves to FSP restriction were soon followed by liberalization. The Food Security Act of 1985 facilitated access to food stamps for households receiving cash assistance from AFDC or Supplemental Security Income (SSI) by establishing "categorical" FSP eligibility. Categorical eligibility meant that these households (and later, beneficiaries of state general assistance programs) were subject only to asset and income tests used for these programs—not to the sometimes more stringent food stamp requirements, including

the gross and net income limits. Expansion of categorical eligibility would eventually become an important factor in the growth of food stamp receipt in response to the Great Recession.

A notable change began in 1988, with authorization of experimentation with electronic benefit transfer (EBT) systems for FSP benefit delivery. This EBT innovation would ultimately lead to cessation of coupon use and a reduction in the social stigma that could result from people in line observing others paying with food stamps instead of their own money. The first year of the Clinton administration (1993) saw further adjustments in income deductions for benefit calculation and an increase in allowed “fair market values” for vehicles, both of which presumably facilitated access.

Welfare Reform

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) is known for replacing the AFDC program with TANF (Haskins 2006). PRWORA also moved FSP policy in a more restrictive direction by tightening food stamp access in various ways, including elimination of assistance to most legal immigrants—a policy move that was substantially reversed by amendments in 1997 and 1998. Two features of PRWORA would prove to be particularly significant for SNAP response to the Great Recession. One was a change in eligibility requirements for able-bodied adults without dependents (ABAWDs). The other, somewhat oddly, was an alteration in the federal-state fiscal relationship for financing cash assistance.

Whereas prior law required only that unemployed ABAWDs register for work and accept suitable job offers, PRWORA placed a time limit of 3 months of FSP eligibility out of every 36 months for those not employed for 20 hours or more per week or engaged in training. States could request a waiver of this requirement for ABAWDs living in areas of high unemployment or job shortage. What counted as “high unemployment” or an insufficient number of jobs was deter-

mined by regulation; one standard subsequently adopted by the Bush administration in 2001 for statewide waivers was that the state's unemployment rate meet the criteria necessary to qualify for an additional 13 weeks of extended UI benefits (Bolen and Dean 2018). This was the first administrative connection made between the UI and SNAP systems.

The ABAWD time limit poses a serious challenge for state program agencies. Basic SNAP administration in 1996 was (and continues to be) month oriented. A person, ABAWD or not, is eligible for SNAP if income predicted for the coming month is below eligibility standards and if other requirements for current status are met. The PRWORA work requirement requires longitudinal data on recipients—it is no longer sufficient to know current status to determine eligibility; the examiner must have access to benefit history as well. Without careful programming, such data are beyond the capacity of most state food-stamp management systems. The result is considerable concern over the consequences of the rule for state error rates and, possibly, reluctance on the part of agency staff to pursue food stamp outreach to potential ABAWD recipients.

The fiscal link created by PRWORA between TANF and FSP was most likely not intended by PRWORA's authors. Understanding the link requires more detail on what PRWORA did to federal financing for state family assistance. AFDC was funded with a matching grant for state expenditures to provide cash assistance to needy families. The matching rate varied by per-capita state personal income. But for all states, at least half of all costs were covered by the federal government with an open-ended commitment because AFDC, as defined by approved state administration plans, was an entitlement: all eligible (according to the plan) families were guaranteed the benefit. In contrast, TANF is funded by a fixed block grant and a state spending requirement ("maintenance of effort," or MOE) based on nominal outlays in the years immediately prior to 1996. Compared to the former law, the new law raised the cost to states of adding families to the assistance rolls or providing more cash, and corre-

spondingly increased the savings from keeping them off the rolls or lowering benefits.

PRWORA did more than just raise the marginal cost to states of providing cash assistance. The new law expanded the uses to which federal TANF money and the required state MOE outlays could be put. Instead of being restricted generally to cash assistance, as had been the case under AFDC, TANF funds could now be used for any effort “reasonably calculated” to serve TANF’s four purposes: 1) giving aid to families with children, 2) ending reliance on public assistance, 3) reducing out-of-wedlock pregnancies, and 4) promoting “the formation and maintenance of two-parent families.” These goals can cover a lot of government services—things like child-care assistance, child protective services, even marital counseling—that do not involve cash assistance at all. Given the wording of the law, it would appear that virtually any of the activities paid for with TANF funds and reasonably calculated to serve these purposes might create categorical eligibility for food stamps. If such TANF-funded services did not include an assets test for eligibility, or included one that was more lenient, then the conveyed categorical eligibility meant that the federal assets tests for the FSP were superseded.

In response to state inquiry, the USDA issued regulations in 2000 that confirmed potential categorical FSP eligibility for recipients of noncash services funded completely or substantially with TANF funds.¹¹ In what amounted to a reversal of the trend toward federalization of FSP eligibility requirements, PRWORA was interpreted as providing a great deal of latitude for state policy in determining who could receive food stamp benefits. TANF and general relief recipients retained the “traditional” categorical eligibility established in 1985. Beyond this, states could, under the new regulations, expand categorical eligibility through certain types of targeted programs, such as TANF-funded child care or counseling. This came to be called “narrow” expanded categorical eligibility (ECE). But the new regulations also allowed states essentially to extend categorical eligibility to any low-income household by delivering to some household members a

nominal service funded by TANF that served TANF objectives. The only significant constraint was that, if the service was directed at either reducing out-of-wedlock pregnancy or promoting two-parent families, categorical eligibility required that household gross income be less than 200 percent of the applicable poverty standard, although states could adopt more restrictive standards. The upshot was that even receipt of a brochure funded by TANF could establish categorical eligibility and obviate FSP asset restrictions. States following this strategy are said to have established “broad-based categorical eligibility” (BBCE).

In response to the USDA regulation, the number of states adopting some form of ECE grew rapidly, and the USDA’s Food and Nutrition Service (FNS) struggled to keep up. The agency began regular publication of “State Options” reports tabulating state choices; however, detailing and categorizing proved difficult.¹² For example, in its first report, a status report in April 2002, the FNS (USDA 2002) announced that 45 states had ECE, but it provided little information about how such eligibility was conferred or its consequences for access. Over time, the agency has worked to improve accuracy and tighten definitions, eventually introducing in its ninth report (covering state policy choices as of November 2010) the distinction between “narrow” and “broad-based” ECE (USDA 2010). Obtaining reliable information on state procedures has complicated research on the effects of state policy choice.

In 2000, Congress complemented the increase in state options for FSP eligibility created by PRWORA by allowing states to substitute the vehicle-value maximum applied in their TANF program for the federal standard, if the TANF standard was higher. The Farm Bill of 2002 continued expansion of access, and it made computation of net income for benefit assessment more generous by linking the base deductions to household size and by altering treatment of utility costs. The Food, Conservation, and Energy Act of 2008 rebranded FSP as SNAP, completed the elimination of coupons, and indexed the deductions. The combination of these tweaks and changes by states

continued movement of the program in the direction of a negative tax system, but the significant differences from the way such a system was envisioned in the 1960s endured. The program retained a short (one-month) horizon for assessing income, and there was no integration of food stamp benefits with taxes, including the Earned Income Tax Credit (EITC). These differences and their consequences for interaction with UI become clearer when one looks more closely at SNAP operations.

FOOD STAMPS IN 2009

We are now at the 2009 base camp for studying the interaction of SNAP, UI, and the Great Recession. The description that follows centers on the state of SNAP in late calendar year 2008—the first quarter (Q1) of FY2009. Where age is relevant, the discussion focuses on households with at least one adult beneficiary aged 18 to 59; aged 60 and older in Food Stamp regulations defines the elderly. The 18-to-59 age group is closely aligned with analysis in the state chapters that follow in this book, although generally the state work extends to households with adults aged 60 to 64.

Eligibility

SNAP access begins with eligibility determination. Eligibility is determined on what is termed for the rest of this chapter a “unit” basis. By convention, SNAP units are called households, but this can be misleading when used in conjunction with the census and other sources that define households differently. In Census Bureau publications, for example, *household* refers to all persons living in a dwelling unit.¹³ Rather than looking only to common residence, the SNAP definition also looks at the pantry and stove, referring to groups of “individuals who share a residential unit and customarily purchase and prepare food together” (Gray 2014, p. 3). It is therefore possible for

a census household to include multiple SNAP units, although related persons are generally required to be considered one unit.

Access to SNAP is virtually universal, excluding only certain felons, workers on strike, institutionalized individuals, some students, undocumented immigrants, nonimmigrant visitors, and some noncitizens lawfully residing in the country as permanent residents (Gray 2014, p. 7). Among felons, Congress specifically excludes those “fleeing,” should they apply while on the lam. SNAP applications identify a head of household, who generally is also a member of the unit receiving benefits (exceptions are, in most cases, undocumented immigrants) (p. 31).

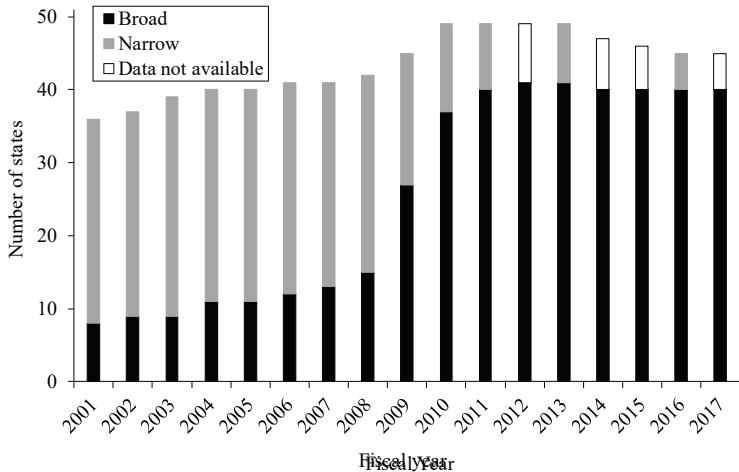
Once the constitution of the unit is established, SNAP units are subject to assets and income tests before the benefit is computed. In the absence of overriding state policies (as will be detailed later, this is an important proviso), in FY2009, applicant units could have countable assets of no more than \$2,000 (or \$3,000 if at least one unit member is elderly or disabled) (Leftin, Gothro, and Eslami 2010). The core federal income tests refer to the gross and net income standards established in 1981–1982. Gross income is required to be less than 130 percent of a variant of the federal poverty standard; net income cannot exceed 100 percent of the standard. The official poverty standard is based on annual income for a calendar year and is defined for families—“a householder and one or more people living in the same household who are related to the householder by birth, marriage, or adoption” (U.S. Census Bureau 2015). The administrative standard used for SNAP eligibility (the federal poverty guideline) over a fiscal year is based on a simplified estimate of the official poverty standard, translated into a monthly equivalent, for the preceding (and overlapping) calendar year.

Net income is gross income minus certain deductions. These include a standard fixed deduction that varies by household size, an earned income deduction of 20 percent, and deductions for certain costs related to medical care, child support, dependent care, and “excess shelter cost”—that is, rent or mortgage payments in excess

of half of net income before the housing-cost deduction is allowed (Leftin, Gothro, and Eslami 2010). The housing-expense deduction is capped for most households. For a recipient household of three with neither elderly nor disabled members, for example, the maximum excess housing-cost deduction in FY2009 was \$446.

The description of assets tests presented above is conditional on the “absence of overriding state policies.” As already discussed, beginning in 2000, overriding the statutory SNAP eligibility requirements gradually became near-universal state policy. By the end of FY2008, all states had eliminated or reduced restrictions on the value of vehicles. State adoption of some form of expanded categorical eligibility is plotted in Figure 3.1. Initially, most states moved cautiously, extending categorical eligibility to households receiving certain specific benefits such as child-care assistance—this is “narrow” ECE. But, as the graph indicates, over the following years, most switched to BBCE.¹⁴

Figure 3.1 Number of States with Expanded Categorical SNAP Eligibility, by Type, 2001–2017



SOURCE: USDA (2019).

By FNS count, 40 states had some form of ECE in June 2009, including all six project states. Five more were added by the end of the fiscal year. Georgia, Maryland, Michigan, and Texas had established BBCE earlier than 2009. Florida implemented BBCE in July 2010, and Missouri offered only narrow ECE, based on receipt of child care, transportation, and other work-related program support (Trippe and Gillooly 2010, Appendix A). The point here is that Figure 3.1 may be somewhat misleading as to the timing of impact of state changes in access to SNAP, and that many of the states that were not counted as meeting the full BBCE standard of general relaxation or elimination of assets and income caps as of the first quarter of FY2009 may have been moving in that direction. On the other hand, some web-based federal information sources continued to cite assets restrictions even when they were circumvented by ECE artifice (Heflin, Mueser, and Cronin 2015).

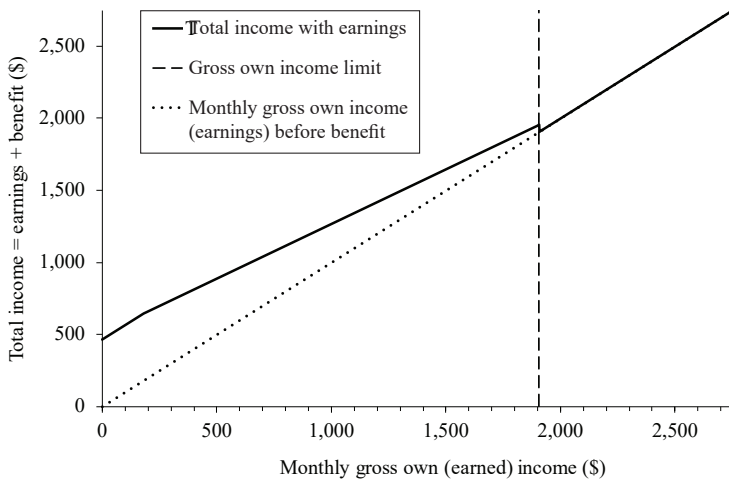
Benefits and the “Transfer Cross”

Regardless of the route by which eligibility is achieved, the SNAP benefit is calculated using net income as defined by the program. Ignoring for the moment deductions other than the fixed deduction applied to all, the SNAP benefit is computed as follows: First, the unit’s maximum benefit is determined based on its composition. The schedule of benefits for each fiscal year is based on a Thrifty Food Plan (TFP) budget developed by the USDA and published in June of the preceding year. The benefit is adjusted for inflation each year, using an index of change in the cost of TFP components. In 2009, the basic FSP benefit for a family of three was \$463; for a family of four, \$588. Second, net income is calculated. The unit’s payment is the difference between the maximum benefit and 30 percent of its net income. Thus, when income goes up, benefits go down, and vice versa. For the special case of a household with income only from earnings, the effective benefit reduction rate is \$0.24 for each \$1.00 of gross earnings beyond the fixed standard deduction (\$144 in FY2009

for a family of one to three). The reduction rate comes about through the interaction of the 20 percent work expense deduction and the 30 percent of net income expenditure requirement: an additional \$1.00 of gross earnings leads to an increase of \$0.80 in net income and an increase in expected food expenditures from the unit’s own income of $0.3 \times \$0.80 = \0.24 . The corresponding reduction in SNAP benefit is \$0.24 (i.e., the benefit deduction per additional dollar earned). Other income is “taxed” (i.e., SNAP benefits are reduced) at \$0.30 in SNAP benefit-per-dollar amounts beyond the fixed standard deduction. UI benefits are “other income.”

The benefit-income relationship is commonly summarized in a transfer cross diagram that relates total unit monthly income—own income plus the SNAP benefit—to the unit’s own income. *Own* here refers to income received by the household from sources other than SNAP. Figure 3.2 presents the SNAP transfer cross for a hypotheti-

Figure 3.2 SNAP Benefits and Income from Earnings, FY2009:1, Reference Family (1 parent, 2 children)



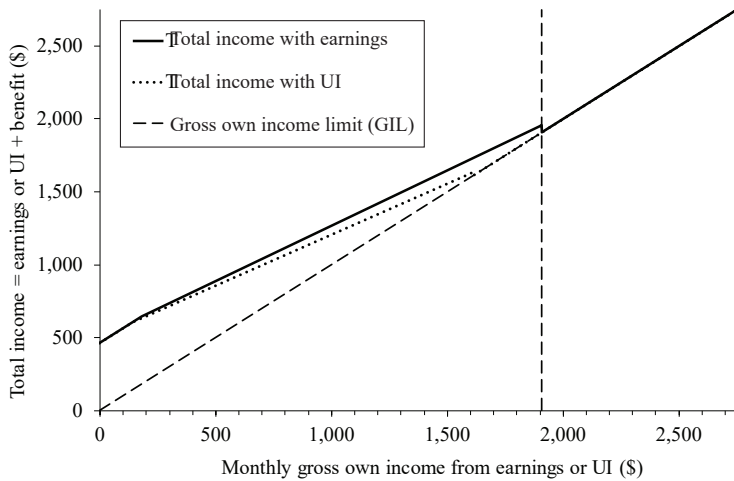
SOURCE: Leftin et al. (2010).

cal single-parent family with two children (called here the “reference family”) and no own income other than the parent’s earnings.¹⁵ The dashed line running from the lower-left-hand to the upper-right-hand corner identifies points of equality between own income and total income (i.e., life without benefit). The distance between this equality line and total income is the benefit. Beyond the standard deduction (\$144), benefits fall as earnings increase. In the single-parent, two-child example shown, the maximum benefit is \$463. Benefits cease when gross monthly earnings reach \$1,907 because of the gross income limit of 130 percent of the poverty line. For a family with two adults and two children, the maximum benefit is \$588 and the overall schedule is higher. For a single individual, the maximum benefit is \$176 and the overall schedule is lower.

The vertical line with heavier dashes in the diagram identifies the level of gross earnings at which this household would, given the assumptions made about deductions and the absence of ECE, fail the gross-income eligibility test. This test—income must be less than 130 percent of the federal poverty guideline—is, when applied, generally the binding constraint for households with earnings. The other test—net income must be less than the poverty guideline—is rarely binding for households with earnings because of work expense deductions. In the discussions that follow, the net income test generally appears only for households with income from sources other than earnings, including UI. Households of one or two persons determined to be eligible for any benefit got at least a minimum allotment (\$14 in FY2009); for the sake of simplicity, this is left off the graph. Oddly, no such floor is applied for larger households.

Figure 3.2 is for income from earnings. As mentioned, income from other sources—notably, in the present context, UI—is treated slightly differently, because the 20 percent proportional allowance for work expenses does not apply. The result, illustrated in Figure 3.3, is a different benefit reduction rate and a different break-even point, but the form of the relationship between receipts and benefits remains much the same. The cutoff of benefits at income—\$1,611 for the UI

Figure 3.3 SNAP Benefits and Own Income, FY2009:1, Reference Family with Income from Earnings versus Income from UI



SOURCE: Leftin et al. (2010).

recipient household—results from application of the net income eligibility test.

The treatment of “unearned income” by SNAP is markedly different from that in other American transfer programs. In all state TANF programs, the marginal benefit reduction rate applied to UI is 100 percent (in some, fixed deductions apply to small amounts). The same is true for Supplemental Security Income payments received by or on behalf of persons with disabilities and the elderly poor. And the EITC provides no benefit to UI recipients other than to partially offset the federal tax liability generated by earnings outside the period of unemployment. In contrast, SNAP supplements all cash benefits.

Deductions Matter

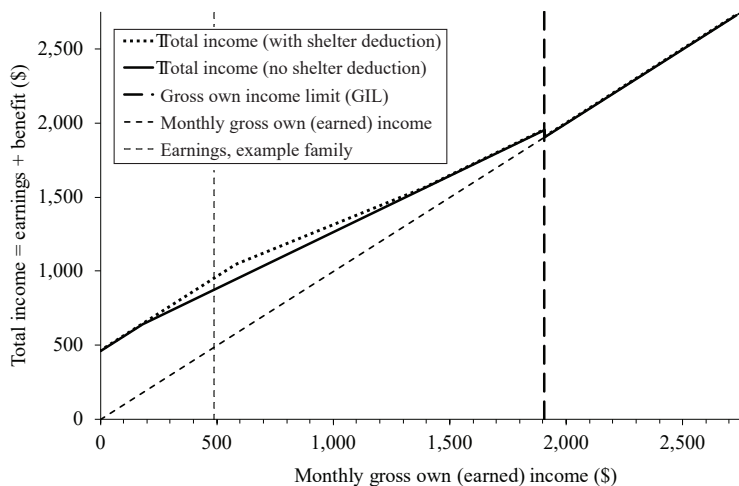
Figures 3.2 and 3.3 are abstract, and neither includes deductions beyond the 20 percent for work (in Figure 3.2) and the fixed standard deduction. In practice, the most common deduction is for “excess

shelter cost.” In FY2009, food stamp benefit calculation for 74 percent of SNAP units with children and at least one adult aged 18 to 59 included adjustment for excess shelter cost (Leftin et al. 2010). The excess shelter cost deduction (ESCD) works as follows: For benefit calculation, net income after all other deductions is reduced by the difference between a unit’s monthly rent/mortgage and half of that unit’s net income (Leftin, Gothro, and Eslami 2010). As a simplified example, if a unit has \$1,000 in rental payments (including utilities) and \$1,200 in monthly net income, its final net-income deduction would reflect an ESCD of \$400 ($\$1,000 - [\$1,200 \div 2]$). As already mentioned, the ESCD was capped at a maximum of \$446 in FY2009. The cap is indexed to inflation and is not applied for units that include an elderly or disabled person.

To see how this works, consider a specific case from the 2009 SNAP quality control data for one of the project states, Michigan. The unit, called here “First Example Family,” includes two children and their mother. The mother works and earns \$487 per month. Her rent is \$483 (including utilities).¹⁶ She has no other income, and her net income (before the shelter deduction) is \$246, calculated by subtracting from \$487 both her standard deduction (\$144) and a 20 percent earnings deduction ($\$246 = \$487 - \$144 - [0.2 \times \$487]$). Without allowance for excess housing costs, her SNAP benefit would be \$389. However, her total housing plus utilities cost exceeds half her income by \$360, before the housing deduction. Since this excess cost exceeds her net income, she receives the *full* food stamp benefit for a family of her size—\$463. The maximum excess shelter-cost deduction applicable to this example is \$446, well above the First Example Family’s \$360 statutory excess housing expense. This example is charted in Figure 3.4 for a family with income only from earnings. At the mother’s reported earnings of \$487 (marked in the graph), the SNAP benefit is almost half of total income.

Holding rent constant, should earnings increase beyond \$487, eventually a level would be reached at which the shelter deduction no longer completely offsets net income. At this point, additional earn-

Figure 3.4 SNAP Benefits, FY2009:1, with and without Shelter Deduction, Example Family

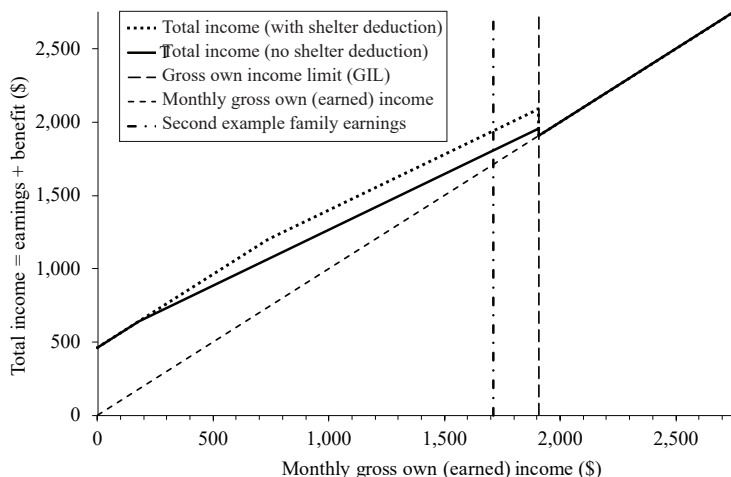


SOURCE: Calculated from parameters reported in Leftin et al. (2010) and sample data.

ings reduce the food stamp benefit. The rate exceeds the simple case of \$0.26 per dollar because additional earnings also reduce the extent to which housing costs are measured as “excess.” Indeed, every additional dollar of gross income reduces net income by \$0.36. Eventually, earnings reach the point where the rent is no more than half of net income, and at this point the benefit reduction rate falls to \$0.24.

It is common for rents to absorb a sizable proportion of a SNAP recipient’s family income. In such cases, the deduction may even continue up to the point where the unit fails the gross income test—that is, income from all sources exceeds 130 percent of the relevant poverty standard. We plot such a case, again from the 2009 quality-control sample, in Figure 3.5. This “Second Example Family” is again a single adult/two children unit. But in this case, the household head reports gross earnings of \$1,710 per month. Her rent is \$767 per month, and as the unit head she is granted the \$550 standard utility

Figure 3.5 The SNAP Transfer after BBCE Adoption, Second Example Family, FY2009:1



SOURCE: Leftin et al. (2010) and sample data.

allowance for her state, bringing total shelter costs to \$1,317. A shelter cost of this magnitude would ensure the maximum SNAP benefit right up to the point where gross income equals 130 percent of the applicable poverty standard of \$1,907, as depicted in Figure 3.5.

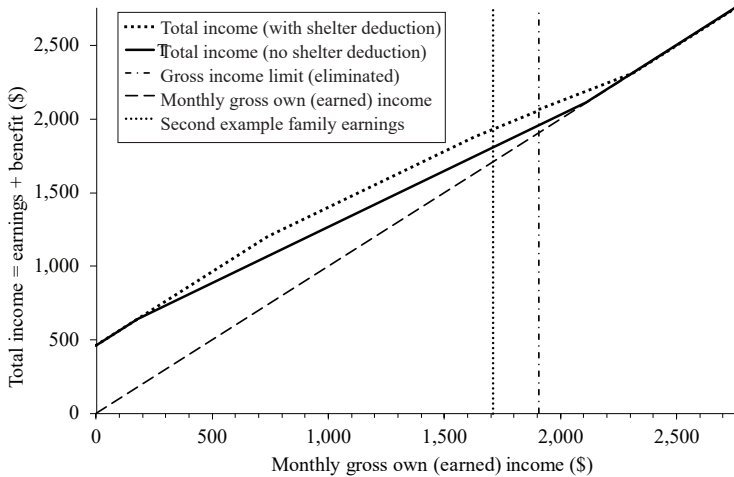
The Effect of BBCE

The excess shelter deduction example used for Figure 3.5 illustrates the public policy importance of state adoption of BBCE. With earnings of \$1,710 and the assumed deductions other than the excess shelter cost deduction, this woman’s SNAP benefit would be \$96. Addition of the excess shelter deduction raises the benefit to \$230. Should the woman in this case increase her earnings to \$1,906 (11.5 percent), her shelter costs would still exceed half her income net of other deductions by more than the shelter deduction cap, so the benefit falls by \$0.24 per dollar of increased earnings, to \$183. This is

where, without BBCE, the gross income test would bite. In principle, if the woman in this example increased income by one more dollar, to \$1,907, she would lose her SNAP benefit in its entirety (i.e., a 100 percent benefit reduction rate, known as the “cliff”), because \$1,907 is 130 percent of the poverty guideline for a family of three.

BBCE changes this. Michigan was an early (2001) BBCE adopter, and this eliminated the net income test and raised the gross income test to 200 percent of the poverty guideline, or \$2,933 per month in 2009.¹⁷ The SNAP recipient whose rent report was used for constructing Figure 3.5 would no longer face the cliff at \$1,907 in monthly income should her earnings (or UI benefits) amount to more. Given her shelter costs, the post-BBCE transfer cross appears in Figure 3.6. Note the substantial increase in the range of earnings over which she is eligible for some benefit. The effect for UI is similar, but not as extreme.

Figure 3.6 The SNAP Transfer after BBCE Adoption, Second Example Family, FY2009:1



SOURCE: Leftin et al. (2010) and sample data.

The implication is that BBCE, the excess shelter allowance, and the standard utility allowance substantially increase the range of gross incomes consistent with SNAP eligibility, compared to what might be inferred from looking at the simple form of the system as illustrated by Figure 3.2 or common descriptions of the program (cf. Hoynes and Schanzenbach 2015). As noted, the same holds true qualitatively if income received is from UI. As has long been appreciated, a family's decision concerning the level of housing consumption is significantly affected by long-term resources, not just current income. In a recession, families may find themselves in new income situations inadequate for sustaining their prerecession housing choices. Housing adjustment can be costly, however, and such costs multiply when the families affected are homeowners and the values of homes decline—a central feature of the Great Recession. It seems likely that in states like Michigan, which was an early adopter of BBCE, the excess shelter cost deduction contributed to access to SNAP benefits by formerly middle-income families.

State Motivation

Much policy analysis is focused on the effect of transfer systems like SNAP on work incentives (Hoynes and Schanzenbach 2012). This literature concerns the behavior of individuals given the availability of the system—whether they chose to take up benefits, and how the availability of such support affects decisions about labor supply, as well as other matters of social interest. In a federal system, another behavioral response is also important in determining the ultimate effect of national policy. This is the response of state governments in two areas: 1) choosing among options presented by the program's design and 2) administering the system as defined by the options selected.

The financing system for SNAP has particularly important implications for state strategy. The federal government pays for all benefits, but states pay for approximately half of all administrative costs.

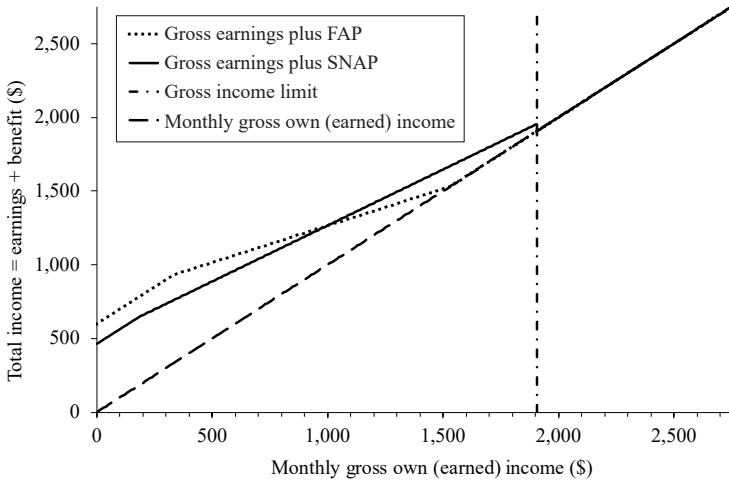
In consequence, there is little incentive to curtail receipt or to devote effort to improving precision in eligibility or benefit determination. The absence of such incentives is offset, of course, by a general sense of agency responsibility to taxpayers and by penalties generated by the federal auditing system.

One consequence of the state contribution to administrative costs is heightened interest in methods for reducing such costs by simplifying eligibility standards. Trends in reducing or eliminating restrictions on asset values, and in reducing frequency of income reassessment, undoubtedly reflect efforts to reduce barriers to SNAP access. At the same time, they also reflect state fiscal interests, because such changes reduce administrative costs and the risk of error in eligibility and benefit determination. From an administrative standpoint alone, adoption of innovations like BBCE presents a strategic tradeoff. Such a change reduces administrative costs per case. But adoption of BBCE is likely to increase the caseload, thus raising administrative costs. Many other areas of SNAP policy embody similar strategic conflicts.

Back to FAP

As has been pointed out, the various versions of Figure 3.2 look very much like textbook diagrams of a “negative tax” transfer system. The zero-income benefit, or guarantee, is set by the Thrifty Food Plan; and benefits decline with income until a “break-even” point is reached—just as the Nixon administration’s FAP intended. It is thus interesting to compare SNAP 2009 to FAP. Figure 3.7 replicates Figure 3.2 and adds a calculation of the FAP benefit schedule, as transformed from annual to monthly terms and from 1970 to 2009 values. The comparison indicates that, while the base guarantee for FAP was (in 2009 dollars) greater than the 2009 SNAP benefit, for three-person families with earnings greater than roughly \$995 per month the SNAP benefit is larger, and the crossover would occur at a lower earnings level were excess shelter costs included. Given the importance attached by Sen. Daniel Patrick Moynihan and others to FAP

Figure 3.7 FY2009:1 SNAP Benefits and the Nixon FAP, Reference Family



SOURCE: SNAP data from Leftin et al. (2010). FAP parameters from Moynihan (1973).

and other negative tax schemes as vehicles for support of working families, this outcome is quite striking. In a sense, it is the “stealth” FSP/SNAP that has delivered the family assistance the architects of FAP were seeking but failed to achieve. Moreover, by reaching beyond families with children, SNAP covers more of the population than those targeted by FAP.

We can never know, of course, how the world would have been different had FAP become law. The relationship between FAP and food stamps was never resolved; it is possible that food stamps would have been preserved and would have operated alongside FAP, thereby raising total benefits and the rate at which total benefits were withdrawn as earnings increased. There is no reason to believe FAP benefits would have been sustained in real terms, as was presumed in Figure 3.7, although (as illustrated by Figure 3.6) adding excess shelter costs and other deductions has increased the SNAP benefit, and it

is possible that a similar political dynamic would have sustained or increased FAP. It is also unclear how FAP would have treated income from UI benefits, although the logic of the FAP proposal suggests that, beyond the initial disregard, benefits would have been reduced dollar for dollar by UI payments.

While relevant to appreciating what SNAP has become, the NIT connection can be misleading, given the concerns of the present volume. The transfer crosses in Figure 3.2 and Figure 3.3 are static. The emphasis is on the depicted transfer program as income support, producing a floor on family resources. It answers the question, “If I have this much in income, what do I get?” Contrast this with the UI question, “If I *lose* income because I lose my job, what do I get, and for how long?” As the preceding chapter indicates, for UI, policy changes in response to the Great Recession had little effect on initial access to UI given job loss, but much consequence for potential duration of benefits. For SNAP, changes in policy in the period leading up to and through the Great Recession changed access by eliminating restrictions on assets and expanding the range of income, including income from UI, as is consistent with benefit receipt. These developments presumably increased the share of all households eligible for SNAP, and over time the expansion in the eligible population would be expected to increase the number of households that apply for, and receive, the benefit. This take-up could in many cases be precipitated by unemployment. But what happens afterwards? Does SNAP receipt endure?

POLICY EVOLUTION

In the first year of the Great Recession, the national unemployment rate rose by 2.3 percentage points, reaching 7.3 percent by the twelfth month. The initial focus of the Bush administration’s policy was on stabilizing the financial sector; the major social policy initiative, described in Chapter 2, was a federally financed extension

of unemployment benefits (EUC08) beginning in June 2008. Further social policy response did not occur until the inauguration of a new administration, in January 2009. The centerpiece of that response was the American Recovery and Reinvestment Act (ARRA), passed by Congress and signed by the president in April 2009. ARRA broke new ground by explicitly manipulating SNAP for a countercyclical purpose.

ARRA

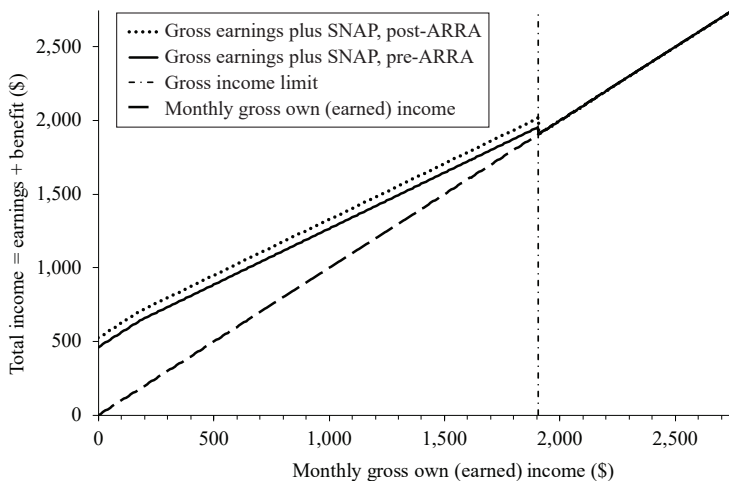
ARRA made two important changes to SNAP. The first affected benefit amounts and, in combination with BBCE, expanded the range of incomes at which households would be eligible for some SNAP benefit. The second substantially reduced work requirements for jobless ABAWDs.

The new law increased maximum allotments for each household size to 113.6 percent of the benefit initially established for FY2009. For the reference family of three with no net income, for example, the benefit amount increased from \$463 to \$526. This benefit increment applied regardless of actual benefit paid, so for households receiving less than the maximum benefit because of other incomes, the proportionate increase in payment could substantially exceed 13.6 percent.

Figure 3.8 adds the post-ARRA benefit to the baseline example depicted in Figure 3.2. Note that ARRA itself did not eliminate the gross income test, so in principle the change did not alter the range of earnings consistent with benefit receipt. However, for states with BBCE, the range of eligibility for the benefit expanded beyond the limit. The mechanics of benefit calculation imply that a change in the base benefit translates (because of the variable deduction) into a larger move in the maximum benefit consistent with eligibility if no gross- or net-income constraint is applied.

The BBCE effect is illustrated in Figure 3.9. Here the gross income limit is retained for reference, but the gross income with SNAP lines is extended to the point at which the benefit falls to zero,

Figure 3.8 FY2009 SNAP Benefits before and after the ARRA, Reference Family

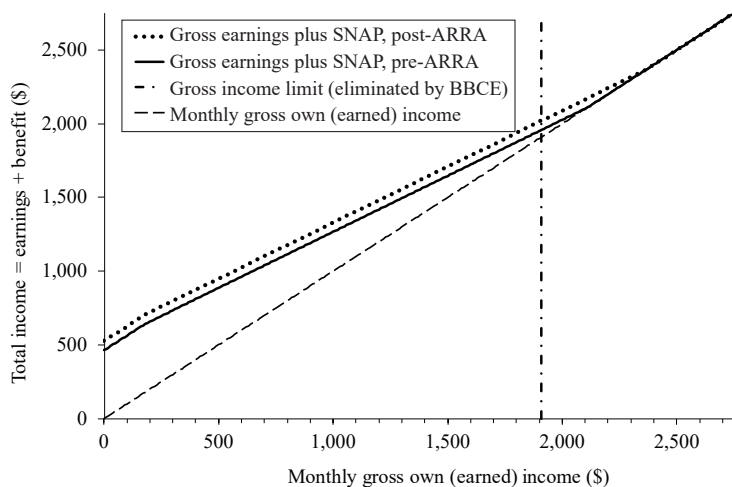


SOURCE: Leftin et al. (2010).

as would be the case for states that set the gross income test at the maximum level permitted—200 percent of the poverty standard or, in the case of the reference family, $\$1,907 \times 2 = \$3,814$. An addition of \$68 to the example family’s base SNAP benefit pushes the break-even from \$2,209 to \$2,372 for households with earnings. In January 2009, 19 states had BBCE; by January 2010, the number had increased to 27 (Trippe and Gillooly 2010, Appendix A). Adoption of BBCE was not part of ARRA, but it likely enhanced ARRA’s effects. FNS promoted BBCE to help families and reduce administration costs (Trippe and Gillooly 2010).

Figure 3.9 shows the outcome for a household with only earnings. For households reliant on UI, the effect is similar but smaller. Whereas for earnings every dollar in additional ARRA benefits increased the break-even by \$4.16, for households with UI the increase dropped to \$3.33. Not all states with BBCE were as generous as Michigan; some imposed a lower gross-income restriction (Trippe and Gillooly 2010,

Figure 3.9 FY2009 SNAP Benefits before and after the ARRA, with BBCE, Sample Family



SOURCE: Leftin et al. (2010).

Table 2). However, only two (Minnesota and Texas) retained asset tests, and in both cases the asset restrictions were less severe than the core federal SNAP requirement.

The second ARRA change made more childless adults eligible for SNAP. As mentioned above, before ARRA, able-bodied childless adults not complying with SNAP work requirements were generally limited to receiving SNAP for 3 months out of any 36-month period unless the state had obtained a waiver based on high unemployment or depressed labor markets. The ARRA gave all states a waiver for the remainder of FY2009, with an option of continuing this exemption through the end of FY2010. In fact, as is discussed below, the ABAWD waiver would endure in various forms well beyond FY2010.

Life after ARRA

Under the original ARRA legislation, SNAP benefit levels would have remained at the fixed elevated levels (based on the 2008 Thrifty Food Plan) until inflation caused the regular benefit calculation to catch up. At that point, maximum benefit levels would again be based on 100 percent of the Thrifty Food Plan of the previous year, as had been the case prior to the ARRA increase. On the assumption of a 2 percent rate of food cost inflation, this convergence would have occurred in six or seven years (roughly in 2016). However, because of legislation passed in 2010, the elevated SNAP benefit levels ended on October 31, 2013. The maximum benefit level then returned to 100 percent of the Thrifty Food Plan value of the previous June, resulting in a decline in payments for most families. For a family of three, the maximum monthly allotment fell from \$526 to \$497 (Dean and Rosenbaum 2013).

The Agricultural Act of 2014 reauthorized SNAP. This new farm bill kept the program's basic eligibility guidelines in place but amended the criteria under which SNAP units qualify for a standard utility cost deduction. The bill included funding for major state experiments with employment and training initiatives for SNAP recipients. Ten such state experiments were in at least the planning stages by Spring 2015, and all were underway by the end of FY2016 (USDA 2016b). Of these, only two were targeted specifically at ABAWDs; most included all SNAP participants required by law to register for work.

The ABAWD waivers endured past the official end of the recession because unemployment did. By early 2012, 46 states still met the extended UI benefit "trigger" criterion for an ABAWD time-limit waiver (USDA 2012). Thereafter, continuing recovery led to contraction of eligibility, so that by the beginning of FY2017 only 11 states (including Michigan) continued to have a statewide exemption from the ABAWD time limit. Twenty-six (including Georgia and Maryland) had waivers for substate areas; 16 (including Florida, Missouri,

and Texas) had no time-limit waiver at all (USDA 2016a). Evaluation of the impact of time-limit reimposition is complicated by lack of information on timing and state administrative adjustment to the rule requirements.

As of the beginning of FY2017, most other recession-related changes in federal policy and state responses remained in effect (USDA 2017b). Forty states had broad-based categorical eligibility and eliminated the net income test for benefit eligibility. Among the six project states, only Missouri retained narrow categorical eligibility. Thirty-two states exempted all vehicles from asset tests; the remainder exempted at least one.¹⁸

In sum, beginning in 2000, federal legislation and progressive extension of categorical eligibility by states increased access to food stamp/SNAP benefits for families with children. ARRA increased the size of the benefit for all eligible families and allowed all states to waive time limits on SNAP benefits for adult recipients without children. These changes reduced barriers to, and increased incentives for, SNAP application by households receiving UI payments. The changes positioned SNAP to become a major contributor to the public response to income decline brought about by the Great Recession. While some retrenchment has occurred with respect to ABAWD access, SNAP remains much different, and much more liberal in operation, than in 2000.

CASELOAD EVOLUTION

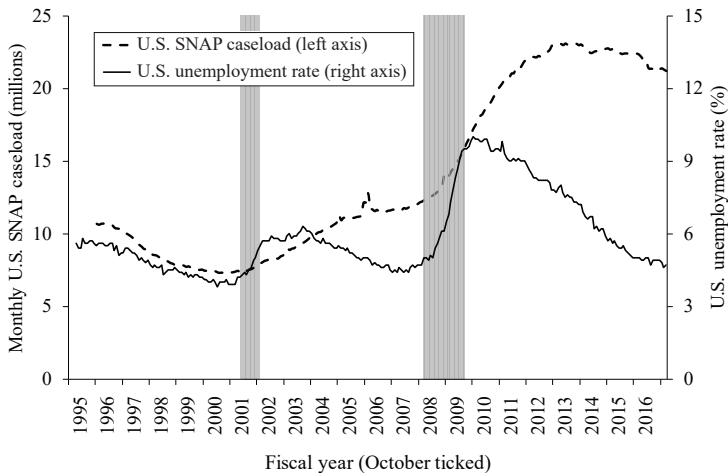
The story told so far describes the supply of assistance. The outcome (program take-up and expenditures) is the product of two things: 1) the character of state management as it evolved in response to changes in federal law and 2) family response to the program as delivered.

Caseload Development

The policy developments after 2000, the Great Recession, and ARRA transformed the Food Stamp Program, leading to a caseload expansion that has proven remarkably persistent.

Figure 3.10 plots the monthly national SNAP caseload and seasonally adjusted unemployment rate from FY1996 through FY2016. The trend in unemployment is dominated by what might be termed the “Lesser Recession” of 2001 and the Great Recession. The entire time range is usefully divided into four phases. The first is the post-PRWORA decline, which was associated with TANF caseload contraction. The second is the long expansion from 2001 through 2007, which occurred as states promoted SNAP access. The third is the surge from 2008 through 2012, which is associated with the Great Recession and its aftermath. Finally, there is a leveling off—but little decline—beginning in 2013, as the caseload stabilized. This was fol-

Figure 3.10 The SNAP Caseload, FY1995–FY2016



NOTE: Gray bars show recessions.

SOURCE: USDA Economic Research Service and Federal Reserve Bank of St. Louis.

lowed by a significant decline in 2015–2016 as the time limits on participation of unemployed ABAWDs were reinstated.

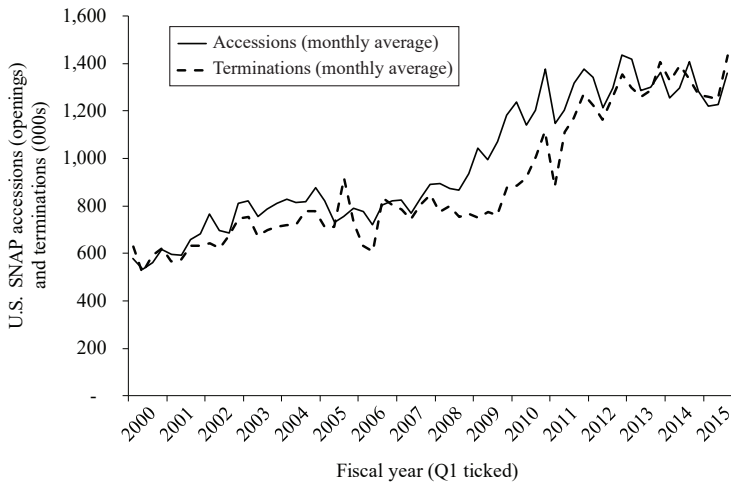
National SNAP data emphasize current case and recipient counts. However, FNS has long conducted, in collaboration with states, a sampling of SNAP cases for quality control. Conducted by state SNAP agencies following a federal protocol, this quality-control sample is designed to produce estimates of state error rates in SNAP eligibility assessment and benefits determination.¹⁹ It is also used to provide detail on caseload composition. Most of the information is collected from direct review of case files, but some participant interviews occur for verification purposes. Sampling is done continuously throughout the year, so that the resulting accumulation supports estimates of characteristics of SNAP recipient units and participants in an average month. The data are systematically reviewed and cleaned by an experienced contractor. While procedures have altered somewhat over time, the changes have not significantly impaired the utility of the sample for cross-year and cross-state comparisons. The result is an analytic administrative data set on participants that is substantially better than anything available for other national social assistance programs such as TANF, SSI, or the EITC.

Of course, the quality-control data have shortcomings. One is the absence of longitudinal information: each observation records the status of a case at a particular month in time—virtually no information is included on case history. Another is that nothing is subsequently added to the one-month quality-control “snapshots” to identify case disposition thereafter. Given the orientation of SNAP toward a unit’s status in the current month, collection of such data is not warranted for administrative purposes. However, quality-control sample records do include a variable identifying the most recent administrative action for a case and the elapsed time since that action occurred. As a result, it is possible to estimate for any month the proportion of units that are “new,” meaning that the most recent action was opening. This sample-based estimate, applied to administrative counts of open cases, provides an estimate of the total number of new cases in the

month. With this estimate of openings in hand, an inventory identity plus monthly data on total participant cases can be used to calculate the number of cases open in the preceding month that subsequently closed. If the caseload is growing, openings must exceed closings. But the same caseload trend can be produced by a variety of combinations of these components, so something can be learned from looking at the components of the change.

Figure 3.11 plots SNAP openings (called *accessions*) and closings (called *terminations*) since roughly the beginning of the second phase of caseload expansion. Because the monthly estimates, based on small samples, are very noisy, the flows presented are quarterly averages of monthly flows. Several features of SNAP dynamics are evident in the graph. Both accession and termination flows are substantial. Over the entire interval, accessions average about 975,000 cases and terminations about 897,000 cases per month. Expressed as a proportion of the caseload, accessions average 7.2 percent and ter-

Figure 3.11 State SNAP Caseloads, FY 2004—FY 2016



NOTE: Quarterly values represent monthly averages.

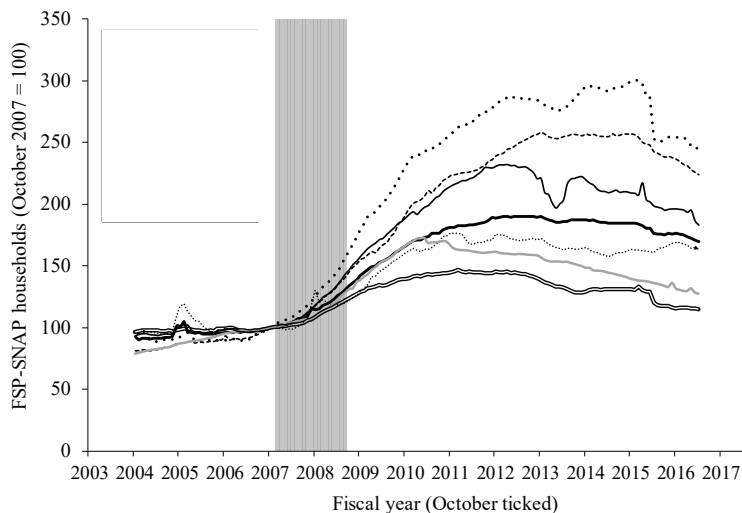
SOURCE: SNAP QC data.

minations 6.6 percent. Second, the caseload surge that began with the Great Recession was the product of an increase in accessions coupled with a near-fixed quarterly rate of closures. Third, by 2012 the monthly flow of cases both on and off was roughly 75 percent greater than was typical in 2007. Absent other changes, the implication is that state administrative costs were now substantially greater—which probably contributed to state enthusiasm for simplification of eligibility determination and review.²⁰

The States

As is virtually always the case, the trends in national aggregates are the summation of quite different experiences across states. This variation is illustrated by SNAP caseloads in the six project states. To assist in trend comparison, Figure 3.12 presents caseload trends for all project states and the United States, normalized on the aver-

Figure 3.12 State SNAP Caseloads, FY 2004–FY2016



SOURCE: Food and Nutrition Service public use files.

age monthly caseload in 2007. Missouri has clearly pursued a more restrictive SNAP policy than has Florida. By 2013, caseload growth had stabilized in all project states except Maryland.²¹

Participation

Growth in state SNAP caseloads can result from several things. The simplest is growth in population. Another is expansion of eligibility within a given population when income loss or change in requirements increases the proportion of the population eligible for benefits. The third is an increase in take-up of benefits within the eligible population.

In principle, estimating SNAP participation is straightforward. One begins with a sample of households that includes sufficient demographic and financial data to identify those eligible for program participation and those currently participating. The participation rate is then the ratio of actual recipients to those estimated to be eligible. The analysis presumably would also provide an estimate of the share of total recipients receiving benefits in error. Such calculations could be done based on either units or people. An alternative is to compare administrative data on receipt (i.e., not from totals inferred from sample data) to sample-based estimates of eligibility.

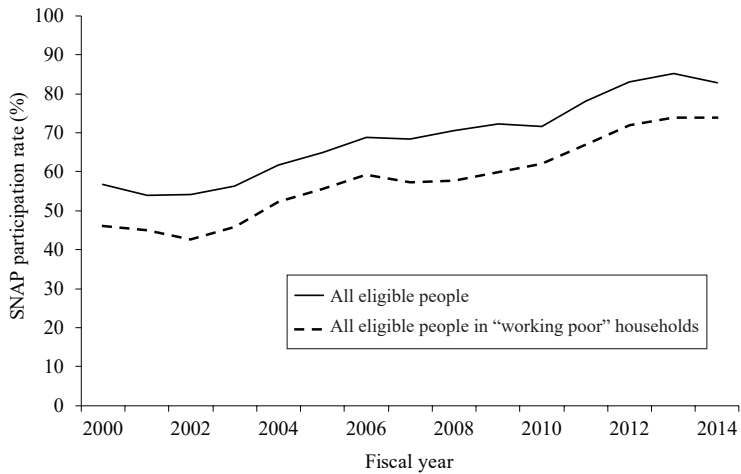
In practice, of course, there are many roadblocks to such estimation, because no available data source is perfectly suited to the task. SNAP eligibility is determined monthly, yet most major national household surveys do not collect monthly income data. In addition, the sample frame for most surveys consists of household (i.e., housing) units, “places intended for occupancy as separate living quarters.” But, as already noted, households can contain multiple potential SNAP units, and the eligibility of individuals can depend on the unit to which they are assigned. Making such judgments using demographic data from surveys is problematic at best. SNAP receipt appears to be significantly underreported in many surveys, so estimates generally use administrative totals for the participation. While use of adminis-

trative data for case counts circumvents the underreporting of participation, the estimation of participation is still clouded by uncertainty about the accuracy of household income reporting.

Not to be daunted, the FNS annually publishes estimates of rates of SNAP participation by eligible persons. The estimates are done by a contractor, Mathematica Policy Research (MPR), using household data from the Annual Social and Economic Supplement of the Current Population Survey (CPS-ASEC). Around March of each year, CPS-ASEC collects data on household composition and incomes for the previous calendar year. MPR translates these data into estimates of the number of months families and other potential recipient units within the household were eligible for SNAP receipt. Administrative totals are compared to the CPS-based count of persons judged eligible, and from this comparison is derived a general participation rate. This is complemented with an estimate of the participation rate for potentially eligible budget units that report earnings—the “working poor.”

MPR’s annual estimates are summarized in Figure 3.13. There have been changes in estimation methodology over time, and some of the difference between the participation estimates for earlier and those for later years may be attributable to such adjustments and not to genuine changes in actual rates of take-up. Nevertheless, the general upward trend in participation rate is likely real. However measured, participation in SNAP is far higher than estimates for SSI and TANF. The Urban Institute estimates that in 2011, only about one-third of families nominally eligible for TANF benefits under the rules applicable in their states of residence received TANF support, compared to upwards of three-quarters for SNAP.²²

Sample sizes for states in the CPS are in many instances too small to support meaningful state-level estimates of participation. To address this problem, the agency produces estimates of the number of eligible household units (and individuals in eligible household units) by combining CPS data with estimates of potential eligibles derived from other states.²³ Table 3.1 shows estimated participation

Figure 3.13 Estimated Participation of SNAP Eligibles, 2000–2014

SOURCE: Eslami 2015; Wolkwitz 2007; Leftin, Eslami, and Strayer 2011; Cunnyngham 2017.

rates for the project states as well as for the United States for three years that overlap the general project window of interest. By 2011, five of the six project states had higher estimated participation than did the United States as a whole (Texas was the exception). But these estimates are subject to substantial sampling error. MPR estimates that the only statistically significant differences in 2011 (at the 0.10 level) are for Texas (the estimate for which was significantly lower than for the other project states) and Michigan (significantly higher) (USDA 2014a). MPR caps the estimates produced by its procedure at 100 percent; as indicated, this occurs for Missouri in 2007 and for Michigan in 2011, 2013, and 2014.

The Characteristics of SNAP Units

The caseload growth evident for the country in Figure 3.10 and for project states in Figure 3.12 has been accompanied by important

Table 3.1 Estimated State SNAP Participation Rates, All Eligible Individuals: Selected Years

	2003	2007	2010	2013	2014
Florida	0.48	0.57	0.74	0.93	0.90
Georgia	0.64	0.63	0.75	0.93	0.89
Maryland	0.49	0.59	0.67	0.90	0.97
Michigan	0.63	0.89	0.94	1.00	1.00
Missouri	0.77	1.00	0.86	0.93	0.86
Texas	0.48	0.55	0.63	0.77	0.73
United States	0.56	0.69	0.72	0.85	0.83

SOURCE: Mathematica Policy Research.

changes in the demographic makeup of the SNAP caseload. The most significant alteration lies in the growing share of the caseload attributable to households with working-age adults without children, many of whom would be, in the absence of rule suspension, subject to benefit limitation if neither at work nor in a training program.

The upward trend in childless cases is evident in Table 3.2, which shows the composition of food stamp/SNAP households in various years. Over the 12-year span, the division of cases between those with only children, those with only elderly (aged 60 and older), and those that include at least one adult participant aged 18 to 59 has changed remarkably little. But within the “with working-age adults” group, the share of cases with children among all SNAP cases has declined by 10 percentage points. Judged by the diversity evident in the table, the combination of extended categorical eligibility, ABAWD waivers, and the Great Recession moved SNAP even closer to being the “universal, national welfare program” the CBO predicted 40 years ago.

ABAWDs and the Like

The work requirement applied to ABAWDs (unless waived) is restricted to adults aged 18 to 49, while Table 3.2 follows common FNS practice of labeling ages 8 to 59 as “working age.” Table 3.3 elaborates on the FY2013 data from Table 3.2 to identify the subset

Table 3.2 Estimated Proportion of SNAP Monthly Caseload by Unit Composition: Selected Years 2003–2015

	2003	2007	2010	2013	2015
Total cases (thousands)	8,971	11,563	18,369	22,802	22,293
Child only	0.06	0.06	0.07	0.06	0.06
Elderly only	0.17	0.16	0.14	0.16	0.18
Units with adult(s) 18–59	0.78	0.78	0.79	0.78	0.76
With children	0.48	0.45	0.42	0.38	0.36
Without children	0.29	0.33	0.38	0.40	0.40
“Other” units	0.14	0.17	0.24	0.25	0.25
With adult 18–59	0.10	0.11	0.16	0.17	0.17

NOTE: “Child only,” “Elderly only,” and “Units with adult(s) 18–59” categories are mutually exclusive. “Other units” are the subset of “Units with adult(s) 18–59 without children” that also do not include any elderly or disabled individuals. The “Elderly only” category includes a small number of cases (less than 1 percent) with children.

SOURCE: SNAP annual QC data; author’s tabulation.

of the “Other” category that includes adults aged 18 to 49 and counts the adults. The units and adults that meet this restriction are termed *apparent* ABAWDs and abbreviated as AABAWDs—adults aged 18 to 49 who are living with no children, report no disabilities themselves, and live with no other disabled adults or any elderly person.²⁴ By this definition, 17 percent of SNAP units in FY2013 included adults who would be subject to the ABAWD time limit if unemployed and not in training and if living in states or counties without time-limit exemption. This is the bottom line of the table.

We can drill further. The count of persons aged 18 to 49 in this “bottom line” group is 4.6 million (the others are aged 50 to 59). These AABAWDS would be excluded from SNAP access only if they are employed fewer than 20 hours a week and have been receiving SNAP for more than three months during the past three years. The quality-control data do not include the information necessary to fully apply this definition. We can assess the proportion employed or reported to be engaged in training. In FY2013, 68 percent of the AABAWDS, 3.1 million adults, were listed as neither employed for at least 20 hours a week nor engaged in training. At best, this number gives a sense of

Table 3.3 Looking for ABAWDs, FY2013

	Units (thousands)	Share of units	Adults 18–59 (thousands)	Share of adults 18–59
Total cases	22,802	1.00	21,845	1.00
Child only	1,376	0.06	–	0.00
Elderly only	3,627	0.16	–	0.00
Units with adult(s) 18–59	17,801	0.78	21,845	1.00
With children	8,759	0.38	11,787	0.54
Without children	9,042	0.40	10,058	0.46
“Other” units	5,653	0.25	6,221	0.28
With AABAWD	3,930	0.17	4,759	0.22

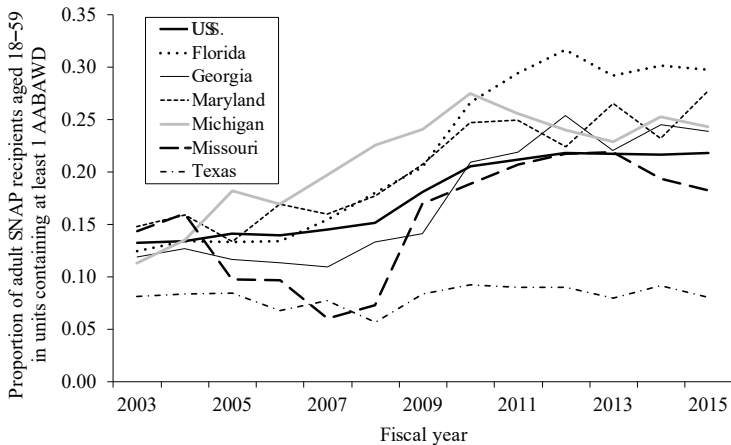
NOTE: “Child only,” “Elderly only,” and “Units with adult(s) 18–59” categories are mutually exclusive. “Other units” are the subset of “Units with adult(s) 18–59 without children” that also do not include any elderly or disabled individuals. The “Elderly only” category includes a small number of cases (less than 1 percent) with children. AABAWD is “apparent able-bodied adults without dependents.” They are adults 18–49 in units with no children, no disabilities, and no elderly coresidents. Total adults here include some aged 50–59 individuals not subject to the ABAWD time limit.

SOURCE: SNAP QC Data 2013.

orders of magnitude in discussions of the potential effect of applying the full ABAWD restriction.

In Figure 3.14, the annual equivalent of the last number in the bottom line of Table 3.3 is plotted by year, from 2003 through 2015, for the United States and for the project states. As would be anticipated from ARRA, the number of SNAP units with AABAWDs jumped substantially in Fiscal Years 2009 and 2010, and that proportion was sustained, at least until state waivers began to expire in FY2015. The general pattern for the United States is replicated for the project states, with the project states’ estimates by the end of the period generally lying above the national proportion. Texas is again an outlier: by 2013, just 8 percent of Texas’s adults were in units that included ABAWDs, compared to 22 percent for the entire nation.

Figure 3.14 Proportion of Adult SNAP Recipients Aged 18–59 in Units Containing at Least One AABAWD, United States and Project States, FY2003–FY2015



NOTE: AABAWDs are “apparently able-bodied adults without dependents.” We define this group as adult SNAP recipients aged 18–49 in units with no children, no disabilities, and no elderly recipients.

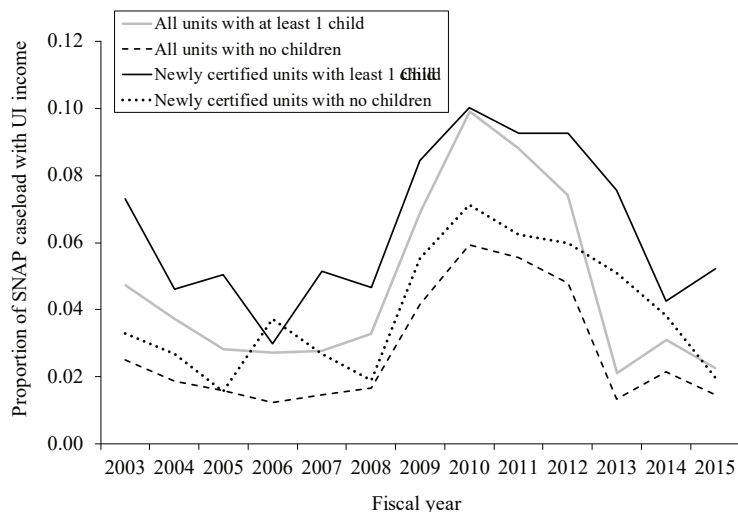
SOURCE: 2003–2015 SNAP QC data.

Interaction with Unemployment Insurance

There are no national UI administrative data that include information on SNAP utilization by UI recipient households. It is possible to use the SNAP quality-control information to take the opposite perspective and estimate the prevalence of UI receipt among SNAP recipient households. Here again, consideration is limited to cases that include adults aged 18 to 59. Table 3.2 indicates that such cases constitute just slightly above three-quarters of the SNAP caseload.

Figure 3.15 indicates that the Great Recession saw a surge in UI receipt among SNAP recipients. Separate tabulations are reported for all units and for the newly certified, and within these groups for units without children. Across the nation, the prevalence of UI receipt was greatest for newly certified units that include a child. Recall that the

Figure 3.15 Proportion of SNAP Caseload with Recorded UI Income, FY 2003–2015 (Includes only units with at least 1 person age 18–59)



SOURCE: FY2003–2015 SNAP QC Data.

recession officially ended in the second quarter of 2009. Nevertheless, the peak for prevalence of UI receipt, both among newly certified units and all units, occurs in the following fiscal year. After that, the tail-off in UI receipt among new cases pulls the overall rates downward.

The SNAP-UI Households

The SNAP quality-control data provide some justification for the use of a single-parent family with two children for sample calculations in the earlier discussion of SNAP eligibility. Table 3.4 provides more detail on the composition of SNAP recipient households that reported income from UI. In 2009, about one-third of all SNAP households with income from UI had a single parent with children. Thirty-one

Table 3.4 Proportion of SNAP Households Reporting Current Income from UI by Composition, Average Month, Selected Years 2003–2015

	2003	2007	2009	2010	2015
Households with children					
Single parent		0.41	0.33	0.33	0.31
Married couple		0.22	0.22	0.19	0.19
Other multiple adult		0.08	0.09	0.10	0.06
Child only		0.01	0.02	0.02	0.02
Households without children	0.24	0.28	0.34	0.36	0.43
Total households receiving SNAP and UI (thousands)	281	202	697	1,227	331
Proportion of total SNAP households	0.03	0.02	0.05	0.07	0.01

SOURCE: SNAP quality control samples.

percent of such households included multiple adults, and two-thirds of this group were households with married or cohabiting couples. Two percent of SNAP-UI households were “child only,” meaning that the family included adult recipients of UI who had incomes that were included in assessment of the children’s need but who were themselves ineligible. The remainder were households without children.

The total number of SNAP households with UI income more than quadrupled between 2003 and 2015, but thereafter the numbers fell precipitously, as indicated by Figure 3.15. This decline was more rapid among households with children than among those without, so that the quality-control data indicate that, by 2015, 43 percent of all the SNAP households that reported UI income included no children. The contraction of unemployment generally and of extended UI benefits caused the share of SNAP cases that reported income from UI to fall to 1 percent. The era of program interaction was over.

The Special Role of the Excess Shelter Cost Deduction

The ESCD is important, especially for families receiving UI benefits.

Table 3.5 shows the prevalence of the ESCD across SNAP households, as well as the proportion of the SNAP benefit received that is attributable to the reduction of net income brought about by the ESCD. Since application of the ESCD is wide and growing—by 2013, over 72 percent of SNAP participant units benefited from it—this deduction has a significant consequence. The bottom portion of the table reports results of a simulation of the consequence for SNAP benefits of eliminating this deduction, all else remaining constant. By 2013, 19 percent of SNAP benefits were attributable to the ESCD.

There is a significant difference in prevalence and amount of ESCD between households with and without income from UI. By 2013, for example, 82 percent of SNAP units with UI income reported excess housing costs, resulting in an increase in benefits to this subgroup of 29 percent, compared to 19 percent for those without UI. This differential has persisted throughout the recession and recovery.

It is likely that units receiving SNAP and UI have higher housing costs than do SNAP recipients without UI, since the UI group's housing costs probably reflect choices, including purchase of a home, made before job loss when their incomes were higher. Unfortunately, the quality-control data do not identify tenure, so it is not possible to investigate the extent to which differentials between units with and without UI are related to differences in the prevalence of homeownership.

As sizable as the ESCD difference is between current UI recipients and others, it is important to keep things in perspective. As the table shows, concurrent UI recipient units are a small subset of all households. What the quality-control data cannot show is how many of the SNAP units without UI income at the time of the quality-control (QC) snapshot have simply exhausted benefits.

Broad-Based Categorical Eligibility

Ostensibly, one of the most significant consequences of broad-based categorical eligibility is the loosening and, in some cases,

Table 3.5 The Importance of the Excess-Shelter Cost Deduction

	2005	2007	2009	2011	2013	2014
Total units (monthly)	8,502,615	9,001,244	11,738,020	16,374,692	17,801,241	17,145,432
Proportion with ESCD						
All	0.691	0.704	0.697	0.717	0.722	0.714
With no UI	0.689	0.702	0.694	0.710	0.717	0.711
With UI	0.765	0.752	0.754	0.796	0.821	0.827
Proportion of all units						
With no UI	0.977	0.978	0.943	0.928	0.956	0.974
With UI	0.023	0.022	0.057	0.072	0.044	0.026
Proportion of benefits attributable to ESCD						
All	0.180	0.208	0.179	0.192	0.195	0.210
With no UI	0.179	0.206	0.175	0.185	0.190	0.207
With UI	0.256	0.304	0.256	0.284	0.294	0.331

SOURCE: Calculations by author from SNAP quality control data.

elimination of the gross and net income tests for SNAP eligibility. However, the SNAP quality-control data indicate that this elimination had little significant consequence for the prevalence of (relatively) high-income households in the caseload. Table 3.6 shows a breakdown of 2014 national caseload data for units most likely to be affected—those with adults aged 18 to 59 but no member who is disabled or elderly. Only about 4 percent of units that meet these requirements fail either the net or gross income tests. The same is true for those cases newly opened.

Table 3.6 Broad-Based Categorical Eligibility and the Income Tests, 2014

	All units		Newly opened	
	Total	Proportion	Total	Proportion
All units in category	12,425,481	1.00	2,568,510	1.00
Units that pass gross & net income tests	11,961,034	0.96	2,467,099	0.96
Units that passed gross, failed net	6,646	0.00	531	0.00
Units that passed net, failed gross	336,329	0.03	76,904	0.03
Units that fail both net and gross	104,473	0.01	21,581	0.01
Units w/ net income results coded “missing” ^a	16,997	0.00	2,395	0.00

^a Includes units enrolled under the Minnesota Family Investment Program.

SOURCE: Calculations by author using 2014 SNAP QC data; see text.

Table 3.7 carries the assessment of the proportion of SNAP households that pass both the gross and net income tests (the second line in Table 3.6) backward in time and shows separate results by state. The table’s bottom line, for the United States, indicates that 2012 saw the highest prevalence of (relatively) high-income cases in the caseload, but even this was only 6 percent of the subgroup analyzed. This national aggregate, as always, encompasses substantial variation across states. Georgia, a state with BBCE that retained the

Table 3.7 Proportion of SNAP Units Passing Both Net and Gross Income Tests, 2004–2015

	2004	2006	2008	2010	2012	2014	2015
Florida	0.999	1.000	1.000	0.993	0.968	0.953	0.927
Georgia	1.000	1.000	0.999	1.000	1.000	0.991	0.988
Illinois	1.000	1.000	1.000	0.997	0.974	0.997	0.998
Maryland	0.952	0.954	0.954	0.933	0.919	0.900	0.909
Michigan	0.936	0.926	0.926	0.902	0.912	0.958	0.940
Missouri	1.000	0.993	0.993	0.995	0.991	0.995	1.000
Texas	0.968	0.948	0.960	0.924	0.930	0.946	0.906
United States	0.984	0.982	0.981	0.967	0.940	0.963	0.953

NOTE: All units have at least one adult aged 18–59 and no disabled or elderly persons.
SOURCE: Author’s calculations based on SNAP QC data.

130 percent gross income test, includes no cases having gross income of more than 130 percent of the administrative poverty standard. Maryland and Michigan, in contrast, include the greatest proportion of higher gross-income cases.²⁵

The implication of these numbers is that if BBCE makes a difference for the caseload, the effect comes about not because of enhancing the range of earnings consistent with eligibility for SNAP benefits but because of elimination of assets tests and the simplicity of making eligibility depend primarily on ascertaining that a household’s net income is low enough to lead to a positive SNAP payment.

The importance of elimination of the asset tests in the BBCE-related increase in SNAP take-up remains difficult to assess. At least part of the effect may arise in the ambiguities surrounding asset assessment. It is one thing for an applicant to report current income. It is another to catalog and estimate the value of assets. For newcomers to SNAP, the assets language in SNAP application forms in states without BBCE might well be frightening. As late as 2014, the food stamp application (it was still called that) in Missouri asked applicants to “please list any cash, money in bank accounts, stocks, bonds, retirement accounts, settlements from accidents, insurance claims, and lottery winnings” in their possession or the possession of any

other household member. Then the applicant was told that when he/she signed the application, the applicant was “certifying . . . that you understand that information provided on this form and during the interview must be true and accurate.” The applicant then agrees to “authorize the Director of Family Support Division or his/her appointee to investigate my circumstances or statements.” The applicant certifies understanding that “it is against the law to obtain or attempt to obtain food stamp benefits to which I am not entitled.”²⁶ This of course begs the question of how the applicant would know whether she was entitled before “attempting to obtain” such benefits.

With BBCE as operated in most states, these questions go away. As public understanding of the increased ease of SNAP application grew and was confirmed by the experience of former coworkers and neighbors, a “tipping point” may have been reached in SNAP applications. People in need may have come to realize from the reports of successful applicant families that the burden and uncertainty created by asset disclosure requirements had eased.

Summary

This largely SNAP quality-control-based study of SNAP evolution during the Great Recession has the following major implications:

- The increase in take-up was indeed remarkable, propelling SNAP to center stage in national income support policy. While take-up grew in all states, however, rates varied substantially. Some of this difference is plausibly due to variation in state policy, a matter to be investigated in subsequent chapters and in review of the literature.
- Estimated participation rates among eligible households increased during the Great Recession, and the increase has been sustained in the recession’s aftermath. This may reflect program outreach, but to some unknown degree it is likely also a product of eliminating or relaxing assets tests through BBCE.

- ABAWDs are a major factor in the Great Recession–related SNAP caseload expansion. A substantial proportion of ABAWDs were, at the time of accession, not working.
- The prevalence of UI receipt among SNAP cases peaked after the Great Recession ended in 2010. It is not possible to say much about the pattern of interaction between receipt of the two benefits leading up to this peak and the falloff thereafter. This, too, is an important target for investigation at the state level.
- The excess shelter-cost deduction is an increasingly important feature of SNAP operation, and it appears to play an important role in the interaction between SNAP and UI.

CONCLUSION: LOOKING TO THE STATES, AND THE FUTURE

Food Stamps began as a late afterthought to the Great Depression, aimed primarily at increasing agricultural incomes rather than sustaining income, consumption, or nutrition among poor households. Over the next 70 years, culminating in its use during the Great Recession, the program effectively became a near-universally available income support system—thus massively increasing its potential for supplementing need-related benefits from other safety-net programs. The extent to which this potential was realized is an important issue, both for understanding what happened during the Great Recession and for finding opportunities to improve SNAP operation in the future.

Judging SNAP success in fulfilling the safety-net supplementary role requires, of course, analyzing its interaction with other safety-net components. In the context of counter-recession assistance, UI has historically been the most important feature of the safety net—and UI expansion was a major part of the national policy response to the Great Recession downturn. The previous chapter in the book complements this chapter’s SNAP overview by providing an overview of

recession-related UI expansion. The data developed for this chapter confirm that families often received benefits from both the SNAP and UI systems. The chapters that follow use data for individual states—as well as state-specific perspectives on the development of SNAP and UI policy at the state level—to take a detailed analytic look, using administrative data, at how these two programs interact to produce the overall picture painted here.

Regarding the future, the effectiveness of SNAP as an instrument of counter-recessionary fiscal policy in the Great Recession is the product of the increase in benefits created by ARRA, the expansion of eligibility of ABAWDs, and promotion of extended categorical eligibility, especially broad-based categorical eligibility. Repetition of this effectiveness in some future downturn turns on the willingness of Congress to again expand benefits, relax restrictions on ABAWDs, and sustain in some way the program changes achieved by states through implementation of BBCE. In many ways, BBCE seems a weak foundation for national policy, since the eligibility it creates turns in many cases on an entitlement generated via brochure. It is easy to imagine someone questioning this subterfuge and proposing reimposition of some form of assets test or income restriction as simply an enhancement of program integrity. Such a change could have substantial effects on access to SNAP support for working families. So we end with a paradox: on the one hand, BBCE has moved SNAP to become the “universal, national welfare program”; on the other, the model remains heavily dependent on the artifice of BBCE rather than logical program design.

Notes

1. Population figures are from the U.S. Census Bureau. Food stamp/SNAP recipient estimates are based on data from the FY2000 and FY2014 SNAP quality-control sample (discussed later in the chapter). TANF data are from the Office of Family Assistance, Administration for Children and Families, U.S. Department of Health and Human Services. GDP and government consumption figures are from FRED (<https://fred.stlouisfed.org>) and the Commerce Department's Bureau of Economic Analysis.
2. Here, as elsewhere in the book, reference to the timing of the Great Recession is based on the National Bureau of Economic Research's chronology, which puts the start of the downturn at December 2007 and the end of the contraction at June 2009. In some instances, timing is identified by quarter—i.e., from FY2008:Q1 to FY2009:Q3. See <http://www.nber.org/cycles.html>.
3. Except where otherwise noted, the summary of SNAP history that follows draws on Coppock (1947), McDonald (1977), and USDA (2014b, 1941).
4. The September 26, 1939, *New York Times* reported that the blue-stamp-eligible surplus commodities list effective for the following month included butter, eggs, raisins, apples, pork lard, dried prunes, onions (except green onions), dry beans, fresh pears, fresh snap beans, wheat flour and whole wheat flour, and corn meal. Raisins, apples, pork lard, and snap beans appeared on the list for the first time. Foods removed from the surplus list effective October 1 included cabbages, fresh peaches, fresh tomatoes, rice, and fresh green peas. Cited in Simon (2010).
5. Amendments to the Agricultural Trade Development and Assistance Act of 1954, Sec. 11, Pub. L. No. 86-341, 68 Stat. 454 (1959).
6. Food Stamp Act of 1964, Pub. L. No. 88-525, 78 Stat. 703 (1964).
7. Food Stamp Act of 1964, Sec. 5(b).
8. Amendments to the Food Stamp Act of 1964, Pub. L. No. 91-671, 84 Stat. 2048–2052 (1971).
9. A bit of perspective: the proposed FAP “guarantee” in updated dollars exceeded the 2014 TANF benefit in all states save Alaska, California, and New York (Cohen et al. 2016, Table II.A.4). The best reflections on the episode are in Burke and Burke (1974) and Moynihan (1973).
10. The poverty “guidelines” are an administrative variant of the national income standard for identifying families in poverty. This measure was first introduced in the early 1960s and has continued, with inflation

adjustment and other minor adjustments, to the present. The poverty standard varies by family size and composition. A family is officially poor if its pretax, postcash assistance income falls below the standard. The official standard has long been criticized for, among many other things, failing to include food stamp benefits in the income measure. Unemployment benefits are included as income.

11. 65 Fed. Reg. 70198, amending 7 C.F.R. 273.2(j) (Nov. 21, 2000).
12. A complete listing of these reports is available at USDA (2019).
13. “A [census] household consists of all people who occupy a housing unit regardless of relationship” (U.S. Census Bureau 2016).
14. Figure 3.1 is based on data from the FNS State Options reports (see note 12), two separately funded studies of state policy (Laird and Trippe 2014; Trippe and Gillooly 2010), and a recent report from the Congressional Research Service (Falk and Aussenberg 2018). Where possible, the data are intended to describe state policy at the end of the indicated fiscal year, but in some cases the timing is difficult to ascertain.
15. Of course, other compositions could be used for reference, and in the discussions that follow some alternatives are considered when useful. But the issues raised generally apply to all SNAP units with children. Actual household composition for SNAP recipients with income from UI is discussed later in the chapter.
16. Methods for calculating utility expenses vary by state. Most states use a standard utility allowance (SUA), which applies for all units that pay at least their heating and cooling costs, instead of calculating exact utility costs. For example, in Michigan in 2009, the SUA was \$550 per month. For units that do not pay their heating and cooling costs, specific deductions, such as water and telephone bills, are calculated. Units that receive help from the Low-Income Home Energy Assistance Program (LIHEAP) are automatically eligible for the SUA, regardless of their utility costs. For more information, see Holleyman, Beggs, and Fox (2017).
17. Technically, categorical eligibility would require that the family receive some TANF-funded service or simply be put on notice that the family was eligible for some TANF-funded service, however trivial (Falk and Aussenberg 2018). In the Michigan case, the “service” provided was information about the Domestic Violence Prevention Service, which was included in the SNAP application (Laird and Trippe 2014, Appendix A).
18. These numbers are from the FNS SNAP web page on eligibility (USDA 2017c). The FNS counts include Guam and the Virgin Islands as “states” and no longer provide details on vehicle exemption policies by state.

19. There is evidence that in recent years, some states have altered financial details for some households included in the quality-control sample to reduce estimated error rates. There is no indication that these actions have affected the demographic data, and the interventions do not appear sufficiently large to affect conclusions drawn later in this paper. See USDA (2017a).
20. The administrative data for caseloads count only units that have received benefits during the month. Some of this turnover is probably the result of administrative “churning,” in which units that have benefits suspended in a month are counted as closures, even if benefit payment is resumed in the next month (Mills et al. 2014). Such terminations are generally not genuine departures from assistance in the sense that regaining benefits requires a full reassessment of eligibility. Given the definition of case opening used in constructing Figure 3.11, the exaggeration of “real” terminations by the inventory estimation procedure is diminished, because in any month, temporary loss of cases through payment suspension is offset by the number of cases now returned to the count following compliance—an action not counted as an accession.
21. The downturn in Georgia’s caseload in 2014—outside the analysis window for this book—is the result of administrative problems created by, among other things, flawed implementation of a major expansion of its social-services-management information system. Downturns in Georgia and other states—notably Florida—three months after the beginning of FY2015 reflect expiration of waivers for the three-month time limit for unemployed ABAWDs.
22. See DHHS (2014), p. II–17. These participation estimates are done on a unit basis, not an individual basis as is done for SNAP in Figure 3.13. The comparable SNAP unit participation rate for 2011 is 81.8 percent, compared to 78.0 percent for individuals.
23. The estimates are Bayesian in the sense that the predicted numbers of eligible families derived from earlier years’ and other states’ data are used to form a “prior” estimate of numbers of eligible units; this is combined with CPS results to produce, across states, the best “posterior” fit for the current year. The procedure yields estimates of precision that can be used to judge the significance of differences in estimated outcomes across states.
24. The SNAP quality-control questionnaire includes a variable for ABAWD designation, but it is clear from the data that states were uncertain, at least in prior years, about identification.
25. Here, again, it is important to retain perspective. The quality-control data cover current receipt, not situation on entry. It is possible that the elimination of the gross income test does result in greater case in-flow,

but once receipt is established, units reduce earnings so that income falls to the point of not being counted in Table 3.6 and Table 3.7. We lack data on situation at application.

26. Missouri Department of Social Services, Family Support Division, Application for Food Stamp Benefits. Form MO 886-0460 (05/14).

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Chapter 4

Related Research about SNAP and UI

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Several studies about the increase in Supplemental Nutrition Assistance Program (SNAP) receipt during the Great Recession have appeared, but most have not looked specifically at the interaction of SNAP and unemployment insurance (UI). The exceptions are papers by Finifter and Prell (2013) and Rothstein and Valletta (2014). Work by Mulligan (2012), Ganong and Liebman (2013), and Ziliak (2016) has addressed the role of policy change in SNAP caseload expansion. This work uses publicly available data to study the dynamics of SNAP-UI interaction during the Great Recession, but it also serves to identify opportunities to improve understanding among policymakers by developing new information, as the SNAP-UI project has done.

FINIFTER AND PRELL

David Finifter and Mark Prell (2013) use the Current Population Survey's Annual Social and Economic Supplement (CPS-ASEC) to study the overlap between SNAP and UI receipt among households before and during the Great Recession, specifically for calendar years 2005 through 2009. *Household* here refers to a household as defined by the U.S. Census Bureau (i.e., everyone living at an address). UI households are households that, at the time of the ASEC, report some income from UI in the previous calendar year. SNAP households are households that, at the time of the ASEC, report some receipt of SNAP benefits during the preceding year. The authors then define overlap

from SNAP and UI perspectives: they denote the share of SNAP households that are also UI households as the SNAP joint participation rate. Similarly, the share of UI households that are also SNAP households is the UI joint participation rate. Note that joint receipt need not be coincident within the calendar year. From both perspectives, the overlap increased as the Great Recession progressed: the SNAP joint participation rate rose from 7.8 percent in 2005 to 14.4 percent in 2009; the UI joint participation rate rose from 11.1 percent in 2005 to 13.4 percent in 2009.

These joint participation rates differ from the rates reported in Chapter 3, for at least three reasons:

First, the discussion of take-up in Chapter 3 concentrates on the subset of SNAP households that include adults aged 18–59. Had Finifter and Prell applied this restriction, their rates would have been even higher.

Second, the rates reported in this paper are for coincident receipt; Finifter and Prell count as overlap any receipt of both programs at any time during the year. A household that received UI from January to March and SNAP from June to October would be counted as a joint participant for Finifter and Prell, for example, but not in the quality-control-based point-in-time calculations presented in Chapter 3.

Third, the administrative data that underlie the quality-control calculations presented earlier avoid the CPS problems with underreporting.

Nevertheless, Finifter and Prell's longer, annual perspective is important, especially given the focus on annual income in most studies. Point-in-time assessment, the only thing that can be done with the quality-control data, will miss sequential interaction of UI exhaustion with SNAP take-up. This topic is studied extensively in the state chapters that follow.

Finifter and Prell find that among households receiving SNAP, those with householders having the lowest levels of education (i.e., less than high school) are less likely than others to be joint program participants. As might be anticipated, among households receiving

UI, the likelihood of SNAP participation is greatest for those with the lowest annual income from all sources.

ROTHSTEIN AND VALLETTA

Jesse Rothstein and Robert Valletta (2014) use the 2001 and 2008 panels of the Survey of Income and Program Participation to look at the experience of panel adults who receive UI payments during spells of unemployment around the time of the 2001 “Lesser Recession” and the Great Recession of 2007–2009.¹ The Lesser Recession panel covers the period from October 2000 through January 2004; the Great Recession panel covers May 2008 through April 2013. The authors first select all instances of reports of separation from jobs of at least three months’ duration that are followed by at least one week of unemployment. The separation period ends when the job loser subsequently reports at least four consecutive weeks of employment. Identified in this way, most such spells of unemployment (73 percent in the Lesser Recession sample; 70 percent in the Great Recession sample) do not involve UI. Of those that do, Rothstein and Valletta further restrict the sample to spells in which the unemployed person receives UI for at least four months. Within this subgroup, UI payments ceased before the end of unemployment in 19 percent of spells in the Lesser Recession panel and 18 percent of spells in the Great Recession panel. Rothstein and Valletta term this group “exhaustees.”

Table 4.1 reproduces important Rothstein and Valletta results. The first set of tabulations covers all separations identified across the several interview waves for each panel. The prevalence of SNAP receipt before and after the separation is tabulated, as well as a measure of poverty status. Job separations for both panels increase the prevalence of both SNAP receipt and poverty. As should be expected given the overall increase in SNAP take-up, job losers in the 2008 panel are significantly more likely to be in households receiving SNAP than is the case for their (approximate) counterparts in the 2001 panel. While

Table 4.1 SNAP Receipt and Poverty before and after Job Separation and UI Exhaustion

	2001 SIPP panel				2008 SIPP panel			
	Obs.	Pre	Post	Diff	Obs.	Pre	Post	Diff
Before and after job separation ^a	9,341				17,663			
UI receipt		0.036 (0.148)	0.780 (0.225)	0.743 (0.018)		0.090 (0.258)	0.825 (0.242)	0.735 (0.015)
SNAP receipt		0.076 (0.256)	0.125 (0.302)	0.049 (0.015)		0.130 (0.329)	0.175 (0.355)	0.045 (0.011)
In poverty		0.074 (0.224)	0.239 (0.357)	0.165 (0.022)		0.079 (0.248)	0.209 (0.362)	0.130 (0.015)
Before and after UI exhaustion ^b	504				1,098			
SNAP receipt		0.146 (0.353)	0.155 (0.362)	0.009 (0.019)		0.216 (0.412)	0.261 (0.439)	0.044 (0.012)
In poverty		0.253 (0.435)	0.418 (0.494)	0.165 (0.032)		0.216 (0.412)	0.377 (0.485)	0.160 (0.021)

NOTES: The “universe” for the first set of tabulations is all job separations reported for working adults over all waves of the indicated SIPP Panel. The sample is restricted to separations lasting at least 26 weeks. The second set of tabulations involves only the subset of job separations in which UI terminated before employment was regained. Proportions are unweighted; choice of appropriate weights, given the time frames, is ambiguous. Experiments with various weighting choices suggest general outcomes are not sensitive to weighting strategies. Differences that are statistically significant at the 5 percent level are bolded.

^a“Pre” columns report average values and standard deviations (in parentheses) over the three months prior to the month in which job separation occurred. “Post” columns report average values and standard deviations (in parentheses) over the period beginning the month after job separation and ending six months later or in the last month of the nonemployment spell, whichever comes first. “Diff” columns report the difference in means and the standard error (in parentheses) of this difference.

^b“Pre” columns report average values and standard deviations (in parentheses) over the three months prior to the last month in which UI income was received. “Post” columns report average values and standard deviations (in parentheses) over the period beginning the month after the last month of UI receipt and ending six months later or in the last month of the nonemployment spell, whichever comes first. “Diff” columns report the difference in means and the standard error (in parentheses) of this difference.

SOURCE: Transcribed from data in Tables 2 and 3 of Rothstein and Valletta (2014). Sample sizes are estimated from information in Table 1.

the poverty rate prior to job separation is not significantly different between groups, the poverty-rate increase following job loss is significantly smaller in the 2008 panel. It is tempting to view this difference as the product of higher SNAP receipt, but Rothstein and Valletta do not include SNAP benefits in the income measure used for assessing poverty status. Had they done so, the difference in SNAP receipt post-job separation for the two episodes would almost certainly have increased the difference in poverty rates.

The second set of tabulations in the table considers the subset of separations in which the subsequent period of joblessness extends beyond termination of UI benefits. These cases are assumed to be exhaustees. Here, “pre” and “post” are defined relative to exhaustion, not job loss. The outcome of exhaustion is a significant (and almost identical) increase in the poverty rate for both the Lesser Recession and Great Recession samples, but the postexhaustion increase in SNAP take-up is statistically significant only for the Great Recession. Here, too, it is likely that the difference in poverty impact is almost certainly understated because of failure to include SNAP benefits in income.

In sum, both Finifter and Prell (2013) and Rothstein and Valletta (2014) confirm a substantial overlap between receipt of UI and SNAP during the Great Recession. Both underscore the importance of intertemporal as well as contemporary interaction—a much higher proportion of households are counted as joint recipients if that designation means experiencing both UI and SNAP receipt within a year than is true for when the combination is counted only if it occurs within a single month. Rothstein and Valletta show that the overlap increased compared to the recession of 2001, consistent with the substantial increase in SNAP access between the two recessions. Neither study attempts to identify any differences that can be attributed to variation in state policy with respect either to SNAP or to UI.

MULLIGAN

Surely the most provocative study of interaction between UI and SNAP appears in Casey Mulligan's book *The Redistribution Recession*. As the title indicates, Mulligan (2012) essentially argues that the Great Recession was caused, or at least significantly worsened, by the labor market distortions created by the social safety net. For Mulligan, the major distorting programs were SNAP, UI, and programs of mortgage modification for persons who experienced substantial loss of home value because of the collapse of the housing bubble. He also considers other policy developments—including an increase in the minimum wage—to have played perverse roles.

There are micro- and macroeconomic components to Mulligan's argument. The microeconomic component involves estimation of the effect of changes in policy on benefits available to households at different income levels. Mulligan carefully reviews both UI extensions and changes in SNAP eligibility, especially the consequences of broad-based categorical eligibility and elimination of the able-bodied-adults-without-dependents (ABAWD) work test. Such changes, he argues, raised the probability of program take-up and reduced incentives for work by raising the marginal tax rate imposed on earnings. His numerical estimates of these effects suggest that observed reduction in employment between 2007 and 2009 is largely the product of incentive effects of enhancements to the safety net. Moreover, in Mulligan's judgment, the exceptional duration of the recession and the persistent reduction in employment rates in the recession's wake are also consequences of generous safety-net policy.

The macroeconomic side of the Mulligan story is a neoclassical growth model built around a simple (Cobb-Douglas) model of the aggregate economy. In this model, a reduction of labor supply due to expansion of the safety net raises the cost of labor and leads to substitution of nonlabor inputs for labor. In his model, even the prospect of an expansion in benefits can lead to contraction. This analysis

leads, he writes, to “an unconventional causal interpretation of the sharp drops in consumption, investment, and capital market values during 2008: the drops were, in significant part, a reaction to, and an anticipation of, labor market contractions created by the expanded social safety net. In this view, it is incorrect to attribute the labor market contraction to drops in investment and consumer spending” (Mulligan 2012, p. 121).

There has been little detailed evaluation of Mulligan’s arguments. In his review of *The Redistribution Recession* for the *Journal of Economic Literature*, Christopher Foote (2013) notes that “most economists will find it hard to accept that the labor market fallout from this calamity [the Great Recession] is mostly explained by an expanded safety net,” but he fails to say why. Robert Moffitt (2015) argues that Mulligan’s constructs for marginal tax rates exaggerate the actual impact of policy changes on incentives, and that many of his choices for labor supply estimates are too large. The heart of Moffitt’s argument is a series of regressions, using Current Population Survey (CPS) data on household income, of total transfers received on private income, allowing splines in income over four ranges of earnings defined as a proportion of the poverty standard: 0–50 percent, 50–100 percent, 100–150 percent, and above 150 percent. The estimates are repeated for various years before, during, and after the Great Recession. The slope of each regression combines the effects of policy changes on take-up of all programs and labor supply conditional on take-up. Moffitt writes that “[the marginal tax rates] even during the Great Recession were never more than 18 percent. Further, the increase in [the rates] from 2005 to 2010 was never greater than 8 percentage points, which implies a reduction in the net wage rate of about 10 percent. At any reasonable wage elasticity, this would generate only minor reductions in labor supply” (p. 461).

The macroeconomic source for economists’ reluctance to accept Mulligan’s (2012) arguments is classically Keynesian. If we suppose the safety net were taken away and all disincentive for work removed, then labor supply would increase and, in the Mulligan model, wages

would fall, leading to increased employment through two channels: one being the increased demand by firms for labor, given the lower price; the other being the positive effect on the real money supply of commodity price declines engendered by cheaper labor. Classically, Keynesians have questioned the flexibility of wages and have argued that in a recession the impact of monetary expansion is diminished because of hoarding and the zero-lower-limit of interest decline.

GANONG AND LIEBMAN

Peter Ganong and Jeffrey Liebman (2018) take a long view of Food Stamp/SNAP development and use both policy and enrollment history to provide perspective on the consequences of the Great Recession for SNAP.² Like Moffitt (2015), they challenge Mulligan's (2012) ascription of the surge in unemployment during the Great Recession to increased generosity of social assistance, especially SNAP and UI.

Ganong and Liebman divide recent SNAP policy history into three intervals, defined by trends in caseload and the Mathematica estimates of participation (Cunnyngham 2017).

The first, from 1992 through 2000, is the era of welfare reform and rapid economic growth. During this period the SNAP caseload declined, both because unemployment was low and because of welfare reform (first through state waiver-based experiments and then, after 1996, in the transition to TANF). SNAP take-up declined, the authors argue, because the contraction of TANF reduced categorical eligibility.

The second period extends from 2000 through 2007. During this period take-up grew, both as a "rebound" from the contraction engendered by welfare reform and because states adopted various policies to improve program access. These policies included not only altering restrictions on vehicle ownership but also the adoption, by some states, of some form of expanded categorical eligibility.

The third period, 2007–2011, is the Great Recession, marked by a 5 percentage point increase in national civilian unemployment (from 4.6 to 9.6 percent average monthly employment for the year) and a 73 percent increase in SNAP recipients. For this period, the question is, how much of the nationwide increase in SNAP enrollment is attributable to the increase in unemployment, and how much is the result of policy change? Ganong and Liebman's (2018) innovation is to approach this attribution problem from the bottom by first estimating a model of SNAP enrollment by county, based on estimates of county unemployment rates and an index of SNAP access, given state policies, including ECE. The national SNAP caseload is then the sum of county caseloads, and changes in SNAP enrollment nationwide occur as a result of a combination of state policies operating at the county level and demand generated as changes in the national economic trends are reflected in county unemployment. To address the well-known problems with measures of unemployment rates at the county level, they develop an instrument for county unemployment change in response to statewide economic development that is based on the composition of local employment.

Ganong and Liebman estimate their model for the period 1993–2015, then use it (by summing across county estimates) to predict the path of SNAP take-up during each subperiod. The estimated model implies that trends in unemployment account for most of the decline in SNAP take-up in the late 1990s, that state policy changes are an important contributor to growth in take-up during the early 2000s, and that unemployment explains about two-thirds of the caseload expansion during the Great Recession.

Ganong and Liebman's policy index is crude, constructed by calculating how many out of eight possible policies each state has adopted at each year and employing that ratio as a right-hand variable in each county's SNAP take-up equation. This means, for example, that adoption of broad-based categorical eligibility is treated as having the same incremental impact on the prevalence of SNAP receipt as substitution of phone interviews for in-person meetings for eli-

gibility redetermination. Moreover, identification in the model is achieved because of variation across counties in unemployment rates and across states in the nuances of SNAP policy. But some important Great Recession policies, most notably elimination of the work test for ABAWDS and the increase in SNAP benefits, were implemented nationally, so no intercounty variation exists. The upshot is that Ganong and Liebman’s regression-based estimates of policy impact are suspect.

To improve their estimate of some policy effects, Ganong and Liebman turn to the SNAP quality-control sample data (see Chapter 3) and attempt to estimate the impact of policy change by counting recipient households that in the absence of the policy would be ineligible. The results of this exercise on both the eve and the end of the Great Recession are reproduced in Table 4.2. Column 1 in the table, actual total enrollment for 2007, is the average monthly recipient count for the third quarter of the fiscal year (2007Q3) from the quality-control data.³ “Eligible under standard rules” is the Ganong

Table 4.2 Ganong-Liebman Estimates of SNAP Enrollment Effects of Eligibility Changes, 2007–2011

	Enrollment (Millions of recipients)			
	Actual		Policy- Counter- induced factual (2) – (3)	
	2007	2011	2011	2011
Total enrollment	26.04	45.14		
Eligible under standard rules	24.01	38.46		
Relaxed income and asset limits				
Income > standard threshold	0.42	1.68	0.67	1.01
Assets > standard threshold	0.09	0.71	0.15	0.56
Waiver of time limits for childless adults	1.52	4.30	2.43	1.87
Total enrollment change, 2007–2011			19.1	3.44
Share attributed to eligibility changes				0.18

SOURCE: Reproduced from Ganong and Liebman (2013), Table 4.

and Liebman estimate of what the number of recipients would have been in the third quarter of 2007 in the absence of expanded categorical eligibility and waiver of the time limits in some states for ABAWDs. Thus, the estimated impact of these policies at the prerecession baseline of 2007Q3 was to increase the recipient count by 8.5 percent—2.03 million people. The difference is allocated to relaxed income and asset limits or the nationwide suspension of ABAWD time limits. Since quality-control data do not include assets, the asset test estimate is derived from other sources.

Numbers in column 2 of the table are interpreted similarly. The counterfactual estimate includes expansion of the numbers of recipients eligible because of waivers or ECE provisions in 2007 at the same rate of growth as the numbers of recipients eligible under standard rules. It incorporates no growth from waiver expansion or adoption of ECE rules in other states. The difference reported in column 4 is the change in enrollment attributed to the expansion of broad-based eligibility from 13 to 41 states and the waiver of the ABAWD time limit everywhere. The result is that an estimated 3.4 million of the total 19.1 million increase in enrollment from 2007 to 2011—18 percent—is attributable to persons added to SNAP rolls as the result of policy changes in response to the Great Recession.

Ganong and Liebman compare their estimates of impact to those of Mulligan (2012), as replicated in Table 4.3. Interpretation of this table is aided by understanding its connection to Table 4.2. Note that

Table 4.3 Comparison of Ganong-Liebman and Mulligan Policy Impact Estimates

Policy	% enrollment due to policy changes	
	GL (2011)	CM (2010)
Relaxed vehicle policies	0.0	12.0
State BBCE adoption	3.5	5.7
ABAWD waivers	4.1	2.3
Total	7.6	20.0

NOTE: “GL” = Ganong-Liebman; “CM” = Casey Mulligan.

SOURCE: Ganong and Liebman (2013).

the reference point here is total enrollment on the reference date, not change in enrollment since some baseline. For Ganong and Liebman, this is 2011; Mulligan's calculations are for 2010. Ganong and Liebman's estimate of 7.6 percent (the "Total" line in Table 4.3) is calculated by dividing the estimated sum of "policy-induced" change in enrollment (3.44 million in Table 4.2) by total enrollment (45.14 million).⁴ Two things become clear. First, neither Ganong and Liebman nor Mulligan ascribes major responsibility for the level of SNAP enrollment in 2010–2011 to policy response. For Ganong and Liebman, the culprit is, of course, the recession-induced surge in unemployment; for Mulligan it is the behavioral response to increases in benefits access and the work disincentives embedded in programs like UI and SNAP. The second conclusion is that the major share of the difference in impact stems from different treatment of the consequence of eliminating or relaxing restrictions on vehicle equity value. For Mulligan, cars count. Ganong and Liebman assume no impact of vehicle policies, because most restrictions on automobile values were already in place by 2007.

The Ganong and Liebman analysis is rich and thoughtful, and it is now regularly cited (cf. Moffitt [2015], p. 463). Disaggregation of the SNAP-unemployment response to the county level appears to provide significant improvement in understanding the response of SNAP enrollment to economic distress. Ganong and Liebman's discovery of a post-welfare reform rebound effect is useful in understanding the sources of differences in state SNAP caseload growth from early 1999 through 2005. Their analysis of data from the Survey of Income and Program Participation (included only in the 2013 version of the paper) provides insight into the impact of duration of unemployment on SNAP take-up.

However, their analysis has significant shortcomings. One concerns functional form. The Ganong and Liebman enrollment model treats SNAP take-up as a function of current unemployment rates and the unemployment rate in the two preceding years; however, the estimated cumulative impact of a sustained increase in unemployment

substantially exceeds the short-term impact of a change. Ganong and Liebman then point out that their model implies that when recession abates and unemployment falls, enrollment decline will lag. But this is the product of the symmetry of functional form that is assumed: if there is a lag in response to the upturn, there must be a lag in response to the downturn. It may be true that what goes up must come down, but no reason is offered for assuming the same path is followed in both directions.

Similarly, Ganong and Liebman's (2018) model implies that when rules change, as in the adoption of broad-based categorical eligibility, the full impact on caseload is achieved in the year following adoption. As is discussed in Chapter 3 (and in Ganong and Liebman [2013]), caseload growth is the outcome of relative rates of change in case openings and case closings. Rule changes affect these flows in different ways. It seems unlikely that the time pattern of response would be the same, and near-instantaneous, for all.

A related issue concerns the way in which variation in eligibility standards affects take-up. Ganong and Liebman dismiss Mulligan's (2012) assumption that changes in vehicle valuation requirements influenced enrollment expansion after 2007, because by 2007 most states had relaxed these vehicle valuation requirements from federal requirements. Indeed, in 2007, no state applied the federal regulation (Food and Nutrition Service 2007). But Ganong and Liebman pay no attention to the characteristics of households that were at the margin of SNAP eligibility when the Great Recession hit. It seems likely that, given the unprecedented (in recent times) incidence of job loss, the recession reached further up the distribution of households as measured by previous income status and that, as a result, those losing income were more likely to own vehicles that had a value exceeding what would have been applicable maximums. Thus, the change in vehicle policy not only changed program take-up in Ganong and Liebman's second designated period, 2002–2007; it may also have facilitated access to SNAP for the families rendered newly needy by the combination of job loss and housing contraction.

As noted earlier, assessing the effect of broad-based categorical eligibility elimination of the SNAP assets test raises a larger issue concerning inhibition. Valuing assets is not always easy, and the timing of resource measurement can make a difference—for example, whether bank accounts are measured on direct-deposit payday or the week before. In assessing the impact of removing the assets restrictions, the approach taken by Mulligan as well as by Ganong and Liebman is to presume that the Food and Nutrition Service had good-enough data on assets to fully evaluate the impact of the restriction. But giving a census interviewer a sense of one’s checking account is one thing; signing a certification on penalty of law is another. Again, the point is that elimination of the assets test may have removed an important psychological barrier to application for working-class families made SNAP-eligible because of recession-related income loss.

ZILIAK

Like Finifter and Prell (2013), James Ziliak (2016) uses the CPS-ASEC annual data to study the reported incidence across households of SNAP receipt at any time during the year. However, Ziliak’s focus is on the determinants of take-up, not on the overlap of SNAP receipt with benefits such as UI. The core model is a linear probability function:

$$(4.1) \quad SNAP_{ijt} = \alpha + X_{ij}\gamma + Z_{jt}\delta + \pi_j + \varphi_t + u_{ijt}.$$

$SNAP_{ijt}$ is an indicator equal to 1 if any member of household i in state j reports receiving SNAP in year t . X_{ij} is a vector of demographic descriptors for the household, Z_{jt} is a vector of economic and policy variables, π_j is an indicator (fixed effect) for the household’s state of residence, φ_t is an indicator for the reference year, and u_{ijt} is a random error term. The coefficients are estimated by least squares, and

standard errors are adjusted for heteroskedasticity. The data cover 32 years, 1980–2011.

The demographic descriptors include various characteristics of the person designated by Census Bureau convention as household head, as well as measures of household composition. The economic descriptors include the state unemployment rate in the current as well as the two preceding years, median state income, and a measure of income dispersion. There are 20 variables measuring the state policy environment, including the level of the SNAP benefit schedule and the presence or absence of broad-based categorical eligibility. Because SNAP receipt may affect family income, family income is excluded from the model, but many of the demographic variables provide control for the expected economic status.

Among other things, Ziliak finds substantial positive effects of the state's unemployment rate (current and lagged) on the probability a household will report SNAP receipt, and various indicators of the level of SNAP benefits and ease of access. Notably, the presence of broad-based categorical eligibility is estimated to raise the prevalence of receipt by 0.6 percentage points in states that adopt the policy.

Ziliak assumes no interactions among the variables included in Equation (4.1). The advantage of this assumption is that effects are additive, and the contribution of groups of variables to change over some interval can be calculated by comparing the change with and without alteration of these measures from baseline values. Ziliak divides variables into four groups:

- 1) Measures of the state's economy (unemployment rates, income distribution)
- 2) Measures of nonfood policies (minimum wage, Earned Income Tax Credit, Aid to Families with Dependent Children [AFDC]/Temporary Assistance for Needy Families [TANF] details)
- 3) Measures of food policy (SNAP benefit, broad-based categorical eligibility, other state eligibility and procedural requirements)

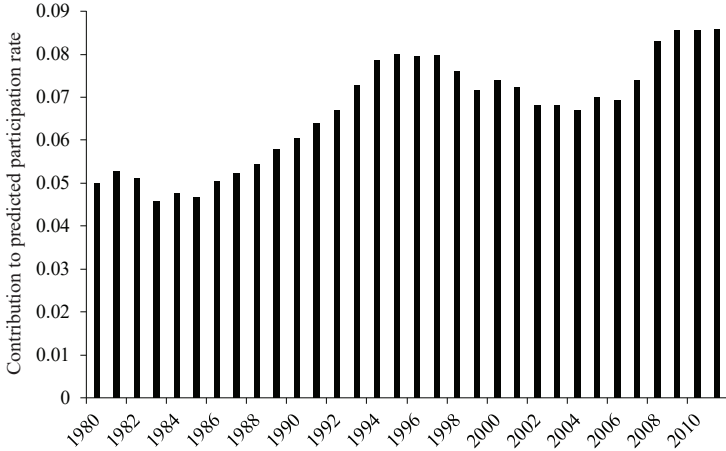
- 4) Demographics (size of household, characteristics of household head, and so forth)

He then calculates increase in the prevalence of SNAP receipt from a baseline year that would have been predicted to occur in the absence of change in the state's values for the variables in each group, allowing the other variables to change as recorded.

Ziliak performs these estimates for three periods, 2007–2011, 2000–2011, and 1980–2011. The results for 2007–2011 are illustrative: the baseline (2007) household participation rate was 6.5 percent; the rate in 2011 was 11.0 percent, 69 percent higher.⁵ Using regression estimates for Equation (4.1), Ziliak calculates that had the economy variables been held constant for all states at 2007 levels and all else allowed to change, the predicted increase in SNAP take-up would have been 35.8 percent. Hence the economy accounted for $(68.7 - 35.8) / 68.7 = 47.9$ percent of the change. Similar calculations attribute 1.6 percent of the increase to change in nonfood policies, 28.5 percent to change in food policies, and -3.7 percent to demographics (i.e., average household characteristics changed in ways that to a small extent offset the effects of other factors). The bottom line: the economy was twice as important in determining the SNAP case-load change between 2007 and 2011 as was change in food policy, including the expansion of broad-based categorical eligibility evident in Figure 3.1 from Chapter 3 of this book. The implication—indeed, the assumed structure of the model requires it—is that when the economy improves, should policy retreat, take-up will decline. Ziliak uses the regression to predict a decline of 12.2 percent following expiration at the end of Fiscal Year 2013 of the benefit increase created by ARRA (p. 33).

Note that the combination of estimated effects of the four variable groups for the change in the SNAP participation rate between 2007 and 2011 accounts for 74.2 percent of the total increase. The residual, over a quarter of the entire change, is accounted for by year fixed effects, the ϕ_t in Equation (4.1). It is instructive to look at the pattern of the fixed effects estimates. In Figure 4.1, the sum of the intercept

Figure 4.1 Intercept plus Year Fixed Effects, SNAP Participation Regression



SOURCE: Ziliak (2016).

and the year fixed effect is plotted for each year of the entire time span of the Ziliak sample. The change in bar height between dates is the amount of the increase (or reduction in the decrease) in the participation rate not attributed to alteration in values of other variables in the model. For 2007–2011, the change is 0.12. This “unexplained” component is slightly more than a quarter of the total take-up rate increase over the period.

Years ago, the “year fixed effects” would have been termed “dummy variables,” and caution is in order in their interpretation. The important message is that there is a substantial component of the SNAP take-up during the Great Recession that is greater than would have been predicted based on changes in the various components of Ziliak’s variable catalog. Moreover, the effect is constant over the three years 2009–2011. This unidentified component of change coincident to the Great Recession poses a significant problem for forecasting the future. One obvious next step would be to enrich the depic-

tion of policy (the Ziliak model includes no representation of state ABAWD policy and no reference to variation in other policies—notably UI—likely to affect SNAP take-up) and add years. The problem with extension is that the catalog of state policies developed by the USDA’s Economic Research Service and used by Ziliak has not at this writing been updated, and the data on timing and content of state policy collected by the Food and Nutrition Service are problematic. This is in part because of mysteries surrounding how TANF funds are used to confer categorical eligibility—in other words, the “base” in “broad-based categorical eligibility” is poorly defined.

CONCLUSIONS

The following conclusions emerge from this literature review:

- Liberalization of policy led to a steady increase in SNAP participation from 2001 on.
- The surge in SNAP participation as unemployment rose in the Great Recession was consistent with previous correlation evidence.
- Change in the ABAWD rules contributed significantly to the increase in SNAP receipt during the Great Recession.
- The impact of other policies associated with broad-based categorical eligibility is difficult to ascertain, in part because of uncertainty of timing and lack of attention to the time pattern of change in take-up in response to broad-based categorical eligibility implementation.
- It appears, from Rothstein and Valletta (2014), that SNAP played a greater role in income support for UI recipients during the Great Recession than was observed in the Lesser Recession, and that the importance of SNAP increased with UI exhaustion.

- Symmetry is an issue: must what went up (SNAP receipt) with the surge in joblessness come down with recovery, or did changes in SNAP policy produce a structural change in program take-up that will be sustained?

We end on this point: there is much to be learned from study at the state level, especially if better data can be obtained on the pattern of receipt of UI and SNAP benefits over time.

Notes

1. A revised version of their paper (Rothstein and Valletta 2017) was released as a National Bureau of Economic Research working paper in 2017. The revision, done for publication, combines analysis of UI recipient experience in the 2001 and 2007–2009 recessions because “reviewers generally felt that the differences in UI exhaustion effects between the 2001 and 2007–09 recessions were not substantial enough to consistently highlight them throughout the paper” (Rothstein and Valletta, e-mail to author). However, the difference in SNAP utilization is important to this chapter, and the general results from the Rothstein and Valletta analysis do not differ between versions.
2. The original version of the Ganong and Liebman paper includes important additional analyses. See Ganong and Liebman (2013).
3. The quality-control numbers are slightly lower than official recipient counts because the quality-control data set excludes cases judged in the quality-control audit to have been granted benefits in error.
4. Ganong and Liebman’s (2013) version of Table 4.3 includes a small inconsistency within the data they report in the original version of Table 4.2 for state broad-based categorical eligibility adoption. This is corrected here.
5. We thank James P. Ziliak for providing these data and the information on year fixed effects presented in Figure 4.1.

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Chapter 5

UI and SNAP Receipt in the Sunshine State

The Great Recession and Its Aftermath in Florida

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In this chapter, we examine the Unemployment Insurance (UI) participation of Supplemental Nutrition Assistance Program (SNAP) recipients in Florida—the state with the nation’s third-largest SNAP caseload—from 2007 to early 2012. We explore issues related to

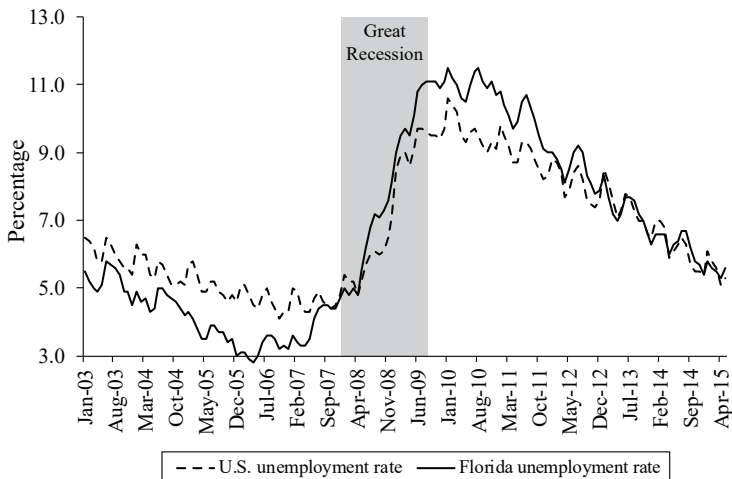
- patterns and timing of joint receipt;
- the monetary value of income from earnings; and
- UI receipt for SNAP recipients in the quarter before participation, the quarter during participation, and the quarter after exiting SNAP.

We find that patterns of joint use in Florida changed dramatically during the recession. However, during the recovery, return to prior patterns was slow. Although the economic value of UI was high for those receiving it and the growth in the caseload was dramatic, levels of UI participation remained modest during the Great Recession for SNAP recipients in Florida.

Entering the twenty-first century, Florida’s economy was strong and mirrored that of the nation. From 1996 to 2002, the state annual unemployment rate in Florida stayed within two-tenths of a percentage

point of the national average. In 2003, however, Florida's unemployment rate began to fall sharply, ahead of the also-declining national unemployment rate (Figure 5.1). In 2006, as economists were debating the consequences of having a national unemployment rate under 5 percent, the annual unemployment rate in Florida fell to below 3 percent. Then, as the national annualized unemployment rate hovered between 4 and 5 percent in 2007, Florida's unemployment rate began to climb. In the first half of 2008, the state's unemployment rate overtook the national rate. As of January 2010, Florida's unemployment rate was among the highest 10 in the nation at 11.5 percent—a 5.3 percentage point increase over the June 2008 level and a more than threefold increase in less than three years. In contrast to other states that witnessed their largest declines in employment in manufacturing, Florida lost over 250,000 jobs in the construction industry between December 2006 and December 2009 (BLS 2016). Insofar as Florida has a combination of a diverse labor force, a strong service-sector

Figure 5.1 Monthly Unemployment Rate: U.S. and Florida



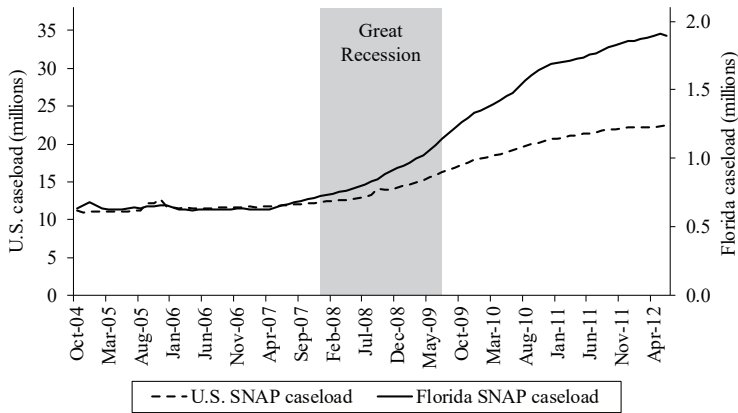
SOURCE: U.S. Department of Labor (not seasonally adjusted).

economy, and a large aging population, results from our analysis of Florida may well preview the coming American condition.

The Department of Children and Families in Florida serviced a SNAP caseload with 3.6 million SNAP recipients in December 2012, accounting for 7.5 percent of the 47.8 million participants in the United States (USDA 2013). Figure 5.2 shows that growth in the Florida SNAP caseload followed the national trend closely from the beginning of 2003 to mid-2007. However, from May 2007 to the present the rate of growth in the SNAP caseload has been substantially greater than that of the nation as a whole.¹ Participation rates among the eligible population in Florida were historically below the national average, but they increased dramatically over the first decade of the century, approaching the national figure by 2009.

In terms of specific SNAP policies, Florida eliminated vehicles as countable assets² for most families in October 2001, adopted narrow categorical eligibility in October 2002 (Falk and Aussenberg 2013), and adopted simplified reporting in 2003 (Cody, Nogales, and Sama-

Figure 5.2 SNAP Caseload, Households: U.S. and Florida



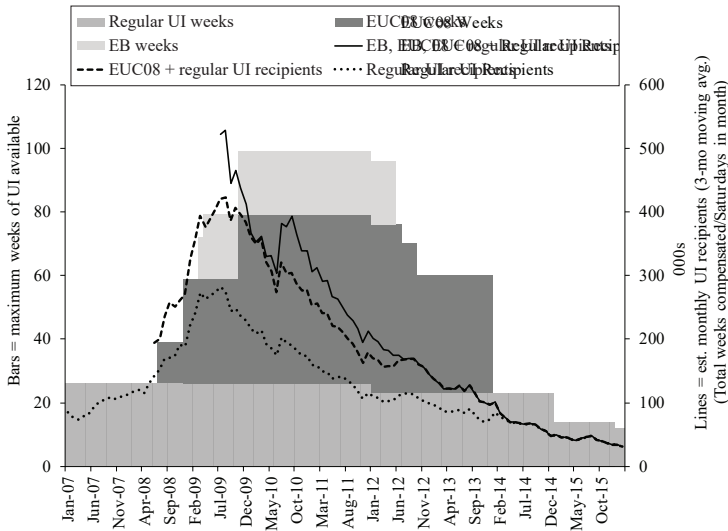
SOURCE: U.S. Department of Agriculture; authors' computations based on Florida program administrative data.

Martin 2008). In July 2010, Florida adopted broad-based categorical eligibility, which increased the number of individuals subject to less restrictive SNAP eligibility rules. In addition, Florida has led modernization efforts by moving to an online SNAP application process and substituting call centers for brick-and-mortar offices.

Turning to Florida's UI policy, during the period of our study, state monetary eligibility provisions required UI-covered employment in two of the first four of the past five quarters and minimum total earnings of \$3,200 in the previous 18 months. In addition, in order to qualify for UI, workers had to have separated from their employer for certain reasons: because they were laid off or forced into compulsory retirement, because they had to move with the transfer of a military spouse, or because of personal illness. Florida did not provide a dependency allowance, and benefits ranged from a minimum weekly level of \$32 to a maximum of \$275, among the lowest in the country. Thus, UI participant households without other sources of income were generally eligible for SNAP. On the other hand, the likelihood of SNAP recipients participating in UI was lower than in states with more generous UI eligibility provision.

UI program participation was substantially smaller than that of the SNAP program during our observation period. Figure 5.3 provides an estimate of the number of UI recipients, identifying the cumulative number of benefit recipients from each of the three UI programs: 1) the regular UI program, 2) the Emergency Unemployment Compensation (EUC) program, and 3) the Extended Benefits (EB) program. The shaded area of Figure 5.3 indicates the maximum number of weeks of benefits available from these three programs over the time period. As expected, UI program participation was highly cyclical during the study period. The number of UI recipients was in the range of 100,000 from 2007 through Summer 2008, when it increased dramatically and reached a peak of approximately 500,000 near the end of the recession in 2009. After that, the number of recipients began to decline, reaching about 350,000 during 2010, then 200,000 by the end

Figure 5.3 Total Number of UI Recipients by Program Source (bars), and Maximum Weeks of UI Available (lines): Florida



SOURCE: Rocky (2015).

of 2011, and declining to under 100,000 by the end of 2013—below prerecession levels.

Relative to the five states considered in other chapters, Florida experienced a substantially larger growth in its SNAP caseload. In Chapter 3 (Figure 3.12), we see that from 2007 to 2013, Florida’s caseload increased by a multiple of more than 2.7. Maryland experienced the second greatest increase (about 2.5), followed by Georgia (2.3). SNAP growth in the three other states was less than the growth in the national caseload, which did not quite double.

In large part, this caseload growth reflects the dramatic decline in Florida’s economy, as indicated by the unemployment-rate increase in Figure 5.1. Although the unemployment rate in Michigan exceeded that in Florida during the Great Recession, Michigan’s increase was smaller given that the rate was already around 7 percent prior to the

onset of the recession. The rise in the participation rate among those eligible is an equally important explanation for Florida's SNAP case-load growth. Florida's participation increase exceeded that of any of the other five states: from 2003 to 2011, this measure rose from 0.48 to 0.83, an increase of over 70 percent, which substantially exceeded the next greatest increase (Maryland, 60 percent) and the national average increase of 40 percent (Chapter 3, Table 3.1).

DATA

Monthly data on participants in regular SNAP for the period from July 2007 to April 2012 come from administrative case records maintained by the Florida Department of Children and Families in computer-readable form. The information in these records includes monthly benefits paid and reported income, as well as demographic and geographic characteristics of all eligible individuals in households receiving SNAP benefits. Normally, benefits are paid on a monthly basis, and we count any month in which a benefit check was provided to the household as a month of SNAP receipt for each eligible individual in the household. However, to account for administrative churn, we smoothed SNAP spells by removing interruptions of a single month.

Data on employment and earnings come from quarterly wage records provided by covered employers in the state and maintained by the Florida UI system, matched at our request to the universe of SNAP recipients. This source of earnings reports omits earnings from informal and illegal employment, federal or military employment, and employment outside the state. Notwithstanding these omissions, earnings measures based on these kinds of data are comparable in accuracy to those obtained in surveys, and studies suggest that program evaluations using such data do not suffer important biases (Wallace and Haveman 2007). We also use weekly data on UI ben-

efit receipt obtained from the Florida Agency for Workforce Innovation, again matched to the universe of SNAP recipients. We code any month containing the Saturday of a week in which UI payments were made as a month of UI receipt for the individual identified as the payee. These data are available for the period July 2007 to April 2012. Although UI benefits accrue to individuals, the unit of analysis is the household, and UI benefit receipt and earnings for the household are those accruing to SNAP-eligible individuals in the household.

As is the case for the other state chapters, the analyses that follow are limited to SNAP households with at least one eligible SNAP recipient who was at least 18 years of age and younger than 65.³ UI receipt outside this age range was very low because of the structure of program rules. This means that SNAP “child only” cases are omitted, since adults in such a household are not classified as SNAP recipients.

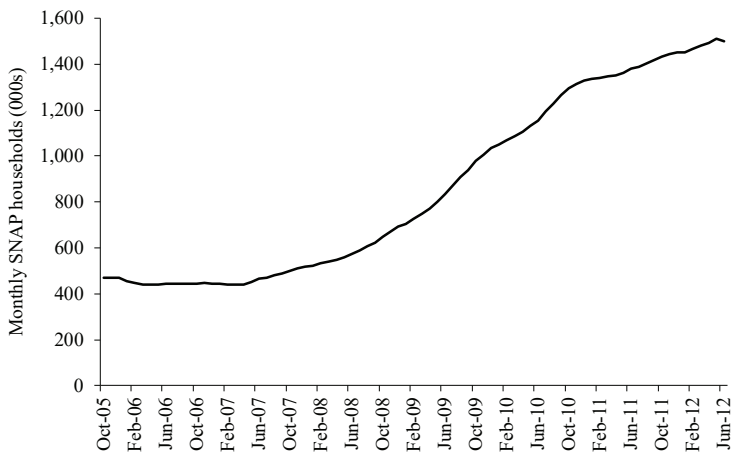
RESULTS

Our discussion of the results of our study covers four topics:

- 1) The overlap between UI and SNAP receipt
- 2) The connection between UI and SNAP take-up and economic development and policy evolution
- 3) Characteristics of SNAP households
- 4) Support provided by UI and SNAP

Overlap between UI Receipt and SNAP

In this section, we present details about the dynamics of joint UI and SNAP receipt. Working from the universe of SNAP households in our study group (SNAP households with participants aged 18 to 64), we document the changing dynamics of the SNAP caseload as well as in joint participation in UI and SNAP.

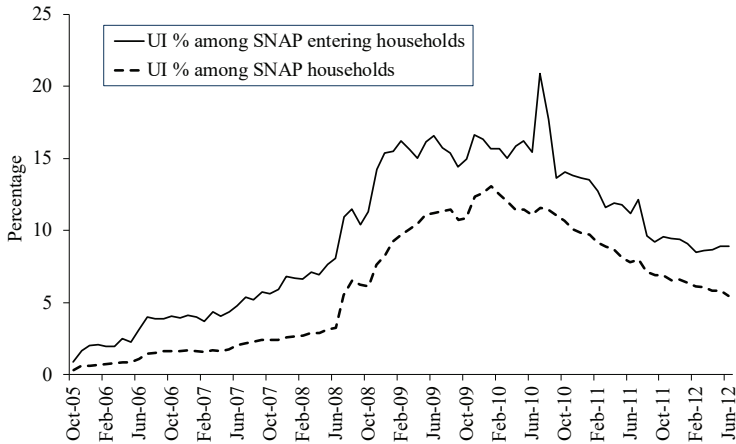
Figure 5.4 SNAP Households with Recipients Aged 18 to 64: Florida

SOURCE: Authors' computations based on Florida program administrative data.

Figure 5.4 presents the total caseload in Florida at the household level for our SNAP study group from October 2005 to June 2012. The caseload remained at about 450,000 from late 2005 to mid-2007, when it began to rise rapidly to the historic caseload high of 1.5 million households during 2012.

Figure 5.5 presents our measure of joint receipt, which is the percentage of SNAP households in our study group with a member receiving UI benefits. This measure, shown with the triangle marker, was quite low prior to the Great Recession, consistent with the level of joint receipt in other states. However, joint participation grew to a high of 13.1 percent in January 2010—a higher level than that experienced in most other states. After that, joint participation dropped steadily each month to around 5 percent by April 2012, the end of our observation period. Over this period, households entering SNAP were somewhat more likely to be receiving UI (solid line in Figure 5.5) than the average SNAP recipient (dashed line), reflecting the fact that economic hardship often led to entry into both UI and SNAP at

Figure 5.5 UI Receipt among SNAP Households with Recipients Aged 18 to 64: Florida

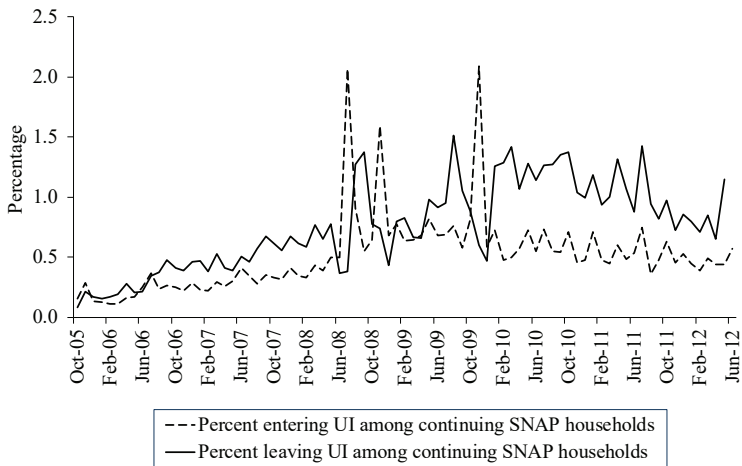


SOURCE: Authors’ computations based on Florida program administrative data.

around the same time. Before 2008, those receiving UI would almost surely have exhausted benefits within six months, whereas often families continued to receive SNAP after leaving UI.

In addition to UI participation by new SNAP recipients, the level of UI participation is also a function of the variation in program entry and exit among continuing SNAP recipients.⁴ In order to examine these dynamics, Figure 5.6 presents the percentage entering and exiting UI each month among continuing SNAP households. Among all SNAP households, the percentage of the SNAP caseload exiting UI was higher than the percentage entering UI in all but a few months, reflecting the movement off of UI that occurred as even extensive durations of benefits were exhausted. The exceptions occurred in July 2008, November 2008, and November 2009—all points in time that roughly correspond with UI benefit expansions, which allowed some SNAP recipients who had previously exhausted their UI benefits to return to the UI rolls. Overall, however, it is clear that the growth in

Figure 5.6 Monthly UI Entries and Exits for SNAP Households Relative to SNAP Caseload, Households with Recipients Aged 18 to 64: Florida

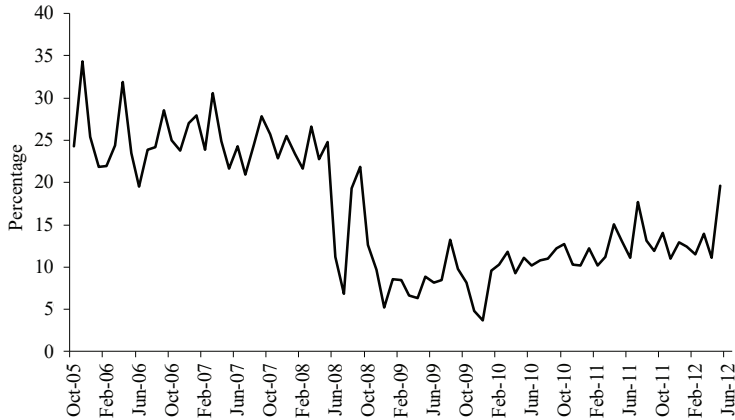


SOURCE: Authors' computations based on Florida program administrative data.

UI receipt in the SNAP caseload was due to the growing number of entering SNAP recipients receiving UI.

Notable, however, are the particularly high levels of UI exit among continuing SNAP households after January 2010. This increase is largely a function of the fact that many more SNAP recipients were receiving UI at that point, so the proportion of SNAP recipients at risk for exiting UI (due either to the exhaustion of UI entitlement or to exit because of reemployment) was much greater. To get a sense of the underlying mechanism, Figure 5.7 indicates the percentage of UI-SNAP households that exit UI in a given month. Through the beginning of 2008, approximately 25 percent of UI recipients discontinued UI each month, consistent with a normal maximum benefit length of less than six months. In 2008, with the extension of UI eligibility, that departure rate declined dramatically, so that through most of 2009 it hovered between 5 and 10 percent. With the improve-

Figure 5.7 Percentage of SNAP-UI Household That Exit UI by Month, Households with Recipients Aged 18 to 64: Florida



SOURCE: Authors' computations based on Florida program administrative data.

ment in the economy and the exhaustion of benefit entitlement, the exit rate increased in the subsequent two years to over 10 percent. In fact, it ranged between 10 and 15 percent for most months during the remainder of our period.

Overall, it is clear that both the SNAP and UI caseloads increased much more dramatically in Florida than in the United States as a whole. Joint participation in UI among the SNAP recipients for Florida also increased sharply during the Great Recession and greatly exceeded joint participation nationally. This growth was driven largely by high UI usage among new SNAP entrants. While levels of joint participation at the end of our study period remained above those at the beginning, the steady decline points to a likely future return to former (pre-recession) levels. The decline in joint participation in UI observed during the period of recovery from the Great Recession is largely a function of the decline in new SNAP recipients receiving UI and an increase in departures from UI by SNAP recipients.

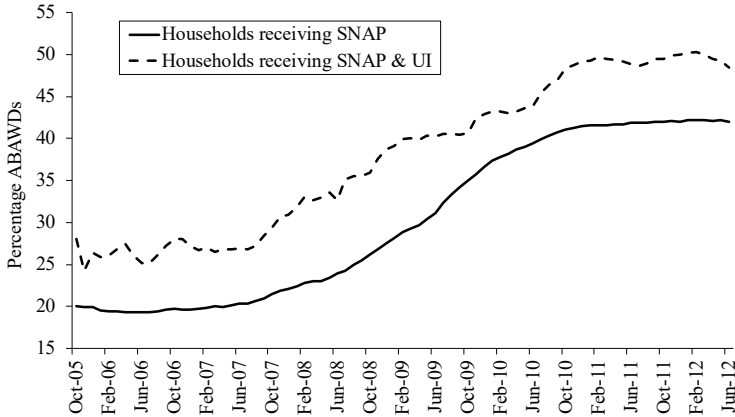
Connection between UI and SNAP Take-Up and Economic Development and Policy Evolution

Figure 5.1 makes clear that after an extended period of growth, Florida was particularly hard hit by the Great Recession. By 2009, Florida's unemployment rate was as much as 2 percentage points above the national average. By the fourth quarter of 2012, the average duration of UI benefits stood at 20.3 weeks, above the national average of 17.1 weeks. The percentage of recipients exhausting UI benefits in Florida was 70.1 percent, well above the national average of 47.2 percent and the highest in the country (U.S. Department of Labor 2013).

Since the welfare reform of the 1990s, federal regulations have limited SNAP receipt to three months in any three-year period for individuals who are classified as able-bodied adults without dependents (ABAWDs), who are at least age 18 and younger than 50, and who are not working. A provision in the policy explicitly waives this restriction in counties where high unemployment rates indicate insufficient job availability. Given Florida's strong economy through the end of 2007, there were essentially no areas of the state that qualified for waivers prior to 2009. However, in early 2009, with implementation of the American Recovery and Reinvestment Act, the entire state was exempted. As a result, not only did the recession lead to a dramatic deterioration in the job market, but SNAP restrictions on participation were eased for a subset of the population.

In Figure 5.8, we see that the percentage of ABAWD households among all SNAP households in our study group more than doubled during the Great Recession, from 20 percent in October 2005 to 42 percent by January 2011.⁵ Although the growth began in 2008, it was particularly rapid in 2009 before leveling off in 2010. Since late 2010, the percentage of Florida SNAP households in this group has remained relatively stable at around 42 percent. Overall, ABAWDs make up a higher percentage of the total caseload in Florida than in the other states considered in this volume (see Chapter 3, Figure 3.14). Among

Figure 5.8 Percentage of ABAWDs in SNAP Households and SNAP Households with UI Recipient: Florida Households with Recipients Aged 18 to 64



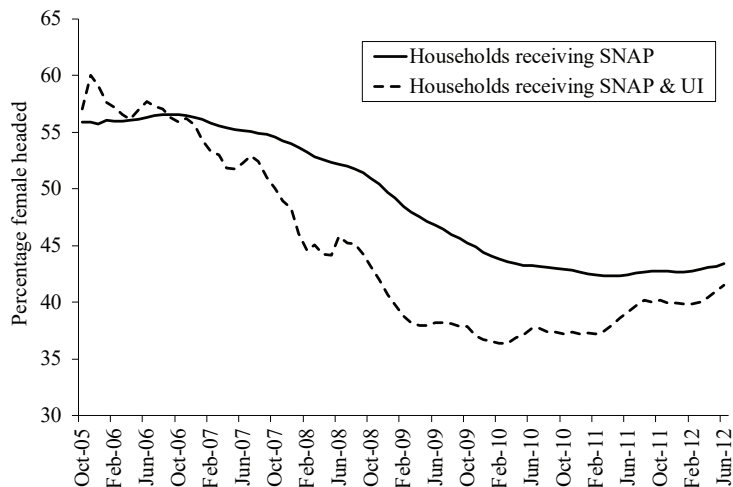
SOURCE: Authors’ computations based on Florida program administrative data.

joint UI-SNAP participants, the percentage of ABAWDs was greater still, doubling from around 25 percent in October 2005 to 50 percent by the end of our observation period.

Characteristics of SNAP Households

The Great Recession affected segments of the population that in most times had found relative success in the labor market. As in most prior recessions, men were particularly likely to be affected, but the impact this time was more dramatic, causing some to dub it a “mancession.” The SNAP caseload became more male dominated as a result of the Great Recession (Figure 5.9). The percentage of SNAP households in our study group headed by single women dropped from 55.9 percent in October 2005 to 42.5 percent in January 2011. Among the SNAP households receiving UI, the drop was even steeper: from 60 percent in November 2005 to 36.4 percent in February 2010. While the pattern is consistent with that found in other states, the

Figure 5.9 Percentage Female Headed: SNAP Households and SNAP Households with UI: Florida Households with Recipients Aged 18 to 64

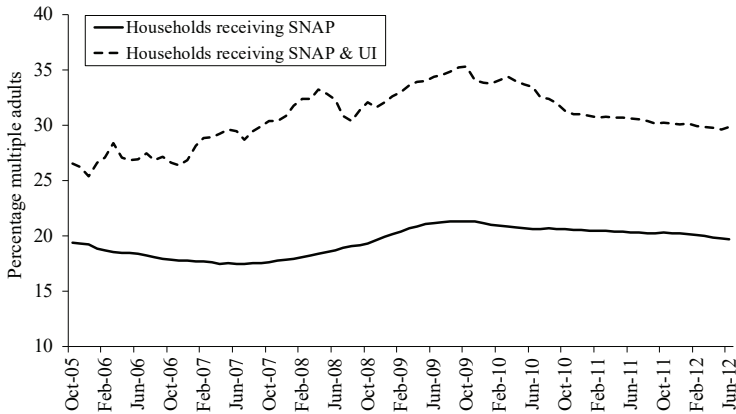


SOURCE: Authors’ computations based on Florida program administrative data.

drop is larger in Florida and can be explained by the rise in the male unemployment rate and the increase in the ABAWD SNAP caseload. Of particular interest, this change in the composition of recipients has endured, and it shows only the slightest hint of returning to previous levels during the period of economic recovery.

Figure 5.10 presents the percentage of the Florida SNAP recipients in our study sample with multiple adults in the household. The percentage of multiple-adult households was 19.4 percent in October 2005, fell slightly to 17.5 percent in July 2007, rose to 21.3 percent in October of 2009, and then fell again to 19.6 percent by April 2012. While the total change is only about 4 percentage points, the pattern is not consistent with that for ABAWDs. The percentage of the SNAP recipients participating in UI made up of multiple-adult households is higher than that for SNAP recipients as a whole; this is in large part a reflection of the fact that having more adults in the households

Figure 5.10 Multiple Adults, SNAP Households, and SNAP Households with UI Recipient: Florida Households with Recipients Aged 18 to 64

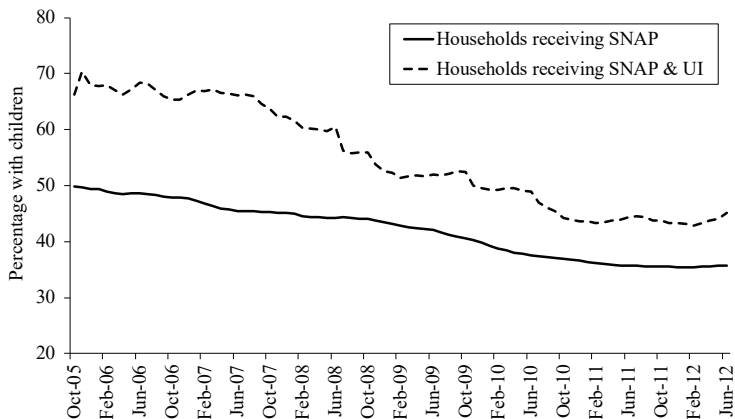


SOURCE: Authors' computations based on Florida program administrative data.

increases the number of individuals potentially eligible to receive UI benefits. In October of 2005, 26.5 percent of SNAP recipients on UI lived in multiple-adult households; that percentage rose to a high of 35.3 percent in October 2009 and then declined to about 30 percent by August 2011.

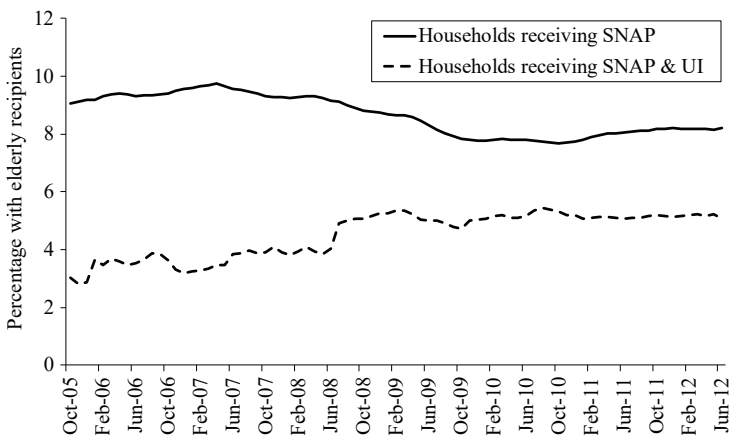
The age distribution of Florida's SNAP recipients changed dramatically during our observation period, as shown in Figures 5.11 and 5.12. While households with children made up about half of the SNAP caseload in our study group in October 2005, the percentage slowly and steadily fell to about 35 percent by June 2011, where it remained until April 2012 without any sign of recovery. The percentage of households receiving both SNAP and UI that contained children was even higher, at 70.4 percent in November 2005; it also declined fairly continuously over that time period, down to 42.9 percent by 2012. The pattern for the elderly is less dramatic but similar: households with elderly recipients (aged 60 or older) made up about

Figure 5.11 Percentage with Children, SNAP Households, and SNAP Households with UI Recipient: Florida Households with Recipients Aged 18 to 64



SOURCE: Authors' computations based on Florida program administrative data.

Figure 5.12 Percentage with Elderly Recipients, SNAP Households, and SNAP Households with UI Recipient: Florida Households with Recipients Aged 18 to 64

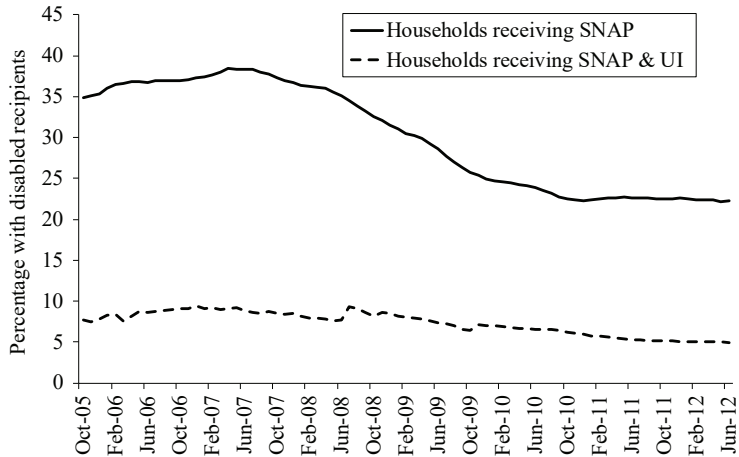


SOURCE: Authors' computations based on Florida program administrative data.

9 percent of the SNAP caseload in our study sample in late 2005, experiencing a slow decline to about 8 percent in mid-2009, where the level remained until April 2012. In contrast, the percentage of SNAP households jointly participating in UI that contained an elderly person rose from 3 percent in October 2005 to 5 percent in April 2012, perhaps as a result of the rise in multiple-generation housing arrangements.

As the total SNAP caseload drew in more able-bodied workers made jobless by the Great Recession, the percentage of the Florida SNAP caseload having a recipient with disabilities, shown in Figure 5.13, fell dramatically. Beginning in October 2005, around 35 percent of SNAP households contained a recipient with disabilities. This percentage increased to 38.3 percent in May 2007 before falling steadily to 22.3 percent in January 2011. In part, the shrinking share is likely a result of the relative stability of the size of the population with disabilities. Although at a much lower level, the percentage of

Figure 5.13 Percentage with Disabled Recipients, SNAP Households, and SNAP Households with UI Recipient: Florida Households with Recipients Aged 18 to 64



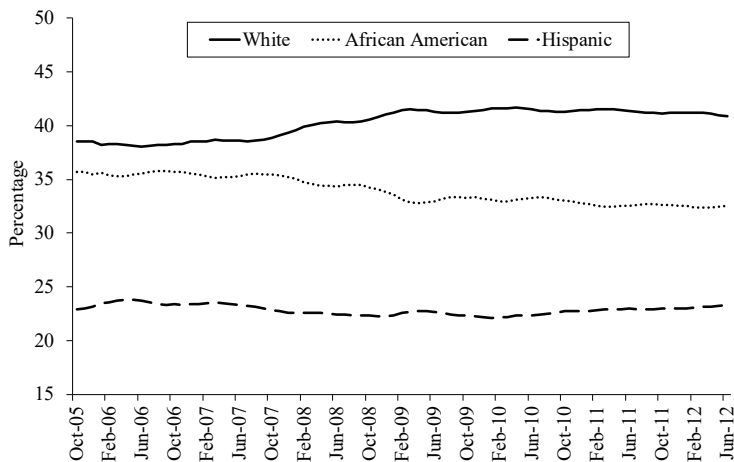
SOURCE: Authors' computations based on Florida program administrative data.

disabled SNAP recipients participating in UI follows a similar pattern when evaluated in proportional terms: the share of jointly participating households containing a disabled recipient was around 7.5 percent in October 2005, increased to 9.1 percent in December 2006, then fell to around 5 percent by mid-2011.

Florida has large African American and Hispanic populations and is generally more ethnically diverse than the nation as a whole; Hispanics make up a much larger share of the total population of Florida compared to the nation. Figure 5.14 demonstrates that whites made up the largest share of the SNAP households in our study group, with the percentage increasing over the period of our study. Conversely, the African American share dropped by a similar amount: about 3 percentage points. The share of the SNAP caseload made up of Hispanics remained stable throughout the period.

The racial and ethnic composition of joint UI-SNAP participants has a similar pattern, but the size of the shift was much greater (Fig-

Figure 5.14 Racial and Ethnic Composition, SNAP Households: Florida Households with Recipients Aged 18 to 64



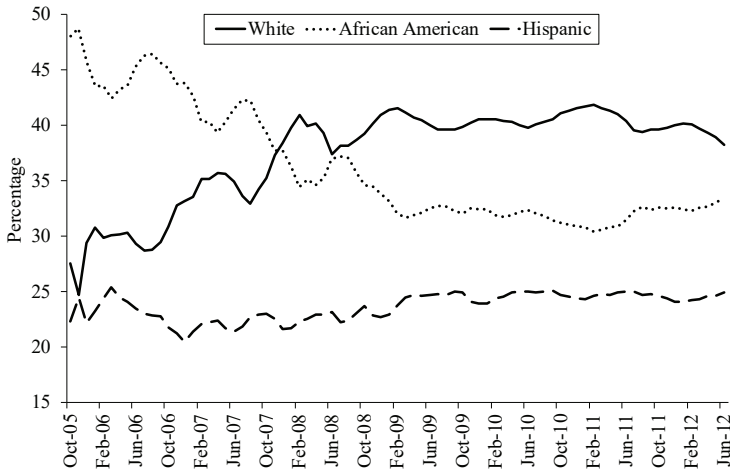
SOURCE: Authors' computations based on Florida program administrative data.

ure 5.15). The percentage of African Americans dropped from 48.7 percent to 30.4 percent, while the percentage of whites rose from 24.5 percent to 41.5 percent; the share of the joint caseload made up of Hispanics showed little change over this period.

In the cases of both SNAP and joint UI-SNAP participation, these shifts reflect the nature of the recession at the national level. In Florida, however, construction suffered a particularly dramatic contraction, which may have accentuated these patterns. Relative to other industries with highly cyclical employment patterns, construction is much less likely to employ African American workers. Although we do not have information on industrial sectors for the UI recipients in our sample, the observed patterns are consistent with large numbers of whites facing unemployment in construction.

Florida has both very large urban centers (e.g., Miami, Orlando) and rural counties with low population density. In contrast to the dis-

Figure 5.15 Racial and Ethnic Composition, SNAP Households with UI Recipient: Florida Households with Recipients Aged 18 to 64

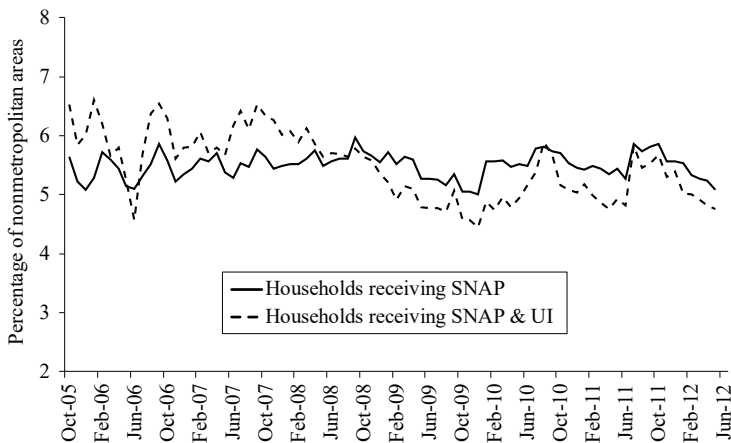


SOURCE: Authors' computations based on Florida program administrative data.

tribution observed in other states, Figure 5.16 shows that the rural-urban mix of SNAP households remained stable throughout the entire observation period. Among those jointly participating in SNAP and UI, the percentage of recipient households located in nonmetropolitan counties fell from about 6.5 percent in late 2007 to 4.5 percent in mid-2009 before fluctuating between 5 and 6 percent for the next several years.

In summary, characteristics of households on SNAP and those jointly participating in both SNAP and UI in Florida changed dramatically as a result of the Great Recession. Caseloads became increasingly made up of male-headed and white households, with smaller shares of households with children, individuals with disabilities, and African Americans. While these shifts reflect the underlying economic changes experienced by Florida over this study period, the shifts are also noteworthy for the way in which they reflect expanded participation in SNAP by less traditionally vulnerable groups, which,

Figure 5.16 Nonmetropolitan Areas, SNAP Households, and SNAP Households with UI Recipient: Florida Households with Recipients Aged 18 to 64



SOURCE: Authors' computations based on Florida program administrative data.

because of the slowness of the economic recovery, carried over long after the economy began to grow.

Support Provided by UI and SNAP

In this section, we present information on the role of SNAP and UI benefits in providing financial support to low-income households before, during, and after the Great Recession. Additionally, we provide information on the connection of SNAP households to the paid labor force throughout this period. Our initial discussion focuses on income from SNAP, UI, and employment for new entrants to SNAP, examining how this varies by time of entry and, in particular, in response to the onset of the Great Recession. We then turn to an analysis of the experience of households that exited SNAP.

New SNAP entrants are defined as those who had not received SNAP in the previous two months. Since earnings information is available only on a calendar-quarter basis, Table 5.1 provides four columns of information pertaining to the calendar quarter prior to SNAP entry, the quarter of entry, and the first and second calendar quarters after the start of SNAP receipt. In order to identify the SNAP experience, we limit the latter two categories to households receiving SNAP through full calendar quarters. Five panels indicate entry into SNAP at different times. In the earliest period (October 2005–December 2006), 73.9 percent of households continued to receive SNAP through at least one quarter, and 43 percent received SNAP through at least two quarters. Both figures increased substantially with the onset of the recession as households received SNAP benefits for longer periods, although by 2011–2012 the numbers had declined to well below the 2005–2006 level, reflecting a return to higher levels of exit from SNAP.

About two-fifths of new SNAP entrants worked during the quarter before or during the same quarter in which they entered SNAP. In addition, comparing the panels for various periods of entry, we see only small differences in these measures, suggesting that the connec-

Table 5.1 Sources of Income for New SNAP Households with Recipients Aged 18 to 64: Florida

	All spells		Spells extending through at least 1st quarter after entry quarter	Spells extending through at least 2nd quarter after entry quarter
	Quarter prior to SNAP entry	Quarter of SNAP entry		
SNAP spells beginning October 2005–December 2006				
# spells	471,808	471,808	348,703	202,947
% of all spells	100.0	100.0	73.9	43.0
% with any earnings	42.3	44.1	42.7	38.4
Average earnings for households with earnings (\$)	3,945	3,119	3,610	3,479
% with UI benefits	1.6	3.5	3.1	2.3
Average UI benefit for households with benefits (\$)	1,356	1,541	1,669	1,282
Average SNAP benefit (\$)		392	639	633
SNAP spells beginning January 2007–December 2007				
# spells	448,911	448,911	340,196	215,585
% of all spells	100.0	100.0	75.8	48.0
% with any earnings	40.5	40.8	41.1	38.9
Average earnings for households with earnings (\$)	4,108	3,224	3,680	3,583
% with UI benefits	3.7	6.3	5.2	3.7
Average UI benefit for households with benefits (\$)	1,501	1,662	1,796	1,363
Average SNAP benefit (\$)		398	658	660
SNAP spells beginning January 2008–December 2009				
# spells	607,960	607,960	463,141	313,118
% of all spells	100.0	100.0	76.2	51.5
% with any earnings	46.2	45.9	42.2	37.9

Average earnings for households with earnings (\$)	4,353	3,350	3,671	3,569
% with UI benefits	6.5	11.9	12.2	12.5
Average UI benefit for households with benefits (\$)	1,697	1,873	2,276	2,343
Average SNAP benefit (\$)		422	710	768
SNAP spells beginning January 2010–December 2010				
# spells	1,813,302	1,813,302	1,489,196	1,046,901
% of all spells	100.0	100.0	82.1	57.7
% with any earnings	41.4	39.6	36.6	34.2
Average earnings for households with earnings (\$)	4,597	3,505	3,767	3,632
% with UI benefits	12.2	17.4	16.5	14.8
Average UI benefit for households with benefits (\$)	2,394	2,415	2,645	2,536
Average SNAP benefit (\$)		466	782	783
SNAP spells beginning January 2011–June 2012				
# spells	1,467,942	1,467,942	964,596	527,885
% of all spells	100.0	100.0	65.7	36.0
% with any earnings	40.0	39.5	38.2	35.5
Average earnings for households with earnings (\$)	4,894	3,780	4,090	3,951
% with UI benefits	8.8	12.2	11.2	10.0
Average UI benefit for households with benefits (\$)	2,154	2,052	2,366	2,343
Average SNAP benefit (\$)		425	735	747

SOURCE: Authors' computations based on Florida program administrative data.

tion to the labor force prior to entry remained relatively constant in Florida, notwithstanding the disruption of the Great Recession. However, we observe that the recession was associated with an increase in average prior earnings for those with earnings, amounting to about 15 percent in 2008 relative to the first period and over 20 percent by the last period of our study. This indicates that an increasing number of households with higher prior earnings were drawn into SNAP because of the recession. Interestingly, turning to Table 5.2, those leaving SNAP who had earnings also were likely to have had higher earnings after the onset of the recession. Still, a decreasing number of households had positive earnings in later periods, indicating clear growth in the number of people suffering joblessness.

As noted above, the level of UI receipt among SNAP entrants increased over our observation period. Consistent with Figure 5.5, the percentage of those receiving UI in the quarter of entry peaks at between 15 and 20 percent in 2010. As expected, UI receipt was higher in the quarter of SNAP entry than in the quarter before or after SNAP entry, confirming the view that many households took up UI and SNAP concurrently. The average value of UI benefits at the time of entry also was highest in 2010, averaging around \$2,400 per quarter. In terms of the value of UI benefits for those receiving benefits, in every year, the value of UI benefits was highest *after* SNAP entry.

For those households receiving UI, the value of UI dwarfed the value of SNAP, regardless of the period considered. In the quarter after SNAP entry for those receiving UI, UI payments averaged between \$1,500 and \$2,500, whereas average SNAP benefits were in the range of \$600 to \$800. While these SNAP averages are for all cases in our study group, if we look at SNAP recipients receiving UI, the average benefits were quite similar.

In Table 5.2, the second and third columns distinguish SNAP spells that lasted less than three calendar quarters (constituting the majority) from longer spells. As we might expect, among households with longer periods of SNAP receipt, rates of employment following exit were lower; although for those employed, earnings were the

same or slightly higher. Although those with longer SNAP spells were appreciably less likely to continue receiving UI payments (in part because of exhaustion of benefits), other differences were relatively modest.

In summary, we find that a large share of SNAP households in our study were connected to the labor market before, during, and after the period of SNAP receipt. UI benefits were of substantially higher value than SNAP benefits, despite Florida's low maximum benefit amount, and joint program participation provided an important benefit to SNAP-UI households.

CONCLUSION

The Great Recession induced important changes in patterns of both SNAP and UI receipt. The number of people receiving SNAP benefits increased dramatically. For a growing share of SNAP recipients, UI and SNAP were combined, and reliance on SNAP became secondary for many of these households. Because UI eligibility rests on work history and employment separation status, many disadvantaged workers were not eligible for benefits. In addition, some disadvantaged workers who might have been eligible failed to apply for UI (Gould-Werth and Shaefer 2012; Shaefer and Wu 2011). That the growth in the number of SNAP recipients was over three times greater than the growth in the number of joint SNAP-UI recipients makes clear the significant limits to the cushion provided by UI to disadvantaged individuals when the economy was in distress.

Looking forward, Florida, like a number of other states, has enacted legislation that reduces the number of weeks of UI eligibility to as little as 12 weeks during periods of low unemployment, and to no more than 23 weeks even during economic downturns. With this change, Florida has reduced UI support for those with chronically unstable employment and has increased the role that SNAP will play for these families. When the next recession occurs, the burden to aid

Table 5.2 Sources of Income after Completion of SNAP for Households with Recipients Aged 18 to 64: Florida

	Quarter after last quarter of SNAP		
	All spells	Spells spanning 3 or fewer calendar quarters	Spells spanning 4 or more calendar quarters
SNAP spells with last SNAP in October 2005–December 2006			
# spells	493,361	307,413	185,948
% of all spells	100.0	62.3	37.7
% with any earnings	47.3	48.3	44.8
Average earnings for households with earnings (\$)	4,573	4,550	4,692
% with UI benefits	1.3	1.5	1.6
Average UI benefit for households with benefits (\$)	1,315	1,417	1,227
SNAP spells with last SNAP in January 2007–December 2007			
# spells	377,639	242,960	134,679
% of all spells	100.0	64.3	35.7
% with any earnings	45.7	47.3	42.8
Average earnings for households with earnings (\$)	4,676	4,630	4,814
% with UI benefits	2.4	2.8	2.3
Average UI benefit for households with benefits (\$)	1,449	1,514	1,359
SNAP spells with last SNAP in January 2008–December 2009			
# spells	444,644	304,199	140,445
% of all spells	100.0	68.4	31.6
% with any earnings	46.3	48.3	40.0

Average earnings for households with earnings (\$)	4,668	4,620	4,706
% with UI benefits	6.1	7.3	4.9
Average UI benefit for households with benefits (\$)	1,996	2,091	1,824
SNAP spells with last SNAP in January 2010–December 2010			
# spells	1,201,957	795,331	406,626
% of all spells	100.0	66.2	33.8
% with any earnings	42.2	43.6	38.5
Average earnings for households with earnings (\$)	4,931	4,940	4,913
% with UI benefits	11.3	13.1	7.6
Average UI benefit for households with benefits (\$)	2,588	2,703	2,103
SNAP spells with last SNAP in January 2012–December 2012			
# spells	1,129,369	651,595	477,774
% of all spells	100.0	57.7	42.3
% with any earnings	43.1	44.1	40.9
Average earnings for households with earnings (\$)	5,312	5,329	5,261
% with UI benefits	6.9	8.1	5.2
Average UI benefit for households with benefits (\$)	2,214	2,348	1,895

SOURCE: Authors' computations based on Florida program administrative data.

jobless workers and stabilize consumption will increasingly lie with the federal government, which provides funding for SNAP.

Despite the fact that the UI and SNAP programs were designed to serve different populations, the Great Recession led to a meaningful amount of overlap. UI was of substantial value for poor families in Florida, despite the low UI benefit compensation rate relative to other states. Nonetheless, our results also suggest important limitations on the role of UI in helping those at the bottom of the income distribution, most of whom weathered the recession with SNAP alone. Given recent legislation in Florida and other states to reduce the generosity of the UI system, we may not be able to look to UI to fill in gaps in the income safety net in the future.

Notes

1. Figure 5.2 presents the count of all SNAP cases. In contrast, the analyses below consider an analysis group to be limited to SNAP households having a recipient aged 18 to 64. Emergency SNAP payments are omitted from Figure 5.2 and all analyses in this chapter. Although insignificant for the nation as a whole, for Florida emergency payments cause noticeable temporary spikes in SNAP caseloads following major hurricanes, which occur every few years. The largest hurricanes also cause spikes in the nonemergency SNAP caseload, as was the case in 2005 (seen in Figure 5.2) following Hurricane Katrina.
2. The federal regulations at the time, which applied prior to Florida's rule change, specified that only a vehicle's fair market value below \$4,640 was to be exempted from a household's asset limit calculations. The rules applied to one vehicle for each adult household member and included various exemptions (see https://www.snap-step1.usda.gov/fns/tool/tutorial/vehicle_states_chart/states_chart.html).
3. In the discussion below, we generally take age to be measured at one's last birthday, making the age range 18 to 64.
4. The proportion of departing SNAP recipients receiving UI also is a factor that influences the UI proportion in the SNAP caseload. This component is less important, since the exit rate from SNAP is relatively low.
5. We use an indicator constructed by the Department of Children and Families to identify ABAWD households. This may differ from the measure tabulated in Chapter 3 (Table 3.3 and Figures 3.14 and 3.15), which

constructs the ABAWD measure based on ages of household members and reported disabilities. Also in Chapter 3, measures are calculated relative to the full caseload, not limited to our study group of SNAP households with recipients aged 18 to 64, as here.

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Chapter 6

UI and SNAP as a Safety Net during the Great Recession

Evidence from Georgia

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Two groups of programs make up the backbone of the United States' social safety net: 1) social welfare and 2) social insurance. Social welfare programs include Temporary Assistance to Needy Families (TANF), the Earned Income Tax Credit (EITC), and the Supplemental Nutrition Assistance Program (SNAP). These programs base eligibility for benefits on means testing that requires beneficiaries to have income sources below a certain threshold. Social welfare programs provide relief to low-income households, and there is evidence that the pool of eligible beneficiaries increases during difficult economic times like the Great Recession. In contrast, social insurance programs, such as Unemployment Insurance (UI) and social security retirement benefits, take an individual's contributions to the program into account. These programs are based on earned eligibility and require that certain events occur, such as losing a job or reaching a certain age, before one qualifies for benefits. Although social insurance programs are not specifically designed to shield individuals

against recessions, they typically serve the populations that are the most vulnerable to economic downturns—primarily the elderly, the unemployed, and the disabled. Between 2007 and 2010, the aggregate spending in the main safety-net programs rose from \$1.6 trillion to \$2.1 trillion, and caseloads grew from 276 million to 310 million recipients (Moffitt 2013). The largest expansion in the social safety net came from SNAP, EITC, and UI, which collectively accounted for nearly a third of the increase in spending on social programs during the Great Recession.

SNAP is the largest federal assistance program, providing food access to a range of eligible families and individuals. Because of its entitlement nature, the caseload for SNAP grew tremendously nationwide over the past decade, with about one in every seven Americans receiving benefits at the height of the Great Recession. Furthermore, in early 2009, SNAP benefits were increased as part of the American Recovery and Reinvestment Act, and states were encouraged to relax eligibility rules, further contributing to the growth in caseloads (Moffitt 2013). Other research has found that food expenditures for low-income families increased by about 5.4 percent from 2008 to 2009, while those families' food insecurity declined by 2.2 percent (Nord and Prell 2011).

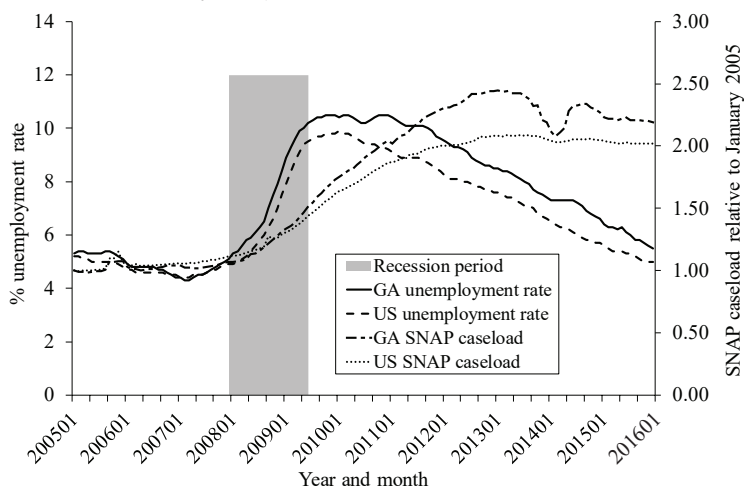
Unemployment insurance provides temporary, partial earnings replacement to involuntarily unemployed persons with sufficient recent employment and earnings to qualify. The duration of regular UI benefits is 26 weeks in most states, although several states including Georgia have altered the UI benefit duration cap in recent years. An additional 13 weeks or more may be provided under the Extended Benefits (EB) program if the unemployment rate in a state rises above certain levels. During recessions, the federal government often temporarily extends the standard UI program. In response to the Great Recession, UI benefits were extended to 99 weeks in many states between 2009 and 2012 (Mazumder 2011).

The Great Recession, which lasted from December 2007 to June 2009, resulted in shrinking economic output and generational highs

in unemployment. All states felt its impact, but some, like Georgia, were hit particularly hard and felt lingering effects long afterward. Georgia's unemployment rate more than doubled, from 5.1 percent in December 2007 to 10.5 percent in October 2009 (Figure 6.1), and the number of job seekers soared from about 250,000 to 503,000. At the height of the Great Recession, Georgia lost about 26,000 jobs every month (Tharpe 2012). Between December 2007 and June 2009, the state lost nearly 340,000 nonagricultural jobs, the sixth largest drop in the country; moreover, this job loss represented more than 8 percent of the state's employed workforce and was the eighth largest proportional decline in the country. In addition, Georgia's recovery was particularly sluggish: the state lost about 62,000 jobs, the third most of any state, during the eight months after the Great Recession officially ended in June 2009.

By 2017, the economic outlook for the state had improved considerably, driven by growth in housing construction and employ-

Figure 6.1 Unemployment Rate and SNAP Caseload (relative to January 2005)



SOURCE: Georgia Department of Human Services, Division of Child and Family Services; Bureau of Labor Statistics.

ment (Heaghtney 2016). Although the unemployment rate has fallen steadily since the Great Recession, it has not returned to prerecession levels and remains above the national average. The last time the state had an unemployment rate below the United States' average was in July 2007.

Georgia is an ideal setting in which to study the interactions of SNAP and UI because the state has struggled economically in the wake of the Great Recession. In this chapter, we examine the individual and joint roles that SNAP and UI played in protecting Georgians against the full impact of the Great Recession. Our analysis provides insight into the relationship between SNAP and UI caseloads from December 2006 to December 2014, with a particular emphasis on the differences between the pre- and postrecession periods as well as the various factors that may have influenced these changes. In addition, the trends in reliance on these programs vary by demographic factors, and we examine how age, gender, and race have affected recovery. To help residents during future economic downturns, we also discuss lessons learned about SNAP and UI reliance in Georgia that can aid in formulating public policy targeting the groups most severely affected by the Great Recession.

EXISTING LITERATURE

The literature discusses the extent to which social safety net programs like SNAP and UI act individually and in tandem to provide relief during times of economic hardship. Most of the available evidence comes from studies using survey data at the national level (e.g., Anderson, Kirlin, and Wiseman 2012; Bitler and Hoynes 2013). For example, Prell (2013) uses data from the Annual Social and Economic Supplement to the Current Population Survey from 2004 to 2009 on households' multiprogram or joint participation patterns in SNAP and UI. The author finds that 14.4 percent of SNAP households also received UI in 2009; at the same time, 13.4 percent of UI households

received SNAP. The SNAP participation rate among eligible individuals rose from 56 to 69 percent from 2003 to 2007 (Andrews and Smallwood 2012; Miller 2013). Using panel data from the nationally representative Survey of Income and Program Participation (SIPP) from 2000 to 2011, Anderson, Kirlin, and Wiseman suggest that the extended length of unemployment spells during the Great Recession was a major contributor to increased participation in both programs.

Furthermore, Gould-Werth and Shaefer (2014) also use panel data from SIPP to evaluate changes in the joint participation in SNAP and UI by job losers between 2000 and 2011. Their results show that more people applied for both SNAP and UI during the Great Recession and that the joint recipients came from higher income strata. Han (2015) uses longitudinal data from Wisconsin to define joint recipients as those who collected SNAP during a UI benefit spell as well as those who sought alternative social assistance options after exiting the UI program. Han concludes that, before and after the Great Recession, a large proportion of SNAP/UI joint recipients continued to rely on SNAP after exiting UI. SNAP eligibility requirements were also relaxed during the Great Recession, indicating that the safety net programs were responsive to economic change.

Several researchers have estimated the impact of UI and SNAP on poverty and employment and evaluated the characteristics of program recipients (Ben-Shalmon, Moffitt, and Scholz 2011; Rosenbaum 2013; Tiehen, Jolliffe, and Gundersen 2012). Tiehen, Jolliffe, and Gundersen find that SNAP spending represented only 0.5 percent of the gross domestic product but was estimated to reduce poverty in the United States by 16 percent. Over the long term, the number of SNAP families receiving benefits from multiple programs has fallen because of the decline in the TANF caseload, offsetting participation increases in programs such as Supplemental Security Insurance, Social Security Disability Insurance, and the Special Supplemental Nutrition Program for Women, Infants, and Children (Moffitt 2014).

Unlike much of the previous research, which relied on national surveys based on self-reported information, our data are drawn from

state administrative records, which are largely free of measurement or reporting error. Our analysis builds on similar work of O’Leary and Kline (2014) and Heflin and Mueser (2013), who provide insight into the roles that SNAP and UI played during the Great Recession in Michigan and Florida, respectively. O’Leary and Kline discover that SNAP participation is negatively correlated with meeting income and job separation eligibility requirements for UI. In contrast, Heflin and Mueser find that the number of families in Florida utilizing SNAP and UI surged during the Great Recession, and that the share of UI grew in relative importance. However, the authors conclude that only a minority of those joining the SNAP program also collected UI benefits.

The Great Recession not only affected the size of the caseloads for SNAP and UI but also may have altered the mix of participating individuals and households along dimensions of income, education, and other demographic characteristics (Finifter and Prell 2013). For example, in a state with a sharp increase in unemployment, the working-age population and children may be hit the hardest, whereas in a state with a large retired population, the effects of a recession would likely be different. Analyses using national data assume these compositional changes are uniform across states, potentially masking interesting patterns unique to each state. For instance, during the Great Recession, Iowa, Illinois, Maine, Michigan, Missouri, Oregon, Tennessee, Washington, and West Virginia had significantly higher SNAP participation rates than the national average (Cunnyngham 2011). In contrast, the economies of states like North Dakota and Wyoming did not feel the impact of the Great Recession as strongly, as measured through SNAP participation rates, and their participation rates were in the bottom third of the nation. Additionally, by virtue of the size of their economies and populations, some states contributed more to the overall economic activity in the country than others, masking the influence of smaller states. Understanding how individual states fared during the Great Recession can help state policymakers tailor programs to the specific needs of their citizens.

DATA AND METHODOLOGY

Our data on SNAP and UI individual benefits were obtained from the administrative case records maintained by the respective state agencies in Georgia. Monthly data on SNAP recipients came from the Georgia Department of Human Services' Division of Family and Children Services. Weekly UI benefit data were obtained from the Georgia Department of Labor.¹ Our main analysis period for SNAP is from October 2004 to July 2014, while the benefits data and wage records from the UI universe cover January 2006 to September 2015. Most analyses are limited to individuals between the ages of 18 and 64.

The SNAP data include monthly benefits and reported income as well as some demographic and geographic characteristics of all eligible individuals and households. Because SNAP benefits are provided to the household as a unit, we conduct our analyses at the household level under the assumption that resources—including earned income and SNAP and UI benefits—are pooled at the household level and shared by all members of the household. SNAP benefits are typically disbursed monthly; therefore, our unit of analysis is either the case-month or the household-month. Following the convention in the literature, in constructing SNAP spells—periods when individuals receive continuing benefits—we treat single-month interruptions in SNAP participation as continuous benefit coverage (Heflin and Mueser 2013). If an interruption in benefits lasted for more than a month, we assume that a new spell had begun.

The UI benefit data contain all covered employers in the state of Georgia and incorporate the amount and duration of benefits and the preprogram wages for up to five quarters. Unfortunately, the UI benefit file does not contain the demographic characteristics of recipients. Note that we only have data on UI benefit recipients, not the entire population of those who filed UI applications.

RESULTS: THE EFFECTS OF THE GREAT RECESSION ON SNAP AND UI PARTICIPATION IN GEORGIA

In this section, we detail the results from our analysis of Georgia's SNAP and UI administrative data from January 2006 to September 2015. The first subsection provides an overview of the trends in SNAP caseload and unemployment rates for Georgia compared to the nation. Focusing then on the state of Georgia, the second subsection looks at the changes in SNAP and UI participation through new program spells over time. The third subsection assesses how substantial a role these benefits played in the overall income of Georgia families and how policy changes affected benefits and, therefore, income sources. In the fourth subsection, SNAP entrants and leavers are evaluated for their sources of income and reliance on UI at the beginning and end of a SNAP spell. Next, in the fifth subsection, we consider the influence of demographic factors and break down how age, gender, and race affect program participation. We pull together the important results of our analysis in the sixth and final subsection. Ultimately, both programs acted as vital safety-net programs and saw a surge in caseloads during the Great Recession. While UI rebounded relatively quickly to prerecession levels for several reasons, SNAP has struggled to reduce its caseload.

Labor Market Context of Analysis

When comparing Georgia to the nation, we see that the Great Recession had a pronounced impact on that state's relative SNAP caseloads and unemployment rates, pushing Georgia above the national averages. As Figure 6.1 demonstrates, the SNAP caseload and unemployment rate in Georgia began to rise more quickly than in the United States as a whole during the Great Recession. The period afterward exhibited slow recovery, especially in Georgia, as the state maintained a higher SNAP caseload and unemployment rate than the national average through the end of 2015. In contrast, prior to the

Great Recession, the SNAP caseload and unemployment rate in Georgia closely tracked the nation's as a whole.

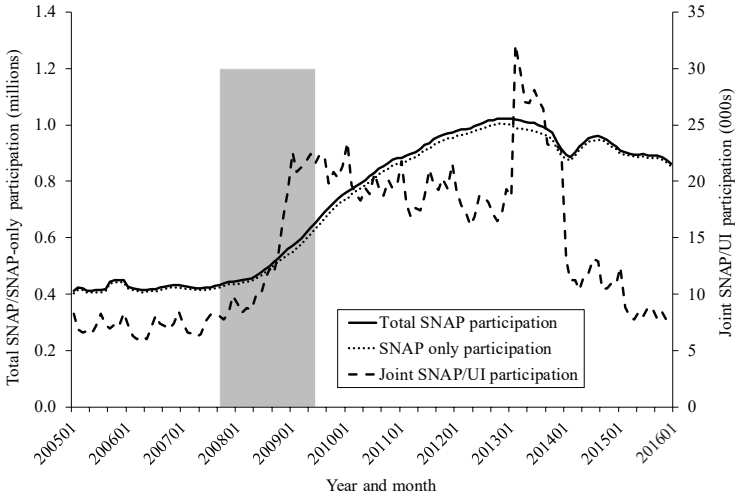
Georgia's SNAP caseload, or participation, has remained above the national average since 2008, with usage peaking in January 2013 at 2.45 times that of the January 2005 level. This peak occurred sooner than the national high point in March 2013 and represented a considerably larger increase: the United States peaked at 2.09 times the January 2005 nationwide level. For both Georgia and the United States, however, SNAP participation rates remained elevated through 2015 at rates almost twice their 2005 levels, despite declines in the unemployment rates.

At the onset of the Great Recession, Georgia's unemployment rate increased faster than the U.S. average, peaking at 10.5 percent in October 2010 and remaining above 10 percent until October 2011. By comparison, the U.S. unemployment rate peaked at 9.9 percent in January 2010 and fell steadily thereafter. To illustrate the difference, Georgia's last month of greater than 10 percent unemployment was September 2011, when the U.S. unemployment rate had already dropped to 8.7 percent. The unemployment rates for both continued to fall after the Great Recession's official end in June 2009, and by October 2015, Georgia's unemployment rate was 5.7 percent, still above the U.S. average of 5.0 percent. While the decline in unemployment was good news for the state, some of the recovery was due to lower labor force participation rather than increased job creation, as well as to changes in unemployment insurance policies, discussed below.

Joint Receipt of SNAP and UI

From this point on, we focus our analysis on Georgia's programs. SNAP and UI play an important role as safety net programs and, as such, responded to the economic decline during the Great Recession with substantial increases in enrollment. Figure 6.2 tracks the monthly total number of SNAP recipients as well as those who received only SNAP benefits and those who jointly received SNAP and UI benefits

Figure 6.2 Georgia SNAP Participation: SNAP Only and Joint SNAP/UI



SOURCE: Georgia Department of Human Services, Division of Child and Family Services; Georgia Department of Labor.

in the same month. Before the Great Recession, total SNAP participation was relatively flat, while joint SNAP/UI participation displayed cyclical ups and downs. When the Great Recession hit in late 2007, SNAP enrollment increased steadily, but joint SNAP/UI enrollment saw a significant jump, reaching the highest share of total SNAP recipients during that time. After the Great Recession, total SNAP enrollment maintained its steady incline until late 2012, and through to the middle of 2015 it remained more than double the 2005 participation level. In contrast, joint SNAP/UI enrollment in 2015 (7,800) was roughly the same as it had been in 2005 (8,300).

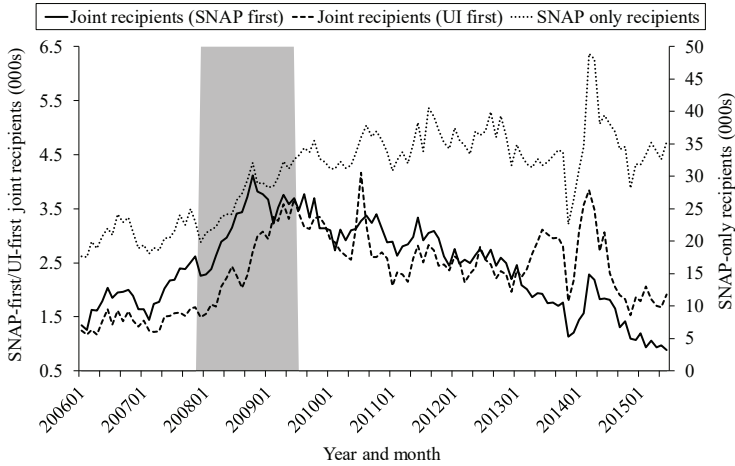
Before the Great Recession, total SNAP participation in Georgia hovered above 425,000, but in its wake, participation more than doubled, and it remained above 800,000 from April 2010 through the end of the study period. In November 2012, total SNAP recipients in the state peaked at over 1.02 million individuals; in comparison, the

joint SNAP/UI group reached approximately 32,000, or 3 percent of total SNAP recipients, in February 2013. As a share of total SNAP recipients, though, joint enrollment peaked at 4 percent in January 2009, due to a marked increase in UI participation during the Great Recession. Because joint SNAP/UI enrollment represents a small proportion of all SNAP recipients, SNAP-only participation closely mirrors total SNAP participation throughout the time line.

Next, we break down the joint SNAP/UI group by the program in which recipients first enrolled. Those who enrolled in UI before SNAP likely had adequate work histories to be eligible for benefits. Those first on SNAP likely had an income low enough to qualify for SNAP but not UI, later becoming unemployed to qualify for UI. The SNAP-only group would include low-income individuals who remained employed as well as those who were unemployed but lacked the work history necessary for UI benefits. In Figure 6.3, the time line shows new SNAP spells per month for SNAP-only recipients and two groups of joint SNAP/UI recipients based on first-program enrollment. New spells for SNAP-only recipients vastly outnumber those for joint enrollees. (Note that there were some technical irregularities with the SNAP data in 2013 and 2014; thus, it is likely that new spells for SNAP-only recipients peaked at 40,582 per month in August 2011.) For the two groups of joint enrollees, the peaks were roughly the same at about 4,100 per month. Figure 6.3 also demonstrates that SNAP-first and UI-first spells move in a similar fashion, rising sharply during the Great Recession and generally declining afterward as UI recipients find jobs or otherwise exhaust their UI benefits. In contrast to SNAP-only, the new spells per month for joint enrollees generally returned to prerecession levels by 2015.

We next use Georgia's UI program data to evaluate new UI spells per month for UI-only, UI-first, and SNAP-first recipients (Figure 6.4). UI-only peaked at around 42,000 new spells per month in the midst of the Great Recession. The UI-first and SNAP-first groups mirrored Figure 6.3, showing joint program recipients by the program in which they first enrolled. The joint recipients in Figure 6.4 more than

Figure 6.3 New SNAP Spells per Month (from SNAP universe)

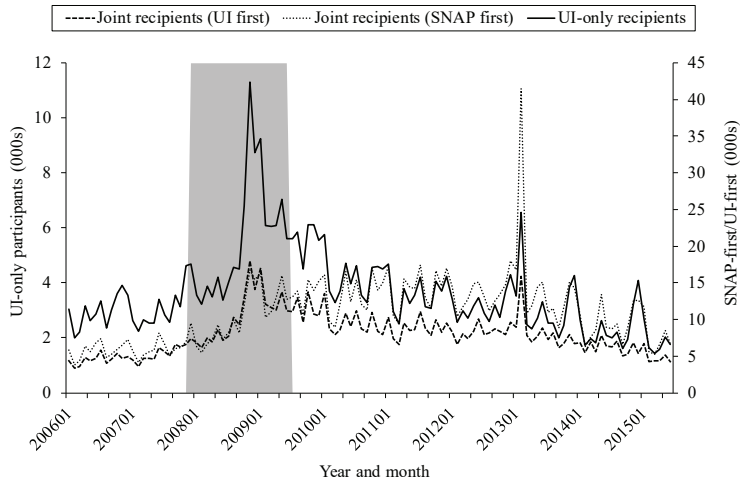


SOURCE: Authors’ computations based on Georgia program administrative data.

doubled during the Great Recession but, overall, maintained more stability than the joint groups in Figure 6.3 from the SNAP data set. UI-first and SNAP-first had a similar number of new spells per month before the Great Recession and maintained comparable increases through 2009. As recovery began, new spells for SNAP-first began to outpace those for UI-first. (Again, note that the February 2013 spike in SNAP-first may be due to technical irregularities; we disregard the spike in our analysis.) By mid-2015, both of the joint recipient groups had fallen back to prerecession levels.

Despite the return to prerecession UI participation levels, not all of the improvement can be attributed to UI recipients’ finding jobs. Some of these declines seen in Figures 6.2 through 6.4 may be due to individuals leaving the labor force completely during the prolonged recovery, and policy changes at the federal and state levels likely played a significant role as well. At the federal level, the Emergency Unemployment Compensation Program of 2008 (EUC08) and the Extended Benefits (EB) program temporarily lengthened the maxi-

Figure 6.4 New UI Spells per Month (from UI universe)



SOURCE: Authors’ computations based on Georgia program administrative data.

num duration of UI benefits and shifted program costs to the federal government; EB splits the cost of unemployment compensation evenly between the federal government and the states, but under the American Reinvestment and Recovery Act of 2009, 100 percent of the burden was shifted to the federal government (Isaacs 2016). Both EUC08 and EB expired at the end of 2013.

At the state level, Georgia enacted considerable unemployment policy changes in 2012. The legislation decreased the maximum potential UI benefit from 26 weeks (until 2011, all states used a limit of at least 26 weeks, with some setting an even higher limit) to a cap ranging from 14 to 20 weeks depending on the state unemployment rate (Isaacs 2016). This reduction would affect federal program benefits as well, which use state parameters in their calculation of benefits. Georgia’s new policy restricts the duration of benefits to 14 weeks for statewide unemployment rates at 6.5 percent or less and adds another week of benefits for each 0.5 percent increase. The maximum benefit

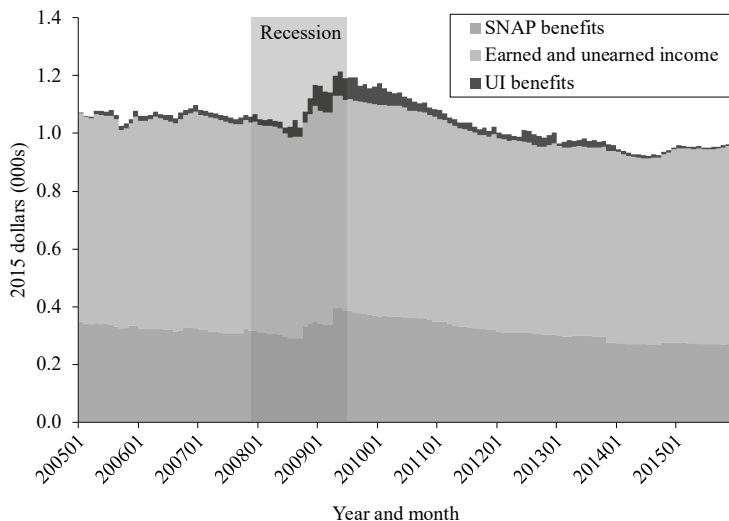
of 20 weeks would be applicable at 9.0 percent unemployment or higher.²

While these changes potentially explain the decline in new UI spells after the spikes of 2008 and 2009, they may also explain the lack of recovery (decline) in the SNAP caseload after the Great Recession. Georgians who exhaust their UI benefits and remain unemployed or underemployed may reach a point where they enroll in SNAP for food access. Combined with the policy changes in the UI landscape, this scenario may have become a reality for many individuals after 2012 and 2013. Furthermore, SNAP also saw federal policy changes under the American Reinvestment and Recovery Act that broadened eligibility requirements, particularly for able-bodied adults without dependents, and dramatically increased the program's caseload. Postrecession, the sluggish job growth and policy changes may help explain why SNAP and UI recovered differently.

Comparing SNAP and UI Income Replacement Levels for SNAP Recipients

We next look at how SNAP and UI benefits contributed to the overall income of SNAP recipients and how the proportions of income changed with the Great Recession. We consider income replacement only from the perspective of SNAP recipients because we have data about SNAP households that includes UI benefits; the UI universe data, however, only offers information about employment history, benefit duration, and benefit amount at the individual level, which does not allow for the same income comparisons. In Figure 6.5, SNAP and UI average monthly benefits are stacked with the monthly household income for all Georgia SNAP recipients in 2015 dollars. For all SNAP recipients, SNAP benefits made up a much larger share of total household budgets than UI because so few SNAP recipients received UI benefits as well. Nonetheless, the reliance on SNAP and UI benefits increased during the Great Recession (wide bar) as earned/unearned income fell. Overall, SNAP and UI benefits acted as intended to stabilize household incomes during the Great Recession.

Figure 6.5 Program Components of Monthly Budget for SNAP Households (in 2015 dollars)



SOURCE: Authors' computations based on Georgia program administrative data.

The full budget analysis period, 2005 to 2015, allows us to look at changes in income before, during, and after the Great Recession, including the period after the 2012 Georgia UI benefit change and the expiration of EUC08 and EB at the end of 2013. Before the Great Recession, from January 2005 to November 2007, a SNAP household's earned/unearned income averaged \$725 and represented 68 percent of the household budget. SNAP benefits made up another 30.4 percent, and UI 1.5 percent. During this time, UI had its lowest share of the total budget seen over the full analysis period, 0.2 percent in January 2005. The Great Recession brought about substantial changes in budget components, as SNAP and UI reached their apex shares in April 2009 and January 2009, respectively, and earned/unearned income had dropped to its lowest level by May 2009. On average during this time, SNAP accounted for 29.8 percent of the budget, UI 4.3 percent, and earned/unearned income the remaining 65.9 percent.

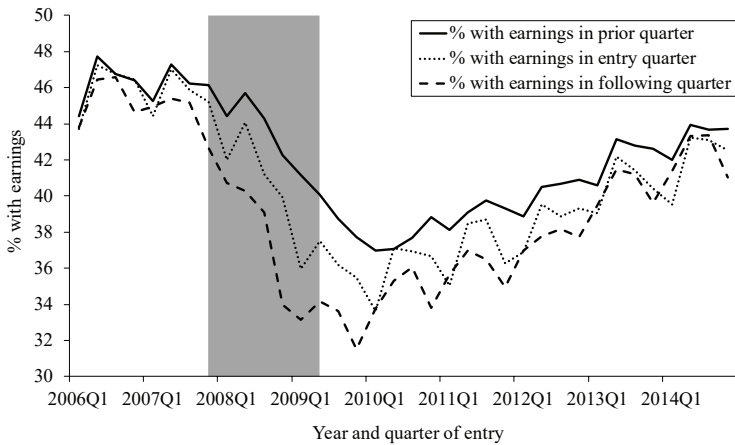
In the postrecession era through the end of 2012, the SNAP share grew to 31.7 percent of the budget, while the share of earned/unearned income continued to fall, averaging 65 percent, and UI fell to 3.3 percent. December 2012 saw the last UI share larger than 3 percent. As the impact of Georgia's unemployment policy changes became apparent in 2013, the UI share fell to 2.2 percent that year and dropped further to 1.1 percent in 2014. The annual averages in 2013, 2014, and 2015 for the three income sources collectively showed a more stable recovery, as the share of earned/unearned income rose and SNAP and UI shares fell. By the end of 2015, UI benefits accounted for only 0.8 percent of the average SNAP recipient's household budget, SNAP benefits 28.4 percent, and earned/unearned income 70.7 percent.

SNAP and UI Dynamics

Last, we narrow our attention to the time frame around an individual entering and exiting a SNAP spell so that we may better understand the circumstances of SNAP and UI usage. For those entering SNAP, we look at the shares that had income and UI benefits over three periods: 1) the quarter prior to entering SNAP (Prior Quarter), 2) the quarter when they enter SNAP (Entry Quarter), and 3) their first full quarter after entering (Following Quarter). For those leaving SNAP, we look at two types of individuals: 1) those on SNAP for nine months or less (Short Duration) and 2) those on SNAP for more than nine months (Long Duration). Additionally, SNAP leavers are divided into two quarters: 1) the quarter of exit (Exit Quarter) and 2) the first quarter after the exiting quarter (Post-Exit Quarter).

We first look at the characteristics of SNAP recipients around their entry into the program (Figure 6.6). Prerecession, all three quarters had similar shares of SNAP entrants who had earnings—approximately 46 percent. As the Great Recession hit, these shares fell significantly: by the first quarter of 2009, the share of entrants with earnings in the quarter after entering SNAP reached only 33 percent, indicating that SNAP recipients were having longer periods without employ-

Figure 6.6 Share of SNAP Entrants with Earnings

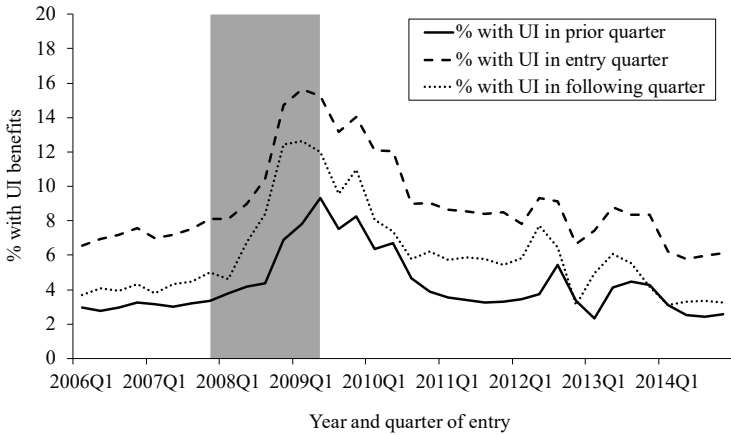


SOURCE: Authors’ computations based on Georgia program administrative data.

ment or other sources of income after enrolling in SNAP. The Entry Quarter contingent fared better, with 36 percent of these entrants having earnings at the same point, whereas the share with earnings in the Prior Quarter fell to 41 percent. During the jobless recovery period directly after the Great Recession—a time when the economy was growing but unemployment remained high—the share of entrants with earnings for all three groups defined in relation to entry quarter (Prior, Entry, and Following) continued to drop until beginning a slow recovery in 2010. By the end of 2014, the shares were still below prerecession levels.

Figure 6.7 incorporates UI in this picture. The share of SNAP entrants with UI benefits surged during the Great Recession, and the share with UI benefits in the same quarter as their SNAP entry peaked at 15.6 percent in the first quarter of 2009. All quarter groups saw declining shares by the end of the Great Recession in June 2009; by 2014, after the end of the jobless recovery, the percentage of SNAP recipients who also received UI was back to prerecession levels for the three groups defined in relation to quarter of entry.

Figure 6.7 Share of SNAP Entrants with UI Benefits



SOURCE: Authors’ computations based on Georgia program administrative data.

Table 6.1 examines some of the data behind these two figures in greater detail and shows Prior, Entry, and Following Quarter information over time. The time line is broken down into four groups relative to the Great Recession: 1) prerecession, 2) Great Recession, 3) jobless recovery, and 4) post-jobless recovery.³ Table 6.1 was created using data on individual spells per month for recipients aged 18–64 and aggregated using quarterly data, meaning there may be a quarter in which a SNAP recipient received benefits for a single month of the quarter or a single week of UI benefits. We then created a monthly average to compare across periods. Note that those who collected UI benefits received considerably more than the average SNAP recipient. For example, in the Following Quarter group, UI benefits were highest during the Great Recession at \$2,617; SNAP benefits were also highest during this time but only averaged \$889. SNAP served many more individuals in all time periods, and only a small percentage were enrolled in both SNAP and UI. However, for that small percentage, the amount of UI benefit was substantially larger, almost three times the SNAP benefit for the same period.

Table 6.1 Georgia SNAP Entrants: Earnings and UI Benefits by Relevant Time Period^a

	Prereces- sion	Great Recession	Jobless recovery	Post- jobless recovery
SNAP average monthly entrants ^b Prior Quarter ^c	19,634	28,148	32,802	31,094
% with earnings	47	43	39	43
Average earnings for those with wages (\$)	3,635	3,893	3,976	3,795
Average other earnings (\$)	1,698	1,656	1,552	1,625
% receiving UI benefits	3.0	6.7	4.1	3.2
Average UI benefits among UI recipients (\$)	1,785	1,913	1,754	1,811
Entry Quarter				
% with earnings	46	40	37	41
Average earnings for those with wages (\$)	2,636	2,762	2,843	2,794
Average other earnings (\$)	1,224	1,091	1,066	1,159
% receiving UI benefits	7.2	13.2	9.0	7.0
Average UI benefits among UI recipients (\$)	1,820	2,148	1,995	1,800
Average SNAP benefits ^d (\$)	481	514	498	470
Following Quarter				
SNAP avg. monthly entrants still receiving SNAP	18,550	27,664	32,494	30,795
% SNAP entrants still receiving SNAP	94	98	99	99
% with earnings	46	36	36	41
Average earnings for those with wages (\$)	3,218	3,170	3,328	3,335
Average other earnings (\$)	1,468	1,139	1,206	1,384
% receiving UI benefits	4.1	10.6	6.2	4.2
Average UI benefits (\$)	2,017	2,617	2,309	1,976
Average SNAP benefits (\$)	782	889	825	756

^a Snapshot periods: Prerecession: Apr 2006–June 2007; Great Recession: Apr 2008–June 2009; Jobless Recovery: Apr 2010–Sept 2012; Post–Jobless Recovery: Jan 2013–Dec 2014.

^b This table shows individual spells/month for ages 18–64, aggregated over a quarterly aggregate; there might be a quarter when SNAP recipients received benefits for a single month of the quarter or a single week of UI.

^c Prior Quarter: quarter immediately preceding entry into SNAP; Entry Quarter: first quarter of SNAP; Following Quarter: first quarter after entry into SNAP.

^d SNAP benefits are per person, inflation-adjusted to 2015 dollars.

SOURCE: Authors' computations based on Georgia program administrative data.

Prerecession, Georgia saw an average of 19,634 SNAP entrants per month. During the Great Recession, the monthly entrants ballooned 43 percent to 28,148, but the peak of 32,802 entrants per month did not occur until the jobless recovery arrived. During the post-jobless recovery period, SNAP enrollment did not return to prerecession levels, as the monthly average remained similar to that of the jobless recovery, at 31,094 per month. For those who entered SNAP in the latter two periods, few—less than 1 percent—left the program after the first quarter, compared to roughly 5 percent who left prerecession.

Furthermore, for all three quarters, the percentage with earnings fell, as expected, during the Great Recession, but the shares continued to fall or remained stagnant during the jobless recovery. In the Following Quarter group, 36 percent of SNAP recipients had earnings during the Great Recession and jobless recovery. During the post-jobless recovery, this share increased to around 41 percent, still below the 46 percent share prerecession. Put another way, before the Great Recession, approximately 10,600 SNAP recipients per month had no income in the following quarter, and in the post-jobless recovery, roughly 18,000 had no income, reiterating the reliance on SNAP and a slow job recovery in Georgia.

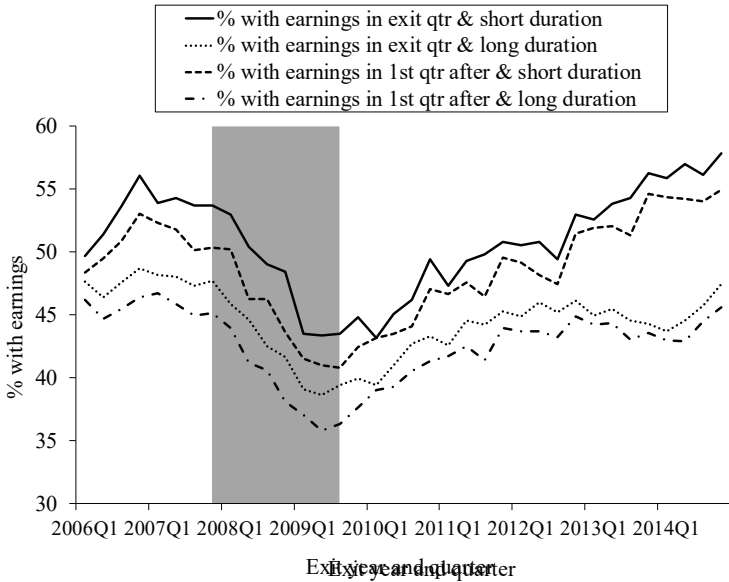
In contrast, the percentage of SNAP enrollees who also received UI benefits has declined from the highs of the Great Recession and jobless recovery. For all three quarters, the percentage of joint enrollees rose quickly from the prerecession into the Great Recession. The jobless recovery showed a downward trend back toward prerecession levels, and during the post-jobless recovery, shares were in line with those before the Great Recession. In the Following Quarter group, the percentage of joint SNAP/UI recipients was 4.1 percent prior to the Great Recession. It jumped to 10.6 percent during the Great Recession, trended down to 6.2 percent in the jobless recovery, and finally returned to 4.2 percent in the post-jobless recovery.

Thus, the SNAP program in Georgia proved not to be particularly cyclical in nature. The average number of monthly entrants to

the program did not decline, even by the end of the jobless recovery, corresponding with the weak recovery in Georgia's labor market following the Great Recession. For the Following Quarter group, the percentage with earnings increased, but not back to prerecession levels. By contrast, the intersection of SNAP and UI was highly cyclical over the study period, as was participation in UI-only. Not until the post-jobless recovery period did the share of joint SNAP/UI recipients in the Following Quarter group fall back to prerecession levels of 4 percent, down from a Great Recession high of nearly 11 percent. This delayed return to prerecession levels explains why some studies examining these programs in other states have not found similar results: the Texas chapter, for example, did not reveal this return to prerecession levels because its study period did not extend beyond jobless recovery.

Finally, we look at the characteristics of those leaving SNAP, first focusing on the percentage of SNAP leavers with earnings (Figure 6.8) and then the percentage of SNAP leavers with UI benefits (Figure 6.9). In Figure 6.8, SNAP leavers with earnings decreased sharply during the Great Recession. Recovery began quickly, though, with a slow upturn beginning in late 2009 and continuing through 2014. This figure also illustrates the differences between SNAP spell duration over the years, allowing us to compare SNAP recipients who collected benefits for three quarters or less (Short Duration) to those who relied on the program for more than three quarters (Long Duration). During the jobless recovery and the post-jobless recovery periods, the gap between Long Duration and Short Duration recipients became more pronounced, in contrast to the two prior periods, when the groups tended to be more closely connected. By the end of 2014, the percentage of Long Duration recipients exiting with income was generally below prerecession levels, while the percentage of Short Duration recipients exiting with income was greater than the percentage before the Great Recession. Looking at SNAP leavers receiving UI benefits in Figure 6.9, we see there was a considerable surge in the percentage of leavers with UI benefits during the Great Recession.

Figure 6.8 Share of SNAP Leavers with Earnings by Spell Duration

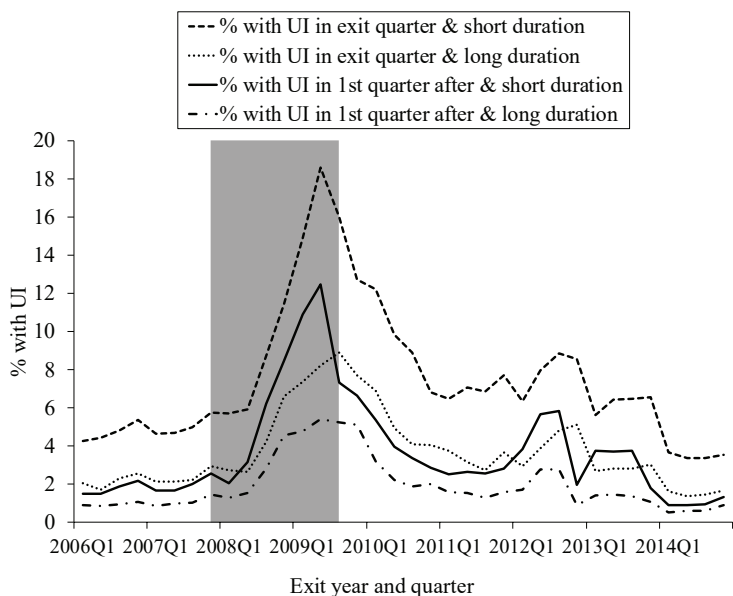


SOURCE: Authors’ computations based on Georgia program administrative data.

The subsequent decrease during the jobless recovery approached prerecession levels, and all four groups—Exit Quarter and Post-Exit Quarter for Long and Short Durations—maintained similar relationships throughout the analysis period. By the end of 2014, the shares of leavers with UI benefits were comparable to those in 2006.

In Table 6.2, we present some of the data behind Figures 6.8 and 6.9, allowing us to make several observations about the length of SNAP spells and earnings upon exit. Individuals who exited SNAP after the Great Recession tended to remain in the program longer than those who exited prior to the Great Recession. In the prerecession and Great Recession periods, the shares of total SNAP recipients were balanced between Short and Long Duration. In the jobless recovery, the balance shifted, and Long Duration recipients made up the majority: the shares were 60 percent Long Duration and 40 percent Short.

Figure 6.9 Share of SNAP Leavers with UI Benefits by Spell Duration



SOURCE: Authors' computations based on Georgia program administrative data.

The shares became further lopsided in the post-jobless recovery period, with 67 percent Long Duration and 33 percent Short Duration. The sustained increase in the long-term use of SNAP is indicative of the slow recovery because individuals on SNAP must be unemployed or have sufficiently low income to remain in the program. Additionally, those receiving SNAP benefits for a short duration were more likely to have earnings upon exit than those who received them for a longer period. In the Post-Exit Quarter, 53 percent of Short Duration SNAP recipients had earnings during the post-jobless recovery period compared to only 44 percent of Long Duration recipients. The Short Duration SNAP leavers also had slightly higher earnings in the post-jobless recovery period: they earned on average \$4,850, while Long Duration recipients earned \$4,685.

Table 6.2 Georgia SNAP Leavers: Spell Duration, Earnings, and UI Benefits by Relevant Time Period^a

	Short Duration ^b				Long Duration			
	Prereces- sion	Reces- sion	Jobless recovery	Post- jobless recovery	Prereces- sion	Reces- sion	Jobless recovery	Post- jobless recovery
Average monthly SNAP leavers	4,863	5,775	8,636	9,359	5,942	5,745	13,083	18,982
Short/Long Duration share of total	45.0	50.1	39.8	33.0	56.0	49.9	60.2	67.0
Exiting Quarter								
Average SNAP benefits ^c (\$)	503	564	548	501	539	582	601	537
% with earnings	54	47	49	56	48	41	44	45
Average earnings for those with earnings (\$)	3,843	4,137	4,461	4,350	4,155	4,289	4,566	4,338
Average earnings (\$)	2,071	1,935	2,185	2,415	1,985	1,776	2,017	1,954
% with UI	4.8	12.2	7.7	4.9	2.2	5.7	3.8	2.2
Average UI benefits (\$)	1,692	2,489	2,000	1,663	1,064	1,657	1,364	1,171
Post-Exit Quarter								
% with earnings	52	44	47	53	46	39	42	44
Average earnings for those with earnings (\$)	4,564	4,753	5,035	4,850	4,574	4,709	4,995	4,685
Average earnings (\$)	2,354	2,071	2,370	2,593	2,096	1,821	2,112	2,056
% with UI	1.8	8.5	3.6	2.2	0.9	3.8	2.0	1.0
Average UI benefits (\$)	1,690	2,650	2,073	1,893	1,180	1,950	1,625	1,317

^a Snapshot periods: Prerecession: Apr 2006–June 2007; Great Recession: Apr 2008–June 2009; Jobless Recovery: Apr 2010–Sep 2012; Post-Jobless Recovery: Jan 2013–Dec 2014.

^b Short Duration: on SNAP three quarters or less; Long Duration: on SNAP more than three quarters.

^c SNAP benefits are per person, inflation-adjusted to 2015 dollars.

SOURCE: Authors' computations based on Georgia program administrative data.

Only a small share of individuals who exited SNAP continued to receive UI benefits. However, the Short Duration leavers were more likely to receive UI upon exit than Long Duration leavers. In the Post-Exit Quarter, only 1.0 percent of Long Duration leavers collected UI upon exiting SNAP, compared to 2.2 percent of Short Duration leavers. This counterintuitive finding may be due to the likelihood that a SNAP entrant was employed prior to enrolling in SNAP. Short Duration recipients may be more likely to have been employed and, thus, eligible for UI. Another possibility is that UI eligibility ran out for Long Duration recipients.

SUBGROUP ANALYSIS OF SNAP AND UI RECIPIENTS

We next analyze some of the demographic characteristics of SNAP recipients and find meaningful trends based on age, gender, and race. In Table 6.3 and Figure 6.10, we present the patterns of Georgia SNAP participation for minors (17 and under), adults (18–64), and the elderly (65+) in each year between 2005 and 2015. Table 6.3 indicates the number of individuals with at least one month of SNAP participation in each year. (Note that the total column is greater than the recipient total because of age changes and, therefore, category changes within a given year.) Consistent with the overall trend in the United States, the number of SNAP recipients increased for all age groups between 2005 and 2012. Adults experienced the largest increase in caseload, with their caseloads more than doubling, but this may not be surprising, as these working-age individuals were the group most likely to experience job loss during the Great Recession. In terms of year-to-year changes, the sharpest increases were seen between 2008 and 2009, at the height of the Great Recession. The number of working-age adults who received SNAP benefits increased by 14.1 percent between 2007 and 2008 and by another 27.7 percent between 2008 and 2009. The Great Recession officially ended in 2009,

Table 6.3 Age of SNAP Recipients in Georgia, 2005–2015

Year	Number of SNAP recipients by age				Number of UI recipients
	Minors (17 and under)	Adults (18–64)	Elderly (65+)	Total ^a	
2005	718,615	651,531	54,495	1,407,082	22,004
2006	725,895	640,098	54,242	1,401,975	30,192
2007	734,912	644,922	54,087	1,414,648	32,066
2008	807,517	736,094	57,005	1,578,992	56,256
2009	954,730	939,893	65,829	1,932,740	98,422 ^b
2010	1,064,752	1,131,141	79,588	2,242,661	95,818
2011	1,117,164	1,260,657	94,460	2,436,249	76,926
2012	1,159,193 ^b	1,352,853 ^b	108,560	2,582,418 ^b	79,444
2013	1,148,663	1,327,222	115,613	2,554,257	73,377
2014	1,131,048	1,274,255	117,667	2,487,422	50,120
2015	1,111,494	1,218,385	122,387 ^b	2,416,750	40,042

NOTE: As part of ongoing data-sharing agreements, administrative data from these state agencies are archived in the Fiscal Research Center at Georgia State University, where three of the authors work as research associates. For more information on the administration and maintenance of these records, see dfcs.dhs.georgia.gov/food-stamps and <http://www.dol.state.ga.us>.

The actual dates were chosen to be similar to other studies of this type. They provide a snapshot of each period and are as follows: Prerecession: April 2006–June 2007; Great Recession: April 2008–June 2009; Jobless Recovery: April 2010–September 2012; and Post–Jobless Recovery: January 2013–December 2014.

^a The total of all ages is greater than the recipient total because of age changes and, therefore, category changes, within a given year.

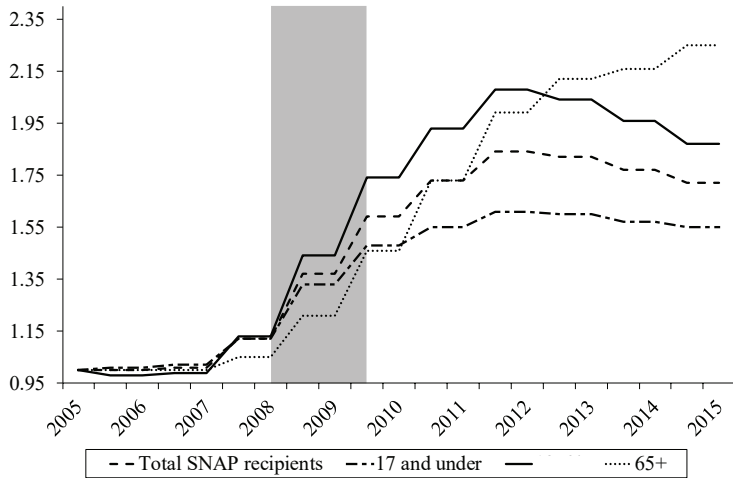
^b Maximum recipients per column.

SOURCE: Georgia Department of Human Services, Division of Child and Family Services; Georgia Department of Labor.

but the caseload continued to climb, reflecting the lethargic recovery of the labor market. Table 6.3 also lists the number of UI recipients between 2005 and 2015 for comparison. Just as with the rise in SNAP caseload, UI cases grew during this period, and the sharpest increase overlapped the Great Recession, as shown in previous figures. The evidence reinforces the theory that SNAP and UI served as crucial safety net programs for a significant number of Georgians.

Looking at SNAP cases by age group over time, Figure 6.10 indexes the composition data to a January 2005 baseline. Here, the

Figure 6.10 SNAP Recipients by Age (relative to 2005)



SOURCE: Authors’ computations based on Georgia program administrative data.

age of each countable SNAP recipient is included, not just those of the heads of household. Beginning in 2012 and continuing through 2015, the count of recipients younger than 65 began to fall, but the number of elderly has continued to rise after having been flat throughout 2005, 2006, and 2007. Note that the elderly made up a relatively small share of total SNAP recipients, roughly 5 percent of the 2015 total; however, as Table 6.3 and Figure 6.10 show, this is the only group whose caseload did not drop at any point during the analysis period. These results are consistent with the literature, which shows that older workers lack the resources to retire and are therefore remaining in the labor force longer (Burtless 2016). The elderly may prove an interesting demographic to monitor as the baby boom generation retires, straining the safety net and age-related entitlement programs.

In addition, earnings and UI benefits differ by gender (figure not presented). Throughout the analysis period, female-headed SNAP households received higher average SNAP and UI benefits than male-headed households. The shares of SNAP entrants with earnings in

the Prior, Entry, and Following Quarters were also higher for female households than for male. For all three groups defined in relation to entrant quarter, the share with earnings in 2006 hovered around 50 percent, well above the 35 percent average for males at the same time. While female households rely on SNAP benefits at higher levels throughout the period of the study, male households were hit harder by the Great Recession with regard to earned income. Both genders, however, follow a similar pattern of shares falling during the Great Recession and slowly recovering to prerecession levels by 2014.

The share of SNAP entrant households with UI benefits shows less variation by gender, although higher percentages of female households relied on joint SNAP and UI benefits than did male ones. The female Entry Quarter groups mirror their male counterparts; the prerecession and post-jobless recovery periods have nearly identical numbers. During the Great Recession, the growth in shares of SNAP entrants with UI was similar, with the female groups showing slightly higher percentages. For example, at the time that the share with UI in the Entry Quarter peaked at 14 percent for the males, the female group reached 16 percent.

When looking at SNAP leaver characteristics, the results show that the Great Recession had more of an effect on males with Long Duration of SNAP benefits than on females. The percentage with earnings fell during the Great Recession and slowly recovered afterward. Echoing the SNAP entrant data, females had higher shares of earnings upon exit from SNAP than males throughout the analysis. For example, in April 2014, the share of males with earnings in the Exit Quarter and the Post-Exit Quarter was around 50 percent for Short Duration and under 40 percent for Long Duration. In contrast, the comparable shares for females were around 10 percentage points higher: Short Duration earnings were near 60 percent and Long Duration 50 percent. UI benefits in the Exit and Post-Exit Quarters looked similar for both genders. Ultimately, the Great Recession appears to have affected male-headed households more than female-headed households.

Finally, we look at race (figure not presented). The data on households by race are broken down into three categories: 1) White, 2) Hispanic, and 3) Other.⁴ For all three racial groups, the number of SNAP entrants had not returned to prerecession levels by the end of 2014, although all three groups increased enrollment during the Great Recession and jobless recovery. Overall, looking at the joint use of SNAP and UI, Hispanic SNAP entrants had the lowest percentage across the entire analysis period. In contrast, “Other” households had the largest percentage of joint usage of all three racial groups, regardless of the period. In addition, Other entrants experienced the largest increase of usage of both UI and SNAP during the Great Recession.

When looking at SNAP leavers, White households exhibited a gap in Short and Long Duration groups throughout the time line. In contrast, the duration groups for Other and Hispanic households fell closer to each other in the prerecession period, but the duration groups diverged during and after the Great Recession. By 2014, the percentage with earnings in the Exit and Post-Exit Quarters was higher for Short Duration recipients for all racial groups, and the percentage with UI benefits was higher for Long Duration recipients, potentially because the Long Duration group had exhausted its UI benefits.

SUMMARY OF LESSONS FROM ANALYSIS

Our data allowed us to evaluate not only the immediate effects of the Great Recession on Georgia but also those that lingered several years after its official end. Georgia’s labor market has struggled to recover, and SNAP and UI utilization can help gauge the economic health of the state. Although SNAP and UI reacted differently to the stress of the Great Recession, both helped to stabilize incomes and increase Georgians’ access to necessities. Our results show that UI maintained a cyclical nature, with enrollment spiking during the Great Recession but falling relatively quickly back to prerecession levels. SNAP, on the other hand, is still feeling the burden from the economic

fallout. Unlike UI, SNAP does not have time-limited benefit restrictions, and many more Georgians have remained eligible for SNAP than in the prerecession era. Also, the joint SNAP/UI recipients represented only a small portion of the total Georgia SNAP population, but UI provided substantially larger benefits and was able to complement SNAP to stabilize incomes.

Assuming no change in federal SNAP legislation, what will the next recession look like in Georgia? As with what happened during the Great Recession, we can expect that many Georgians will return to UI and SNAP to lessen the economic shock. Georgia's reduction of UI benefits to a cap of 14–20 weeks will likely have a considerable effect on both programs, with more rapid SNAP applications from UI recipients. If the state experiences another slow recovery after the next recession, we may see another boom in SNAP enrollment as unemployed Georgians quickly exhaust their UI benefits and shift to SNAP, and the program would likely struggle to recover to prerecession levels. Moreover, our results show that more retirement-age Georgians are using SNAP. With this quickly growing population relying on SNAP benefits, the program may face further issues with the sustained swelling of its caseload.

CONCLUSION

In this chapter, we discussed how Georgia's citizens used SNAP and UI benefits to ease the burdens associated with the economic downturn of the Great Recession and maintain their household income. SNAP was used by considerably more Georgians than was UI, but for those who did receive UI, the benefits were generally larger. Trends in usage during the Great Recession were similar for both programs; however, while UI and joint SNAP/UI participation returned to prerecession levels by the post-jobless recovery period, SNAP participation remains elevated well above prerecession levels.

Several potential reasons exist for this disparity. First, UI benefits are available only for a limited time, while SNAP benefits are not in most cases. The restrictions on UI are especially relevant because of the changes to Georgia's UI benefit cap, which reduce the maximum duration of benefits from 26 weeks to a range of between 14 and 20. Additionally, the two major federal UI-related programs instituted during the Great Recession have expired. Second, many people lost their jobs during the Great Recession and collected UI but became ineligible for the program when they regained employment. Finally, despite some job creation, some workers may be employed in low-wage jobs and not receiving UI but may still be eligible for SNAP benefits. This situation was especially likely during the jobless recovery period.

SNAP reliance remained high through 2015, but evidence suggests that enrollment may be declining for some groups across the state. Importantly, SNAP enrollment in the elderly population has not shown significant declines, which may have ramifications for the program's caseload going forward. In the future, economic downturns may see a larger reliance on SNAP than UI in Georgia, but policymakers can leverage the interplay between SNAP and UI to alleviate excessive burdens on a single program. As Georgia restricts UI benefits, in a move that was enacted at the same time as an increase in SNAP participation, federal policymakers can supplement income and reduce the caseload of SNAP through programs such as Emergency Unemployment Compensation and Extended Benefits. SNAP participation in Georgia varied along gender and racial lines, suggesting differing impacts. The effects of the Great Recession continue to linger in Georgia, and the impact and interactions of social safety net programs like SNAP and UI will be an area of continued study.

Notes

1. As part of ongoing data-sharing agreements, administrative data from these state agencies are archived in the Fiscal Research Center at Geor-

gia State University, where three of the authors work as research associates. For more information on the administration and maintenance of these records, see dfcs.dhs.georgia.gov/food-stamps and <http://www.dol.state.ga.us>.

2. Scaling up 1 week for each 0.5 percent increase from 6.5 percent at 14 weeks would result in a 19-week duration at 9 percent unemployment, not a 20-week duration. Nevertheless, this is how the statute reads. One must assume it would be at 19 weeks for 8.51 to 8.99 percent, then rise to 20 weeks for 9.00 percent and above.
3. The actual dates were chosen to be similar to other studies of this type. They provide a snapshot of each period and are as follows: Prerecession: April 2006–June 2007; Great Recession: April 2008–June 2009; Jobless Recovery: April 2010–September 2012; and Post–Jobless Recovery: January 2013–December 2014.
4. “White” is “non-Hispanic white”; “Other” is “non-Hispanic nonwhite” and includes all races not part of the other two categories (e.g., African American, Asian, etc.).

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Chapter 7

SNAP, UI, and Employment Interactions in Maryland, 2009–2015

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This chapter presents an analysis of interactions in the use of programs in the Maryland social safety net during and since the 2007–2009 Great Recession. The focus is on the Supplemental Nutrition Assistance Program (SNAP) and the Unemployment Insurance (UI) benefit program. We use administrative data from these programs along with UI wage record data to analyze issues relevant to the composition and cost of the Maryland and national SNAP caseloads, in the hope that this may inform future policy and program management.¹

This study spans the period from January 2009 through December 2015. The first six months of data for the study cover the last six months of the Great Recession, which lasted from December 2007 to June 2009. The January 2009 starting point for the data serves as a baseline for recession levels of SNAP and UI program benefit receipt and employment. This baseline facilitates the study of postrecession SNAP and UI benefit interactions and related employment and earnings trends.

Following are some key findings from this study:

- Maryland was fortunate to experience a less severe recession than the nation at large. The SNAP and UI programs complemented each other in providing a safety net for Marylanders who lost their jobs or experienced food insecurity during the recession and the ensuing recovery.

- Maryland SNAP caseloads plateaued at a higher level than prerecession levels.
- Eight quarters after receiving their first weekly UI benefit payments, 67 percent of recipients of UI, of emergency unemployment compensation (EUC), or of extended benefits (EB) did not have any employment reported in our Maryland UI employment data.
- Those UI recipients not observed as having earnings after receiving some type of UI benefit during the study period tended to be older and had smaller household size, fewer children, a higher number of household members with disabilities, and lower education. This is the group most likely to turn to SNAP for additional support after exhausting UI benefit eligibility, and there is evidence that UI exhaustees in Maryland did indeed turn to SNAP for help.
- In comparing program utilization patterns (receiving SNAP benefits first vs. receiving UI benefits first), we see that recipients who enrolled in SNAP first were younger, belonged to larger households, had more children, were more likely to be headed by a female, and were more likely to never have been married than recipients who enrolled in UI first.
- Some SNAP subgroups fared better than others. SNAP recipients aged 46 to 65 were often single-person households and therefore had a low benefit level, since SNAP benefits are based on household size. They also had significantly lower wages than those aged 31 to 45.
- Households that entered UI first were more attached to the labor market and had higher prebenefit earnings, thus higher UI benefit amounts. Households that either enrolled in SNAP and UI simultaneously or in SNAP first were worse off, as their UI benefits and earnings were low enough that their combined income left them below the SNAP eligibility ceiling.

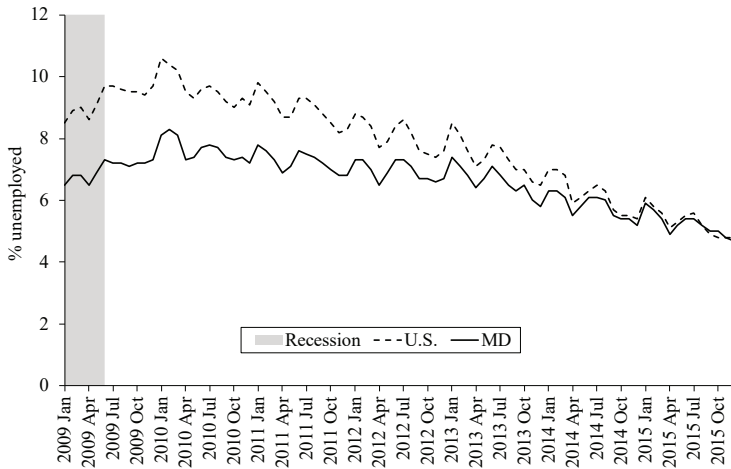
This chapter begins with brief descriptions of Maryland's SNAP and UI programs. Data sources and population definitions are then introduced. Descriptions of Maryland SNAP household characteristics follow to aid in better understanding the study population, as well

as the characteristics of the joint SNAP and UI participants. Finally, we review the program and labor market outcomes for Maryland SNAP and UI. The chapter ends with a discussion of the potential policy implications of these findings.

BACKGROUND

Maryland experienced a less severe recession than the United States as a whole, but it also experienced a more gradual recovery. Figure 7.1 shows the convergence in unemployment rates between Maryland and the national average. Maryland's 2 percentage point advantage at the start of the recession was eliminated by the end of 2015.

Figure 7.1 Monthly Unemployment Rate, United States vs. Maryland (not seasonally adjusted)



SOURCE: Bureau of Labor Statistics, Local Area Unemployment Statistics, Not Seasonally Adjusted; and Bureau of Labor Statistics, Current Population Survey, Not Seasonally Adjusted.

As of 2015, Maryland was the nineteenth most populous state in the United States, with a population of just over six million (U.S. Census Bureau 2016). Women made up slightly more than half of Maryland's population, and over 60 percent of the total population was between 20 and 64 years of age. The population was approximately 60 percent white, 30 percent African American, and 6 percent Asian. Nine percent of the population was Hispanic (American FactFinder 2016).²

In 2014, Maryland was the wealthiest state in the nation, with the highest median household income (\$74,149) of any state (American FactFinder 2014). Since 2012, Maryland has ranked between sixth and eighth in the nation in terms of average weekly wage (BLS 2016). However, despite its sustained economic success, in the past few years Maryland's wage growth has slowed relative to the average rate of wage growth in the United States (Figure 7.1).

Unemployment Insurance in Maryland

As in other states, three UI programs were offered in Maryland during the study period examined in this chapter: 1) regular state UI, 2) emergency unemployment compensation (EUC), and 3) extended benefits (EB). Of the three, the regular UI program is used most often, both during recessions and at other times. Like other states, Maryland funds this program through unemployment taxes paid to the state by employers. The UI benefits paid to eligible applicants are based on the individual's prior earnings and compliance with other requirements once monetary eligibility has been confirmed. Maryland pays UI benefits to applicants who are

- unemployed through no fault of their own,
- able to work, and
- actively seeking work.

The maximum duration of regular UI benefit receipt in Maryland is 26 weeks (Maryland Department of Labor, Licensing, and Regula-

tion 2019). Unlike some other states, which have reduced the maximum number of weeks in recent years, Maryland's maximum has remained unchanged.

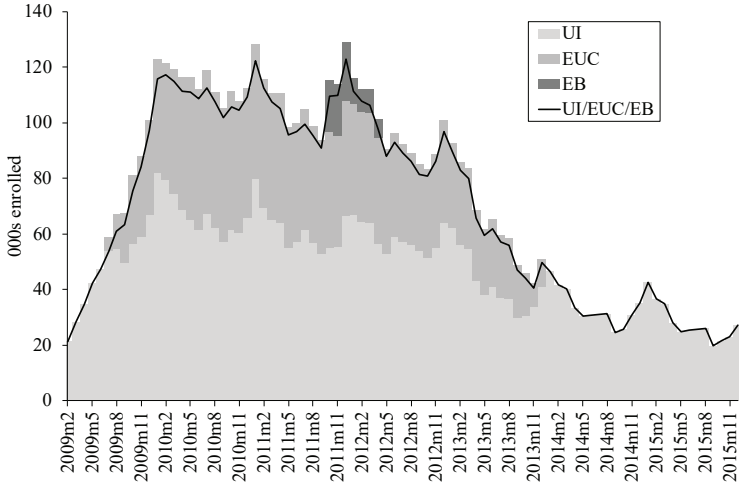
The EUC program, implemented in 2008 and allowed to lapse at the end of 2013, provided 100 percent federally funded benefits to UI applicants who exhausted their state entitlement but continued to satisfy other eligibility requirements. It paid benefits to individuals who exhausted regular UI benefits in benefit years ending on or after May 1, 2007. No EUC benefits were paid for claims after the week ending December 28, 2013. EUC was enacted to help temporarily alleviate the household burden of sustained unemployment during and after the recession (Maryland Department of Labor, Licensing, and Regulation 2014). The maximum length of EUC benefit ranged between 13 and 47 weeks during the study period.

Finally, the permanent EB program was modified by Congress during the Great Recession. Unemployed Maryland workers became eligible for 13 additional weeks of EB after exhausting regular state UI. The EB benefit amount was the same as the amount that the individual had received through state UI benefits (U.S. Department of Labor 2019). Especially in Maryland, extended benefits constituted the smallest share among all types of UI benefits paid during the study period.

Figure 7.2 shows the monthly number of Maryland beneficiaries in each of the three UI programs during the study period. Because unemployment was relatively low, regular UI recipients made up the largest share of the unemployment compensation caseload. The EB program switched on only when insured unemployment exceeded the threshold. Consequently, EB remained in effect in Maryland only from late 2011 to mid-2012—a far shorter period than in the other states studied for this book.

Enrollment in UI and EUC programs increased rapidly through early 2010. Although it fluctuated over the following three years, enrollment at the end of 2012 was still at a level approximately five times the enrollment at the start of the study period in January 2009.

Figure 7.2 Monthly Individual Enrollment in Maryland UI Programs, by UI Program Type



SOURCE: Authors’ computations based on Maryland UI/EUC/EB administrative data.

The continued high level of UI benefit enrollment through 2012, illustrated in Figure 7.2, reflects the lagged recession effect and only moderate economic recovery in Maryland. As an automatic stabilizer, the number of individuals collecting UI benefits dropped close to pre-recession levels in late 2014 as the economy recovered slowly. There is also a seasonal pattern, particularly for regular UI benefits, with the largest monthly caseload occurring each January, then reaching another peak in midsummer and again in December.

A UI enrollee can receive benefits from only one UI program each week (UI, EUC, or EB), although that person could potentially receive benefits from more than one UI program in a month. The black line in Figure 7.2 accounts for this by showing the total number of individuals enrolled across all three UI programs each month.

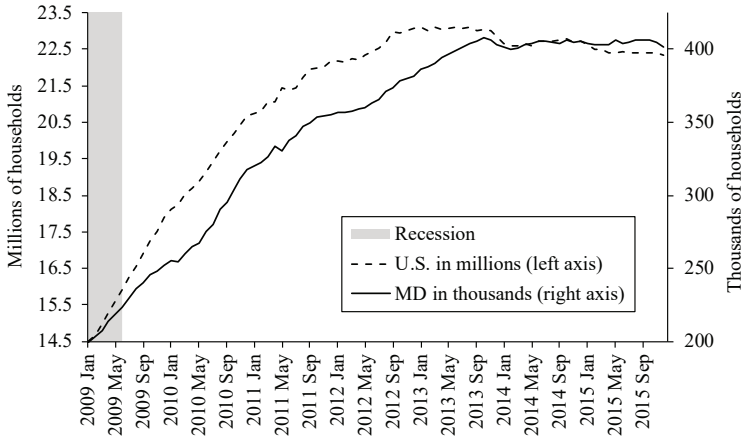
SNAP in Maryland

The Supplemental Nutrition Assistance Program in Maryland is called the Food Supplement Program, or FSP. However, for consistency with other chapters, we refer to this program as SNAP. As in other states, the Maryland SNAP program provides the means to purchase food for households whose net income after certain expenses falls below a specific threshold determined by household size. The Maryland SNAP program defines a household as “a group of people who live together and buy food and prepare meals together.” The benefit amount is based on both household income and household size and is meant to *supplement* the household’s food budget. The maximum benefit is stipulated by the U.S. Department of Agriculture’s “maximum allotment,” which is based on estimates of food costs (Maryland Department of Human Resources 2019a).

To be counted as a member of a SNAP household, individuals generally must meet four criteria: 1) be a U.S. citizen; 2) have a social security number; 3) not be a student half-time or more; and 4) register for work, accept work offers, and participate in employment training programs if able-bodied and between the ages of 16 and 60. The exceptions to these eligibility rules are certain categories of immigrants or refugees, as well as people taking care of dependents of a certain age (Maryland Department of Human Resources 2019c). Individuals who apply and qualify for SNAP should have access to their benefits within 30 days of submitting their applications (Maryland Department of Human Resources 2019b). Individuals can automatically qualify for SNAP benefits if they receive Temporary Assistance for Needy Families (TANF) or Supplemental Security Income (SSI). This is commonly referred to as broad-based categorical eligibility, or BBCE (USDA 2018).

The number of Marylanders participating in SNAP increased steadily during much of the 2009–2015 period, similar to the national trend. Figure 7.3 shows a relatively faster increase in the number of SNAP-benefiting households in Maryland between early 2011 and

Figure 7.3 SNAP Caseload, United States vs. Maryland



SOURCE: Department of Agriculture, Food and Nutrition Service, National and State Monthly/Annual Data from Fiscal Year 1969 to 2016.

Fall 2012 compared to national numbers. Beginning in the third quarter of 2013, the caseload in both Maryland and the country as a whole leveled off, with Maryland’s caseload settling at a figure approximately double the late-recession caseload in early 2009.

Data Description

There are inherent difficulties in using administrative data for research. These legal and ethical difficulties create challenges for measurement and interpretation that have been identified and examined in the literature (Connelly et al. 2016). Our analysis is further complicated by the fact that variables from the two programs are measured over different time periods. The important differences are described in the following overviews on data for SNAP and UI applications and benefit payments, and for UI wage records.

SNAP data

The Maryland Department of Human Resources provided the administrative data for SNAP through a data agreement with the Jacob France Institute at the University of Baltimore. The Department of Human Resources is the data owner and approved the use of the data for this research study. Information used in this study includes recipients' monthly benefit amounts, demographic information, and basic socioeconomic status. These data span the years 2009 to 2015.

The basic unit of analysis for SNAP data is a household, because benefits are awarded to eligible households. As discussed in the background section above, the relevant definition of a household is any group of individuals who live together and purchase food and prepare meals together. This adds complexity to the analysis and interpretation of results, because there could be month-to-month changes in household composition.

UI benefit data

The Maryland Department of Labor, Licensing, and Regulation provided the administrative data on UI benefits (UI/EUC/EB) through a data agreement with the Jacob France Institute. The Department of Labor, Licensing, and Regulation is the owner of the data and approved the research use of the data for this study. Data fields used in this study include UI weekly benefit amount and payment dates. The time period for the data is 2009 through 2015.

The unit of analysis for UI/EUC/EB is an individual benefit recipient. Most, but not all, individuals make decisions about employment (filing for unemployment insurance and/or SNAP benefits), and about compliance with continued eligibility requirements based in part on the actions of others in their household. Measurement of these external influences and changes in their presence, magnitude, and relevance are not available from unemployment benefit or wage records.

UI wage record data

The Department of Labor, Licensing, and Regulation also provided administrative data on UI wage records, through a data agreement with the Jacob France Institute, and approved the use of these data for this research study. Data include individual workers' quarterly earnings; however, these data only include Maryland civilian workers who are covered under the UI law; they do not include federal government employees. There is no occupation information in the wage records data and no record of hours worked. The time period for the data is January 2009 through December 2015.

Data Summary

The Study Group is defined as SNAP households³ that have at least one member in the prime working age range of 18 through 64. Therefore, all UI/EUC/EB beneficiaries in the Study Group are part of a SNAP household during some point of the study period. We focus on the Study Group because this chapter addresses the interaction of month-to-month Maryland SNAP benefit levels with UI/EUC/EB benefit payments and relevant employment and earnings changes. By focusing on the study group with more prime-working-age adults, such interactions in program use are more likely to be observable and useful for joint program analyses.

Table 7.1 shows a snapshot of the data, illustrating the length and amount of benefits and wages of SNAP and UI recipient households for the entire 2009–2015 study period. Consistent with the differences between the two types of programs, SNAP and UI/EUC/EB, the mean number of quarters of benefits received was higher for SNAP than for the UI programs, and the mean quarterly household benefit was much higher for the UI/EUC/EB programs than for SNAP. Households receiving UI benefits were more likely to have had earnings in the quarter prior to UI program entry and also to have had higher wages. However, since some SNAP recipients included households with someone who was employed, but employed at wages low

Table 7.1 Data Summary, 2009–2015

Variable	SNAP		UI/EUC/EB	
	All	Research group	All	Research group
Number of households	1,642,302	951,199	221,891	147,749
Mean quarters of benefits received	11.5	10.3	5.0	3.5
Mean household benefits received (\$)	10,644.51	7,963.48	13,024.62	8,593.85
Mean household benefits per quarter (\$)	927.47	775.85	2,580.09	2,462.88
Households with wages quarter prior to benefit start		439,393		140,977
% households with wages		46.19		95.42
Mean household wages (one quarter) (\$)		4,817.14		6,508.95
Households with wages while receiving benefits	616,174	584,568	196,961	111,465
% households with wages		61.46		75.44
Mean total household wages (\$)	22,185.80	22,784.05	10,230.64	6,654.59
Mean household wages per quarter (\$)	1,933.09	2,219.75	2,026.62	1,907.11
Households with wages after receiving benefits		421,320		133,347
% households with wages		44.29		90.25
Mean total wages (\$)		44,408.18		27,445.57
Mean wages per quarter (\$)		5,306.25		2,669.57

SOURCE: Authors' computations based on Maryland SNAP, UI/EUC/EB, and UI wage record administrative data.

enough to qualify for SNAP, the mean household earnings per quarter were higher for SNAP recipients than for UI/EUC/EB recipients. In addition, it is not surprising that mean quarterly earnings *after* both types of programs' benefits terminated also were higher than mean earnings *while* receiving benefits. This suggests that both SNAP and UI/EUC/EB recipients move back into the labor market after benefit receipt. Table 7.1 shows that about 420,000 households in the Study Group had earnings after receiving some SNAP benefits. This is about half the 950,000 SNAP households in the Study Group. On the other hand, over 90 percent of UI/EUC/EB households had earnings after UI benefit receipt.

METHODS FOR CATEGORIZATION

This study incorporates three types of data categorization: 1) dates, 2) spells, and 3) Study Group. The three data sources are reported in either weekly (UI/EUC/EB), monthly (SNAP), or quarterly units (UI wage records). For analyses using only SNAP and UI/EUC/EB data, in order to make the two sources of data consistent, we aggregated the weekly UI benefit data to the monthly level corresponding to the benefit payment date. As long as there was at least one record showing benefit receipt during any week of the month, this case was counted as having received unemployment benefits that month. For analyses that also included wage record data, the administrative records for both SNAP and UI/EUC/EB were further aggregated to the calendar quarter.

As discussed in other chapters, a new SNAP spell began when there was a positive SNAP benefit amount for a household that was preceded by two consecutive months of no SNAP benefit amount for that household. A SNAP spell ended when there was a positive SNAP benefit amount for a household followed by two consecutive months of no SNAP benefits to that household. UI spells are defined similarly,

except with a time period of eight consecutive weeks instead of two months when determining the start and end of a UI spell. The data used in the analysis exclude all positive benefits received in the last eight weeks of 2015 because eight consecutive weeks (or two consecutive months) of no benefit receipt could not be confirmed.

The results of our analysis can be divided into two categories:

- 1) Program participation, covering benefit amounts, entry and exit, spell length, and participation patterns
- 2) Outcomes for SNAP and UI participants regarding employment and wage results and wage percentiles

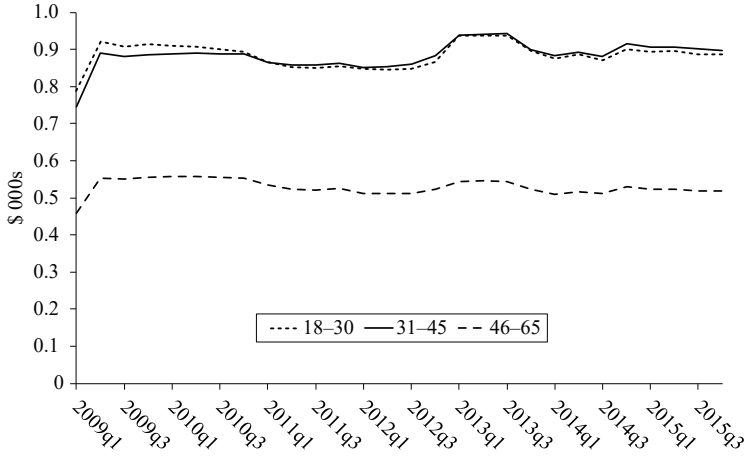
SNAP and UI Program Participation

This section explores specific ways the recipients participated in the SNAP and UI programs by discussing the findings on program benefit amounts, entry and exit patterns, spell length, and the sequencing of benefit receipt from SNAP and UI.

Program benefits

We examined the mean level of program benefits by age category to better understand how recipients interacted with and benefited from the SNAP and UI programs. In Figure 7.4, we see the mean SNAP quarterly benefit by recipient's age category. Interestingly, the mean quarterly benefits for both the 18-to-30-year-old age group and the 31-to-45-year-old age group follow nearly identical trends and benefit levels (roughly \$900), while the 46-to-65-year-old age group follow a similar trend but at a much lower benefit level (roughly \$550). Across all ages, we see a jump in the mean quarterly benefits from the first to the second quarter in 2009, followed by a slow decrease in the mean benefit through the end of 2012. Mean benefits across all age groups increased temporarily in the first three quarters of 2013, after which the mean benefits returned to roughly the same steady level that they had been at from mid-2009 through the end of 2012.

Figure 7.4 Study Group Average Quarterly SNAP Benefit by Recipient’s Age Category

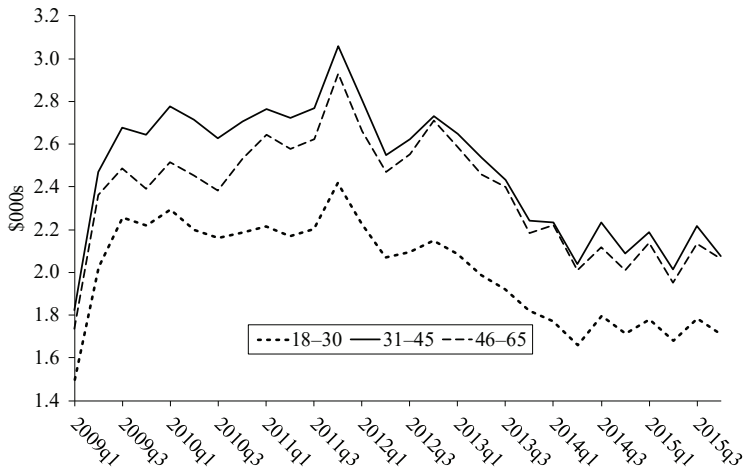


SOURCE: Authors’ computations based on Maryland SNAP administrative data.

Figure 7.5 mirrors Figure 7.4 except it shows the mean quarterly UI program benefit across all persons receiving a UI program benefit that quarter instead of the mean SNAP benefit. Censoring has led to tails on the graph that accurately reflect the study group but do not reflect actual UI program enrollment and benefits during the indicated time period. Although censoring affects our ability to draw clear conclusions from Figure 7.4, there appears to be a slight increase in the mean UI program benefit through the end of 2009, after which the mean benefit is largely steady until a spike in the fourth quarter of 2011. This increase is only for that quarter, though—afterward, UI program benefit levels fall to roughly the same level (albeit slightly lower) as before the spike. This temporary increase in mean benefit reflects the start of the EB enrollment in Maryland.

Figure 7.5 highlights the slight but generally decreasing trend in mean UI program benefit amount across all age groups over time. The one exception is the fourth quarter of 2011, which is when the

Figure 7.5 Study Group Average Quarterly UI/EUC/EB Benefit by Recipient's Age Category

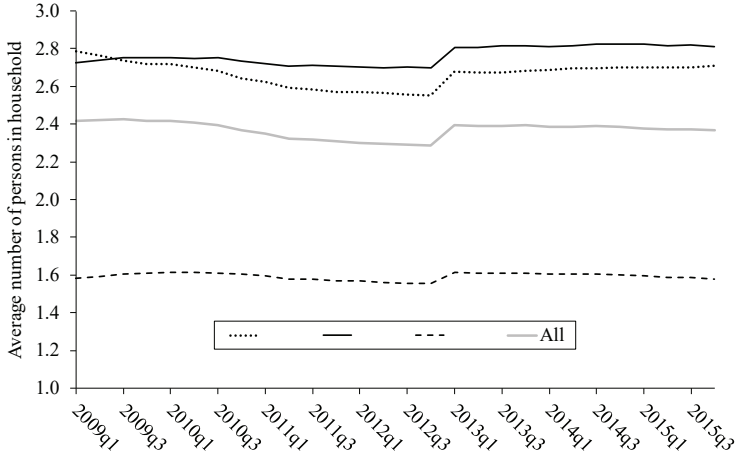


SOURCE: Authors' computations based on Maryland UI/EUC/EB administrative data.

EB benefits began (reflected in Figure 7.2), resulting in increased mean benefits that quarter. Because of how UI program benefits are calculated, this *could* mean that wages prior to UI program benefit eligibility declined over time. This could be because, as the economy continued to improve, people with lower real-wage jobs were disproportionately affected and experienced a slower recovery. It could also be because mean real wages across all populations fell. The data available for this study cannot tease that out, though either explanation could indicate a need for improved services for a seemingly increasingly vulnerable population.

Figure 7.6, which shows the mean household size by age category, helps explain much of the variation in mean quarterly SNAP benefits by age category because SNAP benefits are based on the number of eligible people in the defined SNAP household. The average household sizes of SNAP recipients in the 18-to-30-year-old and the 31-to-45-year-old age groups were nearly constant and equal over

Figure 7.6 Study Group Average Number of Persons in Household, by Recipient’s Age Category

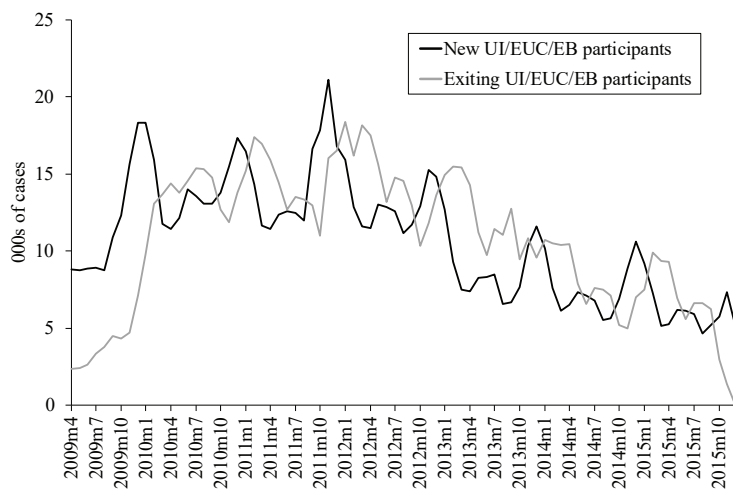


SOURCE: Authors’ computations based on Maryland SNAP data.

the study period—averaging about 2.75 persons per SNAP household. The average number of persons in SNAP households in the 46-to-65-year-old age group were also constant over the period but averaged about 1.6 persons. All SNAP-recipient age groups increased in size slightly in the first quarter of 2013, which explains the increase in mean SNAP benefits starting in 2013, since SNAP benefit levels are determined by household size.

Entry and exit

Understanding how recipients entered and exited the SNAP and UI/EUC/EB programs can help with understanding how recipients interacted with the programs. Figure 7.7 shows the monthly number of UI/EUC/EB recipients in SNAP-recipient households entering and exiting the UI/EUC/EB programs, smoothed over three months. When there were more entries than exits, there was a net gain in the UI/EUC/EB program caseload that month, and vice versa. From this

Figure 7.7 New and Exiting UI/EUC/EB Cases, Smoothed over Three Months

SOURCE: Authors' computations based on Maryland UI/EUC/EB administrative data.

graph, we see that there were more entries than exits through March 2010, after which the entries and exits trend much closer together. The principal exception occurred in November 2011, when there was a spike in UI/EUC/EB program entry due to the start of the extended benefit, as explained earlier and reflected in Figure 7.2. Similarly, because of the subsequent spike in EB program exit two months later in January 2012, much of this increase in November 2011 appears to have been from cases that only received two months of benefits. This is because Maryland EB was triggered on and off within these couple of months.

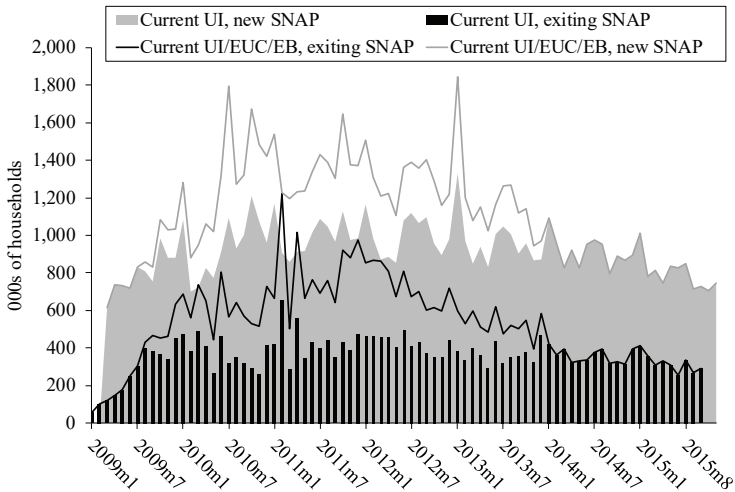
Overall, despite the seasonality in UI/EUC/EB total enrollment that we saw in Figure 7.2, as the Maryland economy recovered from the recession and some recipients exhausted their UI program benefits, the number of new UI/EUC/EB cases started to stabilize, leading to a slight increase in overall UI/EUC/EB exit. This helps explain

the slight decline in the total UI program caseload seen in Figure 7.2. As we saw in Table 7.1, the majority of UI recipients received post-UI earnings. This is good news, because these recipients were better off than the UI recipients who exhausted their benefits and had no earnings.

Looking at SNAP program entry and exit for households that were participating in both programs yields additional insights. The shaded area in Figure 7.8 represents new SNAP households that were already receiving some UI/EUC/EB program benefit at the time of SNAP enrollment. The bars represent exiting SNAP households that were still receiving some UI/EUC/EB program benefits when the household stopped receiving SNAP benefits.

There was substantial seasonal fluctuation in both SNAP entry and exit across the study period. Meanwhile, since the number of

Figure 7.8 Study Group SNAP and UI/EUC/EB Joint Participating Households, by New and Exiting SNAP Cases



SOURCE: Authors’ computations based on Maryland SNAP and UI/EUC/EB administrative data.

new SNAP cases exceeded the number of exiting SNAP households, SNAP enrollment increased across the study period.

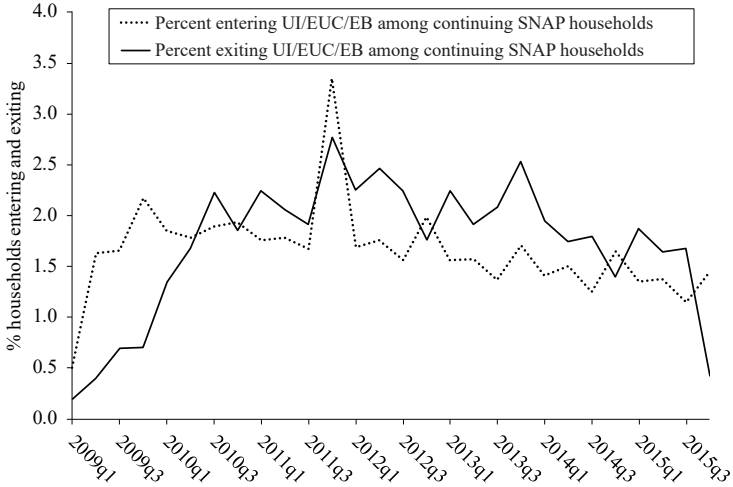
The much larger number of new SNAP households versus those exiting signals that a substantial number of households did not receive enough UI/EUC/EB benefits to push those households above the SNAP eligibility ceiling. The fact that they still qualified for SNAP while on UI shows that their UI/EUC/EB benefit was low and that SNAP provided supplemental support to this vulnerable population.

Although the numbers of households entering and exiting SNAP both increased across time, the difference between the two largely stayed the same, meaning that the rate of SNAP household exit roughly stayed on trend despite the growth in SNAP enrollment. In addition, the spike in new SNAP cases from July through November of 2011 was followed by a lagged spike in exits from February through April 2012, suggesting that many of the new recipients during this time period had relatively short spells of unemployment. Again, the spike in October through December 2011 is due to the EB availability, shown in the peak in the gray line around the end of 2011. However, the later spike of January 2013 is instead driven by rising new SNAP caseloads among current EUC and, to a less extent, UI.

Figure 7.9 further elucidates these interactions by showing UI program entrants and exiters among the Study Group households that continued to receive SNAP. The households that are represented by the solid line in this figure are those that either exhausted UI program benefits without finding a job or found a job but with earnings low enough to maintain continued income eligibility to receive SNAP benefits. The dotted line indicates those households that began receiving SNAP benefits at the same time they received UI program benefits. Both lines, then, represent households that did not have a high enough income to exit SNAP and remain off SNAP for the long term.

Aside from the two spikes in the fourth quarters of 2011 and 2012, the percentage of UI program entrants who were already receiving SNAP benefits prior to enrollment in the UI programs slowly decreased across the study period. More importantly, the figure shows

Figure 7.9 UI/EUC/EB Program Entries and Exits among Continuing SNAP Households



SOURCE: Authors’ computations based on Maryland SNAP and UI/EUC/EB administrative data.

a slightly increasing share of SNAP recipient households that did not receive UI, either because they were not attached to the workforce or because they had exhausted UI eligibility.

Spell length

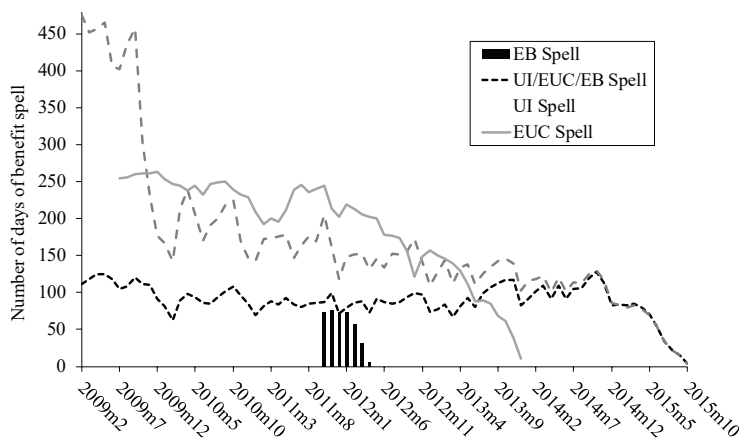
While households could continue receiving SNAP benefits for more extended periods, households exhausted UI/EUC/EB program benefits relatively quickly. Because UI program spell length could reflect changes in program eligibility, changes in an individual’s employment, or a sufficient increase in an individual’s earnings to leave UI, it is helpful to examine how UI/EUC/EB program spell length changed over time.

As seen in Figure 7.10, the mean UI program benefit spell length decreased across the study period. In this graph, the UI spell bars

represent the usual Maryland state-funded UI program benefits. Both EUC and EB benefits were temporarily provided by the federal government to extend UI program benefits because of the recession and the slow postrecession recovery. Since the bars represent mean program spell length by the month in which a new claim was opened, the light gray EUC-spell line and the black EB-spell vertical bars represent individuals who, by the point at which EUC and EB benefits became available, had already exhausted the Maryland-funded UI regular program benefit. Thus, many recipients in Maryland could have received some form of UI program benefit for well over a year.

EB benefits ended in Maryland in mid-2012, and EUC benefits ended in December 2013. The unavailability of EUC and EB program benefits after these benefit end dates has a clear impact on the total average-benefit-spell length later in the study period.

Figure 7.10 Study Group UI/EUC/EB Benefit Spell (in days) by New Claim Start Month



SOURCE: Authors' computations based on Maryland UI/EUC/EB administrative data.

PARTICIPATION PATTERNS

Since the type of household that applies for SNAP first and the type of individual who applies for UI programs first could be very different, we examine these groups separately to better understand the study population. Table 7.2 breaks down various metrics by participation pattern—whether the enrollee first participated in SNAP, first participated in UI programs, or entered both programs simultaneously.

We see that recipients who enrolled in SNAP first were younger, belonged to households that were larger and had more children, were more likely to be women, and were more likely to never have been married. Sixty-three percent of participants who enrolled in a UI program first had multiple adults in the household, while only 14 percent of participants who enrolled in SNAP first had multiple adults in the household. There are no substantial differences in education between the SNAP-first and UI-first participants. However, we would expect that people with the characteristics of participants who first enrolled in SNAP would be worse off, since they were more likely to have a single income and a larger household (and more dependents) to support on one income. It could be that people who enrolled in SNAP first were working but had low enough wages to qualify for SNAP benefits.

Although it is relatively easy to identify differences between these groups, it is more challenging to know how to adapt policies or programs to better serve the populations in greatest need. The demographic differences between groups are not stark and do not point to a clear policy solution.

Outcomes of SNAP and UI Participation

We now examine the employment and earnings of individuals and households after they received benefits from the SNAP and UI programs.

Table 7.2 Household and Participant Characteristics at Quarter of Enrollment, by Enrollment Pattern

	SNAP first	UI/EUC/ EB first	Simulta- neous ^a
Household demographics			
Number of households	769,148	137,634	51,156
Mean age of recipient	31.99	36.20	35.94
% female	77.7	68.8	70.1
Mean household size	2.18	1.87	1.89
Mean children in household	1.05	0.76	0.79
Mean adults in household	1.13	1.12	1.10
Mean household members w/ disabilities	0.19	0.21	0.20
Multiadult household (%)	14.2	60.6	44.2
Mean quarterly wage of recipient (\$)	3,594	4,819	4,108
Race (%)			
Asian	0.4	0.4	0.3
African American	65.8	67.9	68.4
Caucasian	27.9	26.4	25.3
Hispanic	2.1	1.0	1.4
Native American	0.2	0.1	0.1
Pacific Islander	0.0	0.1	0.0
Unknown	3.6	4.3	4.4
Education (%)			
Elementary education	4.5	3.5	3.6
Secondary education	83.1	86.0	86.3
Higher education	11.3	9.5	9.1
Vocational/job training	1.2	1.0	1.0
Marital status (%)			
Divorced	5.2	7.8	7.3
Married	7.0	7.7	7.2
Never married	79.0	74.5	75.1
Separated	8.1	9.0	9.5
Unknown	0.3	0.2	0.2
Widowed	0.5	0.8	0.7

^aSimultaneous enrollment occurs when an individual or household enrolls in both a UI program and SNAP in the same month.

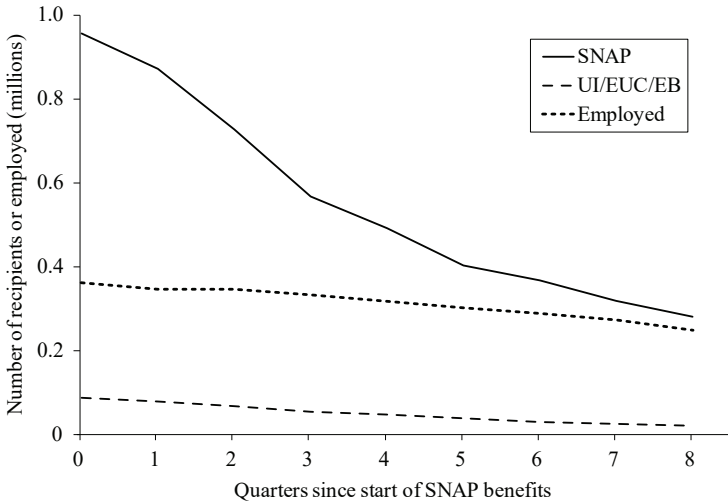
SOURCE: Authors' computations based on Maryland SNAP, UI/EUC/EB, and UI wage record administrative data.

Employment results

Since the goal of the UI programs is to provide temporary partial replacement of earnings to individuals as they actively seek reemployment, and since there is significant policy interest in improving employment services to SNAP recipients, we present in this section an analysis of employment frequency and wages after receiving benefits from SNAP or UI.

Figure 7.11 shows the number of adults who are SNAP recipients, UI program recipients, and employed in each quarter relative to the start of SNAP receipt for that individual’s household. Over the eight quarters from the beginning of SNAP receipt, we observe dramatic declines in the number of SNAP beneficiaries and gradual declines in the numbers of UI beneficiaries and employed persons. The declines are somewhat misleading because of censoring—that is, the full eight

Figure 7.11 Number of Individuals Receiving SNAP Benefits, UI/EUC/EB Benefits, or Who Are Employed in the Calendar Quarters since the Start of SNAP Benefits, 2009–2015



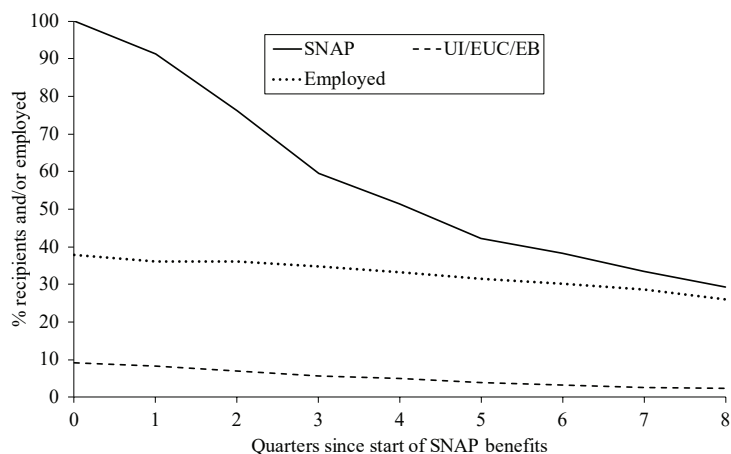
SOURCE: Authors’ computations based on Maryland SNAP, UI/EUC/EB, and UI wage record administrative data.

quarters after the start of SNAP benefits are not observed for all beneficiaries. Some SNAP recipients might have left the state or dropped out of program participation and employment.

Figure 7.12 tracks activities of SNAP recipients during the eight quarters after they first received SNAP benefits. The figure shows the percentages receiving SNAP, UI, or earnings from employment. All percentage calculations in the graph have the same denominator, 955,276, representing the total number of SNAP recipient spells between 2009 and 2015. Since an individual or household has to receive SNAP in order to be in the denominator, 100 percent of people in this graph received SNAP benefits in Quarter 0, their first quarter of SNAP benefit in the SNAP spell. Note that not all those 955,276 SNAP spells have eight quarters of data after initial SNAP receipt.

Similar to the trend seen in Figure 7.11, we see the most rapid decline in the percentage of SNAP benefit recipients during the first

Figure 7.12 Percentage SNAP Recipients Still Receiving SNAP and/or Are Employed and/or Receiving UI/EUC/EB by Quarter within Eight Quarters after SNAP Benefits Started, 2009–2015



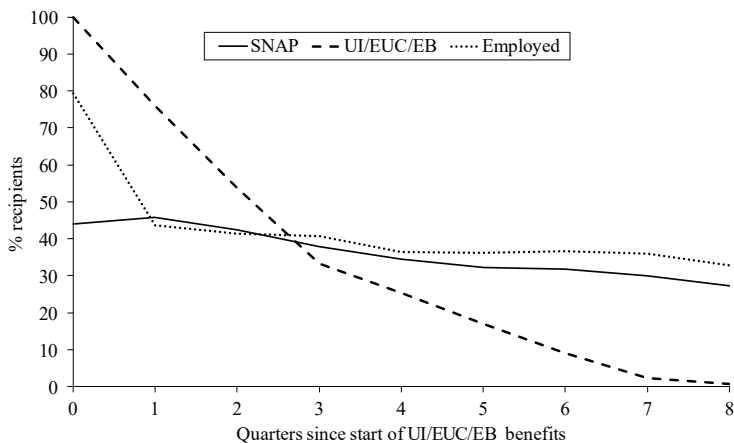
SOURCE: Authors' computations based on Maryland SNAP, UI/EUC/EB, and UI wage record administrative data.

three quarters after the first SNAP benefit was received, followed by a steady but more modest decline through the remaining five quarters shown here, ending at roughly 30 percent. The very low percentage of individuals who are both SNAP and UI program recipients is consistent with previous figures. As in Figure 7.11, Figure 7.12 shows a steadily declining percentage of those SNAP recipients in UI/EUC/EB or employment over time after the first SNAP receipt. However, since the SNAP percentage falls over time, the share also receiving UI drops from about 10 percent of SNAP recipients to about 7 percent, showing a fairly steady rate of joint participation.

Two years after the initial SNAP payment quarter, 30 percent of the 955,276 SNAP recipients were still in SNAP-recipient households. About a quarter of this 30 percent were employed with positive earnings and may or may not have exited from the SNAP program, and 2 percent of the 30 percent were in UI/EUC/EB programs. Researchers have noted that program-mandated employment requirements for SNAP recipients should be realistic because 1) SNAP serves many people who can't work, such as children, the elderly, and the disabled (Rosenbaum 2013); and 2) SNAP as a welfare program has very few incentives to encourage work (Moffitt 2015). There is continued policy interest in moving more SNAP recipients toward work.

Because employment is a goal of UI/EUC/EB programs, we include Figure 7.13, which follows the same approach as Figure 7.12 but displays the quarters that have elapsed since the UI program benefits began among SNAP recipient households. In Figure 7.13, the denominator for all calculations is 280,474, the number of all new UI benefit spells in SNAP recipient households starting between 2009 and 2015. The figure shows the percentages of those employed and/or continuing to receive SNAP and UI benefits in each of the eight quarters after the beginning of a new UI benefit spell. Note that not all those 280,474 new UI benefit spells had the potential to be eight calendar quarters long, since less than 1 percent of Maryland UI beneficiaries in the period were eligible for a total of 99 weeks of UI/EUC/EB. Also note that the initial sample of UI beneficiaries in Quarter 0

Figure 7.13 Percentages of UI Recipients Who Were Also Employed or Receiving SNAP by Calendar Quarter since UI/EUC/EB Benefit Receipt Started, 2009–2015



SOURCE: Authors' computations based on Maryland SNAP, UI/EUC/EB, and UI wage record administrative data.

is not restricted to only those in SNAP recipient households, though to be in the Study Group they had to receive SNAP benefits at some point. At the time UI benefit spells started, about 44 percent of UI beneficiaries were also in SNAP recipient households.

Similar to Figure 7.12, which shows the SNAP percentage at Quarter 0, Figure 7.13 shows UI program participation at 100 percent in Quarter 0, the first quarter that UI benefits are received. One stark difference between Figure 7.12 and Figure 7.13 is that the strict maximum time length for UI program benefits leads to a UI program receipt of about 0.7 percent by the eighth quarter after the initial UI program benefit was received (versus 30 percent SNAP program receipt in the eighth quarter after the initial SNAP benefit in Figure 7.12). This difference highlights the fact that the maximum potential duration of UI was 99 weeks in this period.

It is interesting that the percentage of initial UI program recipients who received SNAP started at around 44 percent and gradually

decreased to 27 percent over eight quarters (two years) after receiving initial UI benefits. Thus, slightly more than one-fourth of the UI recipients who received SNAP after UI eligibility ended up having either no job or wages low enough to still qualify for SNAP.

By the fourth quarter after the start of new UI benefit spells, the percent employment remained steady at roughly 36 percent until Quarter 8, when it declined to about 33 percent. Quarter 0—the quarter in which UI program benefits were first received—shows the highest percentage employed across the entire time period, at 79 percent. This is most likely due to the way data are reported. Wages are reported quarterly and UI program benefits are disbursed weekly, so it is very likely that an individual received at least some wages in the calendar quarter during which the individual lost his or her job and started receiving UI program benefits. Therefore, this initial high percentage of UI beneficiaries being employed simply reflects the different time periods of the program data collection.

Although the final percentage of people in Figure 7.13 who were employed and who could still be tracked after eight quarters is higher than in Figure 7.12 (33 percent versus 26 percent), it still means that 67 percent of this population may have had no employment and had exhausted all UI program benefits. This helps explain why the SNAP enrollment percentage remained at about 27 percent eight quarters after new UI benefit spells began. While SNAP receipt spells might have continued for many in this group after UI benefits ended, SNAP replaced a much smaller share of income lost due to unemployment.

Wage Results

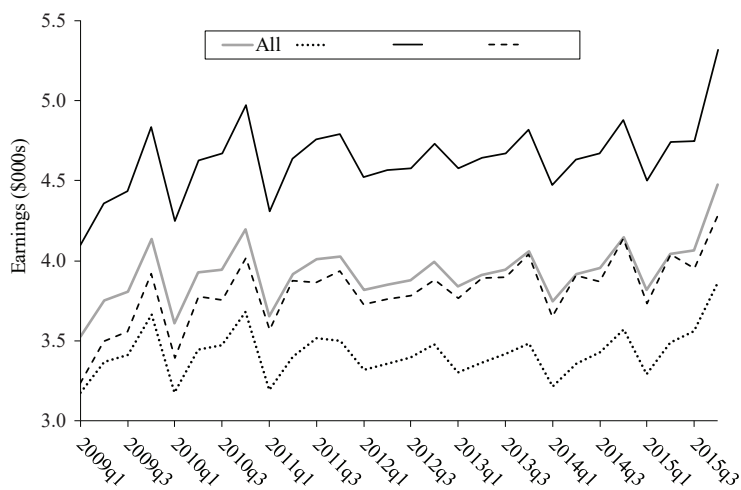
Because employment does not guarantee earnings that elevate households above poverty, especially if one considers household size, we present an analysis of the earnings of those SNAP and UI/EUC/EB program recipients who were employed.

Mirroring the large differences in UI/EUC/EB program benefits by age category seen in Figure 7.5, Figure 7.14 shows a similar trend

in seasonal fluctuation of wages across all age categories. Also, consistent with Figure 7.5, Figure 7.14 shows the 31-to-45-year-old group as having had the highest wages across all time periods. Individuals in the 18-to-30- and 45-to-65-year-old age categories had similar wages for much of 2009, after which the wages for the 45-to-65-year-old group increased at a higher rate than for the 18-to-30-year-old group across the rest of the study period. Recall that in Figure 7.4, we show that the oldest age group (45-to-65-year-old) had the lowest amount of SNAP benefits, because they tended to live in smaller households. Figure 7.5 shows that this older age group had similarly lower UI/EUC/EB benefits. Because the youngest age group also had lowest average wages (see Figure 7.14), this age group was hit hardest during the 2009 recession.

Even though the 31-to-45-year-old age group had the highest mean quarterly wage, their annual wages would not have been

Figure 7.14 Average UI Recipient's Quarterly Earnings, by Recipient's Age Category



SOURCE: Authors' computations based on Maryland SNAP, UI/EUC/EB, and UI wage record administrative data. Dollar amount is based on 2015 real value.

significantly above the federal poverty level for a household of two (approximately \$4,020 per quarter). It might have been that these wages came from employment that was part-time, but whatever the source, these wages likely were not high enough to provide long-term self-sufficiency for these households.

Figures 7.15 through 7.18 (pp. 272–273) examine differences in the income composition of the Study Group households and show median income by source (earnings, SNAP benefits, UI benefits, total) and quarter after the first SNAP benefit was received. The median was calculated from all nonzero income values by quarter and by each income source.

Figure 7.15 shows median income by source and quarter for all households in the Study Group—which includes all households who have received at least one SNAP payment and have at least one member of the household between the ages of 18 and 64. Sample sizes for this panel range from 482,097 total households represented in Quarter 1 to 140,508 in Quarter 8.

Figures 7.16–7.18 represent median income by source and quarter for three different subgroups of Study Group households, whose quarterly income came exclusively from three sources: 1) SNAP and UI benefits (Figure 7.16, sample sizes ranging from 23,545 to 3,568 households), 2) earnings and SNAP benefits (Figure 7.17, sample sizes ranging from 199,431 to 53,694 households), and 3) SNAP benefits, UI benefits, and earnings (Figure 7.18, sample sizes ranging from 35,292 to 4,920 households) in each quarter. Although a household could switch subgroups each quarter as its income sources changed, there is no overlap of households across subgroups within a single quarter.

We have made the scale the same across Figures 7.15–7.18 to make comparisons across groups easier. Each figure contains only households who have each of the specified income sources each quarter. As a result, median total household income for those panels is roughly the sum of the median of each income source. However, because not all households in Figure 7.15 have income from all four

sources, median earnings, for example, are higher than median total household income, because only about half of Study Group households in Figure 7.15 have earnings.

Median SNAP benefit is largely the same across all four of the figures on the next two pages and relatively constant from the second through the eighth quarter after the first SNAP payment. Since UI benefits have stricter time limits and thus are very likely to decrease over the eight-quarter period, households with income from UI benefits experienced a decrease in total household income over time. Meanwhile, households not receiving UI benefits (Figure 7.17) had slightly increasing total household income over time.

Households with income from all three sources (Figure 7.18) consistently have the highest median total household income. This wage-earning subgroup's median UI benefit payment was lower than households with only SNAP and UI benefits and no earnings (Figure 7.16), but the median SNAP payments for these two groups was roughly the same. Even though this was the highest-income group in the study, these households remained at close to poverty level even with some government assistance, at about 150 percent of the 2017 federal poverty guideline of an annual income of \$24,000 for a two-person household.

CONCLUSION

This chapter examines use of SNAP and UI in Maryland during the Great Recession and the sluggish economic recovery of that state. Despite starting at a much lower level of unemployment, by the end of the recession the unemployment rate in Maryland was almost as high as the national average. Over the period, the Maryland SNAP caseload increased at a higher rate than in the nation as a whole. Maryland experienced a milder recession but still has rates of program benefit receipt above the national average.

Figure 7.15 Median Income by Source and Quarter after First SNAP Payment: All Households

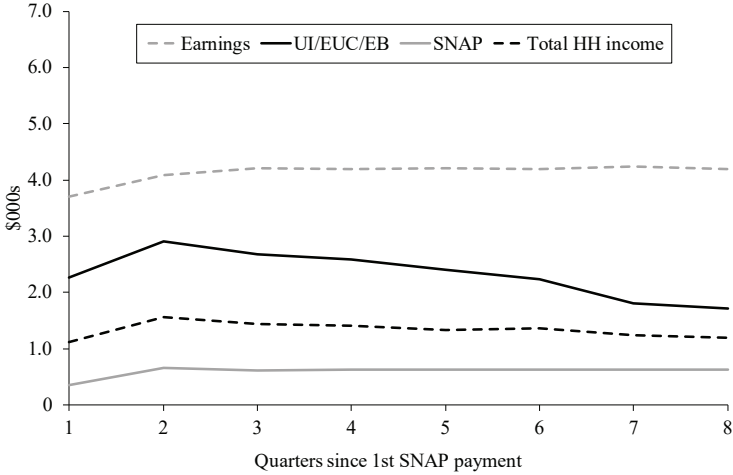
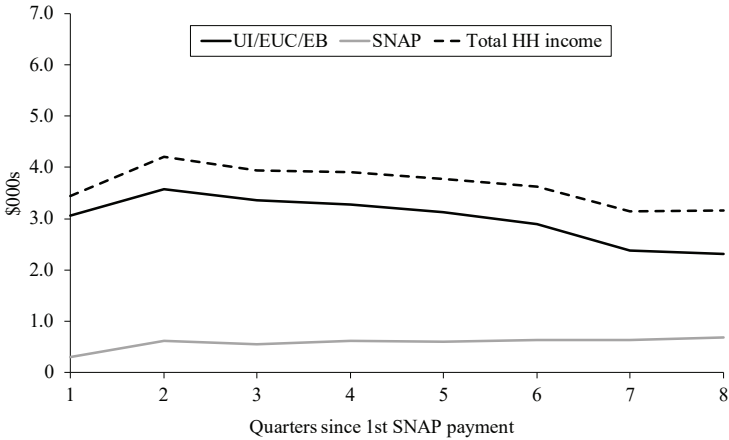


Figure 7.16 Median Income by Source and Quarter after First SNAP Payment: SNAP-UI/EUC/EB Joint Recipient Households



NOTE: “HH” = household.

SOURCE: Authors’ computations based on Maryland SNAP, UI/EUC/EB, and UI wage record administrative data.

Figure 7.17 Median Income by Source and Quarter after First SNAP Payment: SNAP Recipient Household Earnings

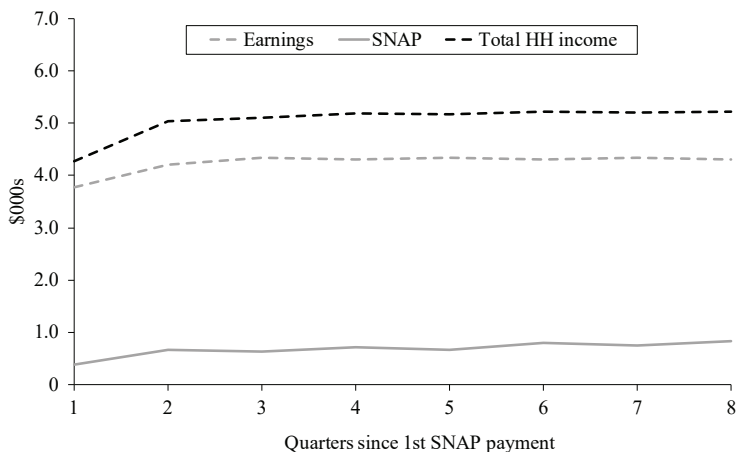
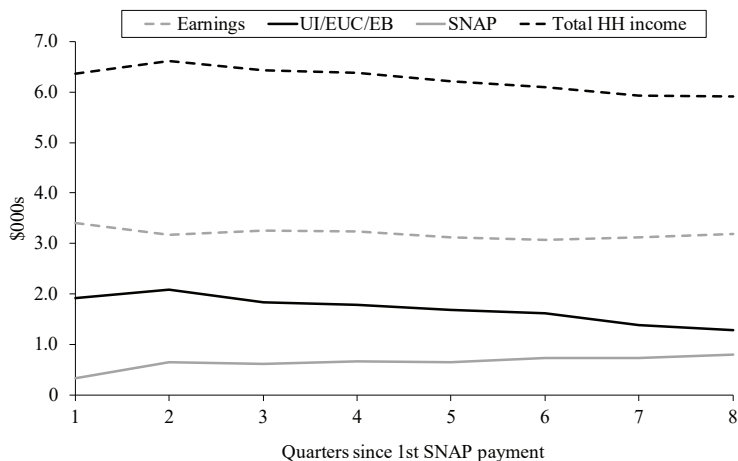


Figure 7.18 Median Income by Source and Quarter after First SNAP Payment: SNAP-UI/EUC/EB Recipient Household Earnings



NOTE: “HH” = household.

SOURCE: Authors’ computations based on Maryland SNAP, UI/EUC/EB, and UI wage record administrative data.

Program analysis in this chapter shows that Maryland's SNAP caseload continued to increase long after the official end of the recession in June 2009; it finally plateaued in 2015. This profile is similar to nationwide SNAP caseload trends and the trends in other states examined in this book. These trends partly reflect the increased SNAP benefit levels, relaxed eligibility conditions, and increased state outreach efforts that started even before the official start of the recession in December 2007. The Department of Human Resources, which administers SNAP in Maryland, confirmed expanded outreach efforts within the state during the period analyzed.⁴

Our analysis of employment and earnings during and after receiving SNAP and UI/EUC/EB benefits shows that less than half of the 950,000 adult SNAP recipient households in the Study Group had earnings after receiving benefits. On the other hand, over 90 percent of UI/EUC/EB households had postbenefit earnings. Furthermore, more than one-quarter of individuals leaving UI/EUC/EB programs received SNAP, indicating that they had either no job or a low-wage job that did not disqualify them from SNAP. If both SNAP and UI/EUC/EB programs are intended to create temporary assistance and help push individuals and households onto a long-term self-sufficiency basis, more assistance would be needed, given the current economy and needs of this population.

As explained in Chapter 3 of this book, UI/EUC/EB benefit receipt can affect eligibility for and amount of SNAP benefits received. UI/EUC/EB benefits are considered as "other income" in SNAP eligibility guidelines and are "taxed" at 30 cents in SNAP benefit per dollar in other benefits. Analysis in this chapter shows that a spike in UI/EUC/EB receipt for SNAP-UI concurrent recipients is associated with a surge in SNAP exits.

The households simultaneously receiving both SNAP and UI were some of the most disadvantaged. They qualified for UI/EUC/EB benefits that were so low that they could still qualify for SNAP. Our analysis focused on SNAP households with a UI beneficiary. Adults in such households often were never married, had attained only a

secondary education, had low earnings, and were more likely to be minority and/or Hispanic. Among these households, average earnings were highest for the 31-to-45-year-old age group, but even for this group average earnings were still below the federal poverty level for a household of two.

Among beneficiaries of both SNAP and UI, those who received SNAP first were younger, belonged to larger households with more children, and were more likely to be female and never married. On the other hand, those who received UI benefits first had the highest average earnings levels and did not qualify for SNAP before exhausting their UI benefits. Unfortunately, we did not have the data to analyze this population more deeply.

Two full years after first receiving SNAP benefits, a little more than one-quarter of SNAP recipients had reported earnings. Note that SNAP served many people who were unable to work, such as children, the elderly, and individuals with disabilities, and that SNAP as a welfare program has few work incentives. However, there is policy interest in moving more SNAP recipients toward work. As discussed in other chapters addressing the SNAP and UI/EUC/EB program histories and their interaction, states have significant leeway to tailor their programs because the federal government permits states to define program eligibility, benefit duration, and benefit amounts. Maryland is relatively generous with both programs, especially SNAP benefit levels. Thus, any future program changes will be driven by both federal and state policy decisions.

Eight quarters after receiving their first UI benefits payment, two-thirds of the UI recipients did not report any employment. They essentially phased out of all UI program benefits, but about one-third appeared as SNAP recipients. The UI exhaustee participation in SNAP in Maryland is consistent with evidence reported for other states in this book: many UI exhaustees tended to draw SNAP benefits as a last resort. Thus, generosity of state and federal unemployment benefits significantly affects whether UI exhaustees will seek SNAP benefits and contribute to an increased SNAP caseload. Specifically, longer

durations of UI benefits increase the possibility that UI recipients can find replacement work before they exhaust their UI benefits and have to turn to SNAP for income supplementation.

Our general sense is that, although this analysis shows some reasons to hope for an improving economic situation for Maryland residents, there are many areas of concern in terms of moving vulnerable populations into steady employment at living wages. Careful evaluation of the resources available for job training, employment readiness, and the development of government-business partnerships to increase job opportunities should be considered as potential ways to improve the economic situation for individuals and households as well as for the state of Maryland.

Notes

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1. This simplified unemployment insurance benefit terminology is replaced throughout the chapter by three mutually exclusive and therefore more decision-relevant labels: state-funded regular UI benefits (UI) and the federally funded Emergency Unemployment Compensation (EUC) and Extended Benefits (EB).
2. Note that "Hispanic" is an ethnicity and not exclusive to a particular race, such as white. Therefore, the percentages here total more than 100.
3. Since SNAP administrative records are the only data source with household identifiers, we use the household identifiers found during the study period from the SNAP database, matched with individuals in the UI/EUC/EB and UI wage record databases to convert individual records

into household records, so we can generate analysis in the household setting.

4. Maryland Department of Human Resources, Family Investment Administration, communication with the authors, 2012.

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Chapter 8

Receipt of SNAP and UI Benefits in Michigan around the Great Recession

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The Supplemental Nutrition Assistance Program (SNAP) provides financial assistance for buying food to households near or below the poverty level.¹ Unemployment insurance (UI) provides temporary partial wage replacement to the involuntarily unemployed. Both programs are part of the social safety net that operates to alleviate hardship, but the beneficiary populations of the two programs usually differ. Unemployment insurance commonly serves middle-class Americans for relatively short-term lapses in income during joblessness, while SNAP recipients tend to be grouped near the bottom of the income distribution, often with weak labor force attachment. Protracted periods of joblessness during and after the Great Recession of 2007–2009 raised questions about the adequacy of UI income replacement to prevent the descent into poverty.² Naturally, these circumstances piqued interest in the customer flows between these two safety net programs. This chapter provides some evidence about the extent and sequencing of SNAP and UI usage in Michigan around the period of the Great Recession. The investigation sheds light on the degree to which two separate threads of the social safety net are woven together to support economic security.

The analysis relies on program administrative data for people aged 18 to 64 in Michigan during the first decade of the twenty-first century. That 10-year period included two severe economic recessions in the state. When the Great Recession hit, producing the cata-

strophic effects felt between late 2008 and mid-2010, Michigan had not yet recovered from the 2001 dot-com bust. Writing about that earlier decade, a Grand Rapids journalist said in December 2010 that in Michigan, “nearly 850,000 jobs vanished, some 440,000 in manufacturing. The losses all but wiped out a blue-collar way of life built on high wages and liberal benefits, where a high school graduate could walk across the street and get a job for life” (Roelofs 2010).

Like the other state analyses in this book, this chapter was prepared as part of the Administrative Data Research and Evaluation (ADARE) consortium supported by the Economic Research Service (ERS) of the U.S. Department of Agriculture (USDA). All state chapters are based on program administrative data, but the contents of the data available differ from state to state. Consequently, the analysis and presentations in the chapters differ too. The prime distinction of the Michigan data is the availability of the universe of all applicants for UI benefits. Other states have only UI beneficiary data, and some states have those UI payment data only for SNAP recipients. The UI applicant data permit examination of two things: 1) inflows from SNAP to UI and 2) the degree of UI eligibility for those involved with SNAP or not. As with the data from other states, the Michigan data also include all payments made to SNAP households and all members of SNAP households.

The rules for SNAP and UI eligibility in Michigan are reviewed in the next section. This is followed by a brief discussion of the administrative data used in this chapter. An overview of the labor market conditions in Michigan and the overlap in SNAP and UI reciprocity is followed by a review of the flows from SNAP to UI and from UI to SNAP. Controlling for the observable characteristics of UI applicants, I then examine flows from UI into SNAP. Next, I compare the Michigan sample design given in this chapter to the designs used in the other five states and suggest how the different designs influence the results reported. Finally, I simulate the effects of shorter potential UI duration in Michigan on beneficiary flows into SNAP.

MICHIGAN SNAP AND UI ELIGIBILITY AND BENEFIT RULES

Eligibility rules for SNAP are determined by federal regulations. As a nutritional assistance program for the economically disadvantaged, SNAP has eligibility criteria that concern household levels of gross monthly income, net monthly income, and liquid assets (USDA 2018). The federal rules for household SNAP eligibility include the following three: 1) gross monthly income must be below 130 percent of the federal poverty income level, 2) net income after allowable deductions must be at or below the poverty income level, and 3) liquid assets must be \$2,000 or less.

Gross monthly income is the total from all sources, including labor earnings, UI benefits, Temporary Assistance for Needy Families (TANF), Supplemental Security Income (SSI), general assistance (GA), and child support payments. Net income is computed as the remainder after all allowable expenses and exemptions for dependents. Liquid assets, those that can be readily accessed, like money in savings accounts, are limited for most households to \$2,000, while households with an elderly or disabled member may have up to \$3,250 in liquid assets. Assets that cannot be readily converted into cash are not considered in SNAP eligibility. Examples are the household's principal residence, personal property, retirement savings, and one automobile. Because of differing state policies, asset limits vary somewhat across states. In 2013, there were 36 states with no asset limits whatsoever, while the limits varied between \$2,000 and \$25,000 in the states with asset limits (USDA 2018). For example, Michigan permits liquid assets up to \$5,000 and one vehicle valued at up to \$15,000.

Some persons are excluded from SNAP eligibility even if they meet income limits, while others are categorically eligible because they qualify for other safety net programs. Excluded are persons separated from work because of union actions, undocumented immigrants,

and some legal immigrants who have been in this country only a short time. Able-bodied adults without dependents (ABAWDs) are limited to three months of SNAP benefits every three years. Most adult beneficiaries must also spend at least 20 hours a week working, engaging in job search, pursuing employability development, or participating in an approved job training program.

“Categorical eligibility” establishes SNAP eligibility through benefit receipt from another means-tested program such as TANF, SSI, or GA. For SNAP beneficiaries who also receive income from another safety net program, one dollar of additional labor earnings usually reduces SNAP benefits by less than one dollar of program benefits. Hanson and Andrews (2009) show that labor earnings affect SNAP benefits differently across states for households also receiving TANF, because the TANF and SNAP earnings offsets can differ. In Michigan and four other states (Alabama, Nebraska, South Dakota, and Virginia), additional earnings below the eligibility threshold do not affect SNAP benefits, since the TANF earnings reduction and the SNAP earnings disregard are both equal to 20 percent of the benefit level.

The benefit level under SNAP increases with household size. SNAP expects families receiving benefits to spend 30 percent of their net income on food. Families with no net income receive the maximum benefit, which equals the cost of the USDA Thrifty Food Plan (a diet plan intended to provide adequate nutrition at minimal cost). For all other households, the monthly SNAP benefit equals the maximum benefit for that household size minus the household's expected contribution. Households eligible for the maximum amount receive an extra \$150 per month for each additional person.

Benefits under SNAP increased in April 2009 under the American Recovery and Reinvestment Act (ARRA). The monthly increase for a family of four was \$80, with proportionate increases for other household sizes. The benefit increases lasted until November 2013. Also in 2009, procedures for gaining access to SNAP benefits changed because of the introduction of an Internet-based application system,

called “Bridges” in Michigan.³ That same year, Michigan simplified procedures for certifications and beneficiary midcertification reporting by allowing telephone reporting instead of in-person-only reports.

Unemployment insurance eligibility rules are set to ensure that those compensated had been strongly attached to the labor force but are now temporarily jobless through no fault of their own. Unlike SNAP, there is no income (means) test for UI—i.e., no disqualifying upper earnings threshold for UI. To initially qualify for UI, a claimant must have a sufficient amount of prior earnings and a sufficient duration of prior employment: those two conditions define the claimant’s monetary eligibility. Furthermore, the job separation must be involuntary. Nonmonetary eligibility rules prohibit quits and discharge for misconduct or other causes justifiable by an employer. UI applicants must also be able, available, and actively seeking full-time work. To obtain initial eligibility and maintain continuing eligibility, beneficiaries may not refuse an offer of suitable work.

Monetary eligibility for UI is determined by base period earnings. The UI base period is normally the first four of the previous five completed calendar quarters before the date of claim for benefits. Many states permit an alternate base period for those with insufficient earnings in the standard base period. The alternate base period is usually the four most recently completed calendar quarters. Some states have a high quarterly earnings requirement. Most states also have an earnings dispersion requirement. Since 2009, Michigan has required that there be earnings in at least two quarters of the base period, that the high for quarterly earnings be at least \$2,871, and that base period earnings total at least 1.5 times this threshold for the high in quarterly earnings, or \$4,307 (UIA 2014).⁴

DATA FOR ANALYSIS

Michigan administrative data provided to the W.E. Upjohn Institute for Employment Research includes the complete population of

all those who filed regular UI applications between January 2001 and December 2010. These data were accumulated over several years in the course of research on several different projects undertaken by the Upjohn Institute for the Michigan Unemployment Insurance Agency and federal government agencies.⁵ Monthly Michigan SNAP data from January 2006 through August 2011 were obtained from the Michigan Department of Human Services in 2010 and 2011. Quarterly UI wage record data for individuals in both programs were matched and provided by the Michigan Department of Technology, Management, and Budget. The earnings data span the third quarter of 1997 through the third quarter of 2010.⁶

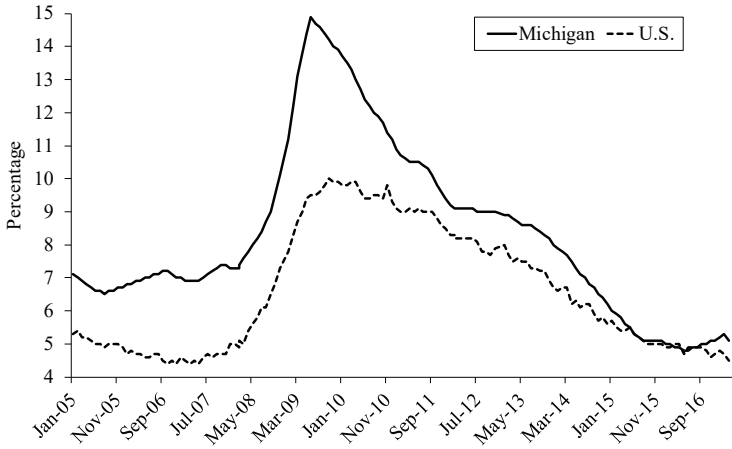
UNEMPLOYMENT AND PROGRAM BENEFIT RECEIPT

The contrast in Michigan unemployment trends compared to the United States as a whole is illustrated in Figure 8.1. From early 2005 through mid-2008, the Michigan unemployment rate hovered 2 percentage points above the national average, at around 7 percent of the labor force. The gap then more than doubled in the next 12 months, rising to 5 percentage points above that of the United States, then sharply declined through the end of 2011. After hitting a plateau for two years, it resumed falling to the current level, which is near the national average (BLS 2019b).

STOCKS OF SNAP AND UI BENEFICIARIES

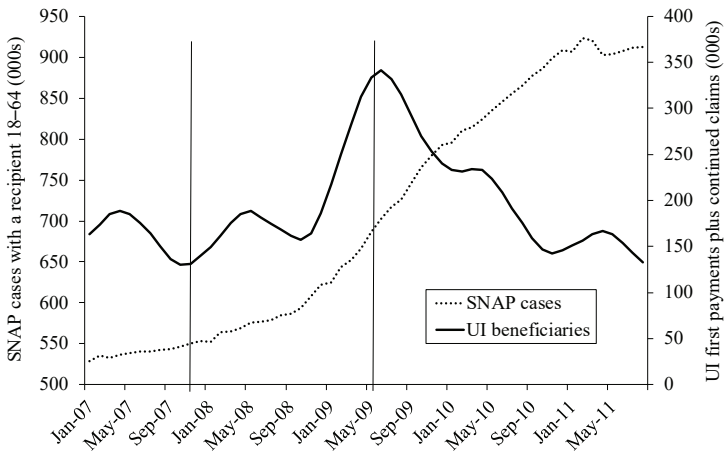
Figure 8.2 shows the monthly stock of SNAP cases with at least one person in the 18–64 age range for our analysis sample, as well as the six-month moving average of monthly Michigan UI recipients.⁷ The vertical lines in the graph are set at the official starting and ending quarters of the Great Recession.⁸ There were approximately 525,000

Figure 8.1 Unemployment Rates in Michigan and the United States, 2005–2017



SOURCE: U.S. Bureau of Labor Statistics (BLS 2019b); Local Area Unemployment Statistics, Series ID: LASST2600000000000003; and BLS (2019a), Labor Force Statistics from the Current Population Survey, Series ID: LNS14000000.

Figure 8.2 Stocks of Michigan SNAP Cases and UI Beneficiaries, 2007–2011



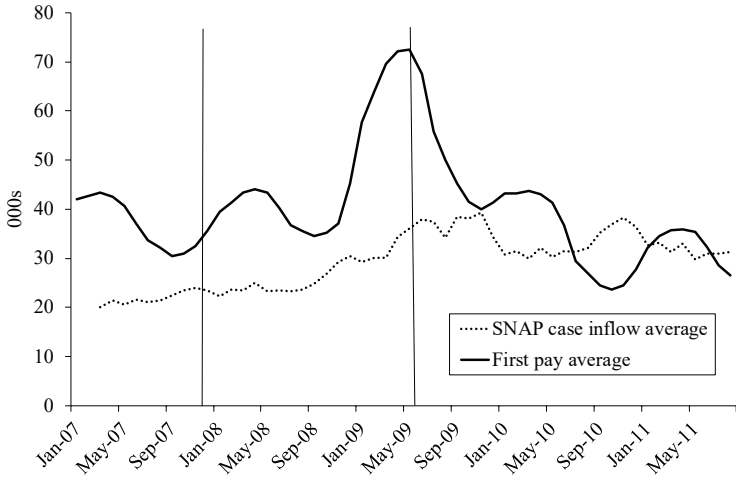
SOURCE: Author’s computations based on Michigan program administrative data.

Michigan SNAP recipient cases at the start of 2007, and that number rose steadily to plateau at over 900,000 by late 2011 (Figure 8.3). In contrast, over the same period, the monthly stock of UI beneficiaries rose from about 150,000 to a peak of nearly 342,000 in June 2009 and then declined to a level below 150,000 by September 2010.

INFLOWS TO SNAP AND UI RECEIPT

The monthly inflow of new SNAP cases steadily increased from about 20,000 in early 2007 to double that rate by the end of 2009 (Figure 8.3). The monthly inflow of new SNAP cases fluctuated between 30,000 and 40,000 in 2010 and declined to about 30,000 in 2011. The steady inflow combined with the increasing stock of SNAP cases indicates that the monthly outflow declined during the period observed. During the same period, monthly UI first payments started

Figure 8.3 Michigan Average Monthly SNAP and UI Inflows, 2007–2011



SOURCE: Author’s computations based on Michigan program administrative data.

at approximately 40,000, peaked at over 70,000, and ended at a rate below 30,000.⁹

SEPARATE AND SIMULTANEOUS RECEIPT OF SNAP AND UI

The number of adults aged 18–64 receiving SNAP benefits in Michigan increased each year from 2006 to 2010, peaking at over 1.3 million in 2010 (Table 8.1). Over the same period, the annual number of Michigan UI recipients oscillated, hitting a peak of over 778,000 in 2009 but then significantly dropping in 2010. The number of simultaneous recipients of SNAP and UI also oscillated over the period, ranging between 79,000 and 171,000 per year, peaking in 2009. Joint SNAP and UI recipients as a share of all SNAP recipients ranged from 10.4 to 15.1 percent, while joint SNAP and UI recipients as a share

Table 8.1 SNAP and UI Recipients in Michigan by Separate Program and Joint Use, 2006–2010

	2006	2007	2008	2009	2010
SNAP total recipients in year	747,829	798,726	876,154	1,133,306	1,326,638
UI total recipients in year	530,563	490,982	598,584	778,209	517,948
SNAP and UI in same year	78,613	83,416	106,123	170,910	141,190
SNAP and UI share of SNAP total	0.105	0.104	0.121	0.151	0.106
SNAP and UI share of UI total	0.148	0.170	0.177	0.220	0.273

NOTE: UI benefit receipt in a given year is determined relative to an individual's UI benefit-year-begin (BYB) date and the total number of weeks with regular UI payments plus weeks with extended benefits (EB) and/or emergency unemployment compensation (EUC) payments relative to that BYB. Individual spells of joint benefit receipt can be counted in more than one year, and this possibility is increased in this period given the availability of EB and EUC.

SOURCE: Author's tabulations from Michigan program administrative data.

of all UI beneficiaries ranged between 14.8 and 27.3 percent. These patterns over the five-year period resulted from a steadily growing population of SNAP recipients and an oscillating population of UI recipients.

The figures in Table 8.1 indicate that at least 85 percent of SNAP recipients in any year are not UI beneficiaries. When labor market conditions deteriorate and average unemployment durations get longer, many of those who normally earn lower-than-average wages are likely to face hardship. In the data, this is seen when the Michigan job market began to improve in 2010: the numbers of UI beneficiaries fell dramatically, but joint UI and SNAP receipt as a share of all UI beneficiaries rose to 27.3 percent. At the beginning of the economic recovery, a larger share of UI beneficiaries were in lower-income households having some labor force attachment.

Some direct evidence on the composition of the Michigan populations using SNAP and UI is summarized in the demographic data for 2006–2010 in Table 8.2. The biggest share of SNAP-only recipients consists of the youngest group, in the age range 18–24, while the biggest share of UI-only recipients consists of the age groups over 40, and the biggest SNAP-UI joint usage group is in the 30-to-39 age range. Females have the biggest share of SNAP-only, males have the biggest UI-only share, and females have a slightly bigger joint SNAP-UI share. The Michigan population is about 80 percent white, and whites make up the majorities of the SNAP-only, SNAP-plus-UI, and UI-only beneficiary groups. The most informative rows report earnings in the year preceding benefits and the year after benefits. Earnings are lowest for the SNAP-only group, highest for the UI-only group, and in between for those receiving both SNAP and UI. The mean income for the SNAP-only population is less than \$1,000 per calendar quarter, or less than \$100 per week, on average. Noting that SNAP eligibility ends at 130 percent of the poverty level of income, the mean four-quarter earnings of \$12,681 is a measure of central tendency for current-year income of persons receiving benefits from both SNAP and UI. The mean annual income in the year of applica-

Table 8.2 Sample Proportions by Characteristics and Earnings of SNAP-Only, SNAP + UI, and UI-Only Recipients Aged 18–64 in Michigan, 2006–2010

	SNAP-only	SNAP + UI	UI-only
Number of individual recipients	4,452,771	429,882	1,922,284
Age, 18–24	0.267	0.130	0.088
Age, 25–29	0.132	0.176	0.107
Age, 30–39	0.218	0.324	0.236
Age, 40–49	0.197	0.246	0.289
Age, 50–64	0.185	0.124	0.280
Gender, male	0.427	0.470	0.680
Gender, female	0.573	0.530	0.320
Race, white	0.639	0.651	0.646
Race, African American	0.334	0.328	0.100 ^a
Race, Asian	0.009	0.007	0.012
Race, unknown	0.010	0.007	0.233
Earnings in year prior to benefits (\$)	3,975	19,622	35,102
Earnings in year after benefits (\$)	3,584	12,681	29,920

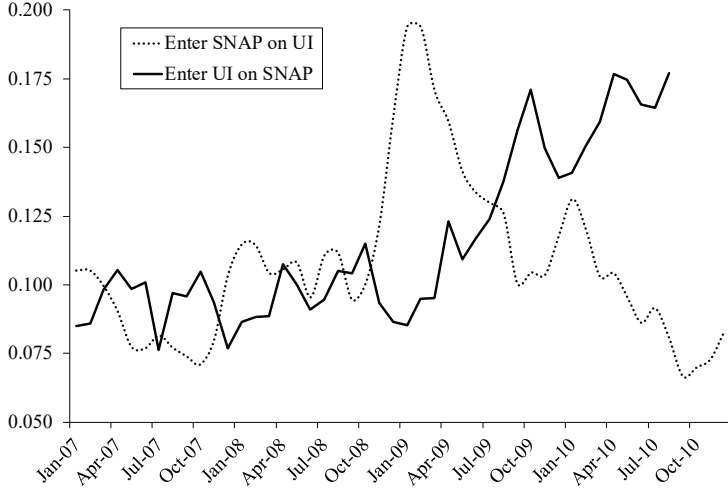
^a Most unknown categories for missing data are omitted, as are categories with less than 1 percent. However, 23.3 percent of the UI beneficiary data has unknown race. The SNAP+UI characteristics are based on SNAP demographic data, suggesting that the African American share of UI-only beneficiaries is much higher than 10 percent. SOURCE: Author's tabulations from Michigan program administrative data.

tion for UI beneficiaries who avoided SNAP receipt was just below \$30,000.

OVERLAP IN SNAP AND UI AT INFLOW

The overlap in SNAP and UI benefit receipt at inflow into either program between 2007 and 2010 is illustrated in Figure 8.4. The figure shows the shares of the new recipient inflows in either SNAP or UI who are receiving benefits from the other program at the time of entry. Both these conditional benefit recipient inflow shares reflect the sizes of the stocks of program participants in the denominators. Over

Figure 8.4 Michigan’s Shares of New SNAP Case Inflow with at Least One Current UI Beneficiary, and UI Beneficiary Inflow with a SNAP Case Member, 2007–2010



SOURCE: Author’s computations based on Michigan program administrative data.

this period, UI reciprocity rose and fell, but the share of new UI recipients who were already receiving SNAP started rising in early 2009, just as the inflow to UI had peaked. The share of new SNAP recipients who were already receiving UI rose dramatically in the last half of 2008, peaked in January 2009, and declined thereafter. Therefore, the pattern of UI recipients entering SNAP paralleled the pattern of total inflows into UI. These trends suggest that some persons who are normally strongly attached to the labor market turn to SNAP when the economy deteriorates. However, as inflows to SNAP increase in times of severe recession, that inflow is not coming entirely from families with displaced workers.

The remainder of this chapter exploits the advantage of the Michigan data in having the full population of all UI applicants. I explore SNAP receipt before and after UI application by the degree of UI eligibility and UI benefit receipt. I then examine factors influencing

flows into SNAP from UI while controlling for observable characteristics. Chief among these factors is prior SNAP receipt after UI application.

SNAP RECEIPT BEFORE UI APPLICATION

Starting from the census of all UI applications in Michigan during the study period, I examine the transition from labor force participation to joblessness, to involvement with UI, and then perhaps to involvement with SNAP. Table 8.3 provides the background for this perspective by examining the extent to which UI applicants were involved with SNAP before job separations.

Overall, between 2007 and 2010, an average of 20.2 percent of UI applicants received some SNAP benefits in the year prior to their UI application. However, the share with prior SNAP receipt increased dramatically in 2010 to 27.2 percent, up from 19.5 percent in 2009. There is considerable variation in prior SNAP receipt by the degree of UI benefit eligibility and receipt. For UI applicants between 2007 and 2010, the rate of prior SNAP receipt tends to be lower among those with higher prior earnings and relatively stronger labor force attachments. Only 16.9 percent of monetarily eligible UI applicants received SNAP in the 12 months before application, whereas the rate was 41.0 percent for those not monetarily eligible.¹⁰ Similarly, 17.4 percent of UI applicants involuntarily laid off from their prior jobs because of lack of work (nonmonetarily eligible) received SNAP in the prior year, while 28.7 percent of those disqualified for UI by a job quit or employer discharge received SNAP in the year before UI application. Additionally, UI exhaustees had prior SNAP receipt at a higher rate (18.4 percent) than did UI beneficiaries who did not exhaust their UI benefit entitlement (11.1 percent). This may have resulted from greater job search effort by those in the latter group, which included a smaller share of prior SNAP recipients, leading

Table 8.3 SNAP Receipt Rate in the 12 Months Prior to UI Application among Michigan Regular UI Applicants Aged 18–64 by Eligibility and Benefit Receipt Group

	2007	2008	2009	2010	Overall
All UI applicants (<i>n</i>)	538,712	665,960	774,753	542,546	2,521,971
All UI applicants (share with SNAP)	0.174	0.176	0.195	0.272	0.202
Monetarily eligible	0.150	0.151	0.161	0.227	0.169
Monetarily ineligible	0.374	0.385	0.403	0.454	0.410
Nonmonetarily eligible	0.142	0.147	0.170	0.242	0.174
Separated for lack of work					
Nonmonetarily ineligible	0.255	0.258	0.289	0.354	0.287
Separated for quit or discharge					
Fully UI-eligible	0.121	0.125	0.139	0.197	0.142
Not a UI beneficiary	0.168	0.176	0.169	0.253	0.192
UI beneficiary ^a	0.138	0.142	0.153	0.213	0.158
Not a UI exhaustee	0.110	0.107	0.116	—	0.111
UI exhaustee	0.188	0.176	0.189	—	0.184
Not an EC/EB recipient	0.187	0.180	0.207	—	0.194
EC/EB recipient	0.188	0.176	0.183	—	0.180

NOTE: Given the timing of the data extract in February 2011, the claims data for 2010 are sufficient to measure regular UI benefit receipt with some downward bias, but not adequate to fully measure exhaustion and extended compensation receipt; therefore, information is not available for those values, signified by — = not available.

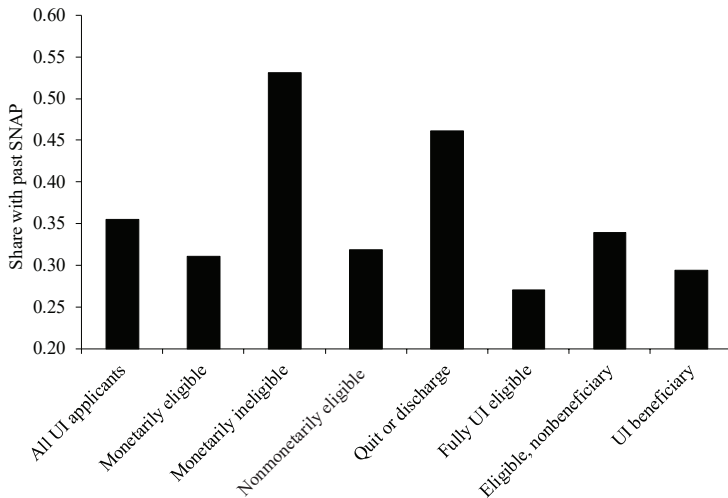
^a UI applicant data for 2010 include UI claims through August. Given the timing of the data extract (February 2011), the claims data for 2010 are sufficient to measure regular UI benefit receipt with some downward bias, but not sufficient to fully measure exhaustion and extended compensation receipt.

SOURCE: Author's computations based on Michigan program administrative data.

to more favorable labor market outcomes after UI application and shorter periods of UI benefit receipt.

Figure 8.5 provides a longer look back at prior SNAP usage by UI applicants sorted into UI eligibility and job separation groups. As is shown, 35 percent of all UI applicants in 2010 received some SNAP benefits between 2006 and the month before UI application. During this multiyear period, the prior SNAP receipt rate for persons without prior earnings sufficient to establish monetary entitlement was 53 percent, compared to only 31 percent for those with sufficient prior earnings. Persons who quit or were discharged from employment were also much more likely to have received SNAP prior to 2010 compared with their nonmonetarily eligible counterparts, by a margin of 46 to 32 percent.¹¹ These data suggest a correlation between weak labor-force attachment, inconsistent earnings history, difficulties on the job, and SNAP receipt.

Figure 8.5 Rates of SNAP Receipt between January 2006 and UI Application by Michigan UI Applicants in 2010, by UI Eligibility and Benefit Receipt



SOURCE: Author's computations based on Michigan program administrative data.

Finally, Figure 8.5 shows a group of UI applicants who appear to be fully eligible to receive unemployment benefits but did not become UI beneficiaries. While this is a relatively small group of UI applicants (an average of 2.7 percent of applicants between 2007 and 2010), their prior SNAP receipt rate is higher than similar persons who became UI beneficiaries. Assuming these data are accurate, they may have obtained immediate reemployment or simply chosen not to receive benefits for other reasons. This failure to take up available UI benefits is investigated more deeply in the next section of this chapter.

SNAP RECEIPT AFTER UI APPLICATION

To investigate receipt of SNAP after UI application, I focus on UI applicants who had not received SNAP benefits in the year prior to their UI application. That is, from the top row of Table 8.3, I remove the UI applicants who received SNAP in the prior year, or about 20.2 percent of all UI applicants, to yield the top row of Table 8.4. The remaining rows of Table 8.4 report the proportions of these UI applicants who received SNAP benefits within one year after applying for UI benefits. The UI applicants are divided into the same categories of UI eligibility and benefit receipt as those listed in Table 8.3.

Among UI applicants between January 2007 and August 2010 who had no SNAP receipt in the year prior to filing, 13 percent entered SNAP within a year of UI application. Rates of failure to satisfy UI eligibility screens correlate strongly with entry into SNAP for those not having received SNAP benefits in the year prior to UI application, just as they do for those who received SNAP prior to entering the UI system. Overall, between 2007 and 2010, 25 percent of persons quitting or being discharged from employment entered SNAP within one year of applying for UI. Over that period, persons who could not establish monetary entitlement to UI benefits because of insufficient prior earnings entered SNAP at an average rate of 20.4 percent. Persons fully eligible for UI who had sufficient earnings and job separa-

Table 8.4 Rates of SNAP Receipt within One Year after UI Application among Persons Aged 18 to 64 Who Did Not Receive SNAP in the Year Prior to UI Application

	2007	2008	2009	2010 ^a	Overall
UI applicants with no SNAP receipt in the prior year	444,976	548,751	623,676	394,973	2,012,376
Overall rate of SNAP receipt w/in 1 yr of UI app.	0.099	0.132	0.141	0.152	0.130
Monetarily eligible	0.095	0.125	0.131	0.144	0.122
Monetarily ineligible	0.143	0.220	0.229	0.201	0.204
Nonmonetarily eligible					
Lack of work	0.066	0.099	0.107	0.108	0.095
Nonmonetarily ineligible					
Quit or discharge	0.198	0.243	0.291	0.289	0.251
Fully eligible	0.062	0.092	0.098	0.098	0.088
Not a beneficiary	0.069	0.099	0.097	0.118	0.093
UI beneficiary	0.084	0.114	0.121	0.128	0.111
Not a UI exhaustee	0.049	0.069	0.068	—	0.062
UI exhaustee	0.151	0.161	0.176	—	0.165
Not an EC/EB recipient	0.138	0.131	0.139	—	0.137
EC/EB recipient	0.165	0.165	0.187	—	0.175

NOTE: — = data not available.

^a With SNAP data ending in August 2011, the 2010 numbers summarize rates for UI claims through August 2010.

SOURCE: Author's computations based on Michigan program administrative data.

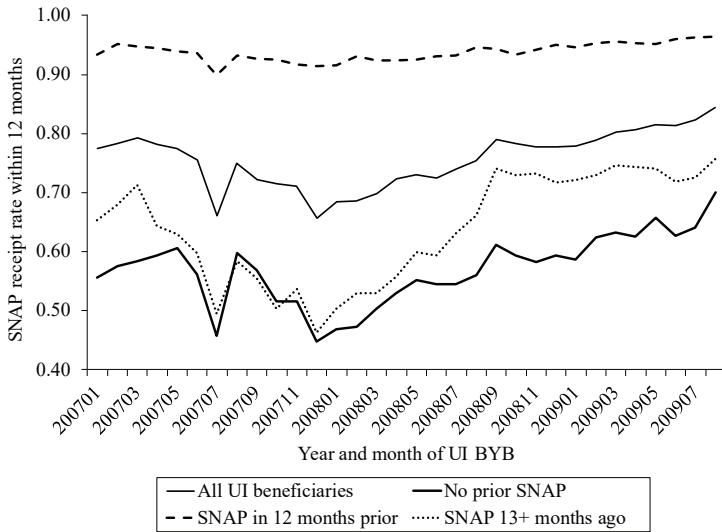
tions not resulting in disqualification entered SNAP within one year at a rate of 8.8 percent. This suggests that UI could be an important part of the safety net, supporting transitions back to employment by inducing less reliance on SNAP.

Nevertheless, checking for SNAP receipt within 12 months of the UI benefit-year-begin (BYB) date may underestimate the reliance on SNAP by UI applicants in this period. Regular UI benefit years last 52 weeks from the BYB date and usually provide a maximum entitled duration of 26 weeks of benefits, so checking for SNAP within 12 months of the BYB is reasonable when other UI assistance is not available. However, for benefit years ending in or after May 2007, many UI beneficiaries had extended or emergency UI benefits available for more than the usual maximum of 26 weeks. Indeed, during 2009 in Michigan, some applicants received UI for as much as 99 weeks. Therefore, in the analysis presented below, I examine SNAP receipt within both 12 and 24 months after UI application.

SPEED OF MOVEMENT FROM UI INTO SNAP

To assess whether people moved from UI to SNAP faster in the recession, I started with a sample of UI applicants who all received SNAP within 24 months after their UI benefit-year-begin (BYB) date, and I then checked the proportion in this group that actually started receiving SNAP within 12 months. Figure 8.6 shows that the share of SNAP recipients receiving SNAP within 12 months increased monthly starting near the official beginning of the Great Recession. In the sample of all UI applicants, there is a downward trend in the 12-month SNAP recipiency share until December 2007, which is the month pegged by the National Bureau of Economic Research (NBER) as the official start of the Great Recession. After that month, the upward trend is prominent for persons with no prior SNAP receipt and for those with prior SNAP receipt more than one year previous.

Figure 8.6 SNAP Receipt Rates for UI Applicants Receiving SNAP within 12 Months after UI Application among Those Receiving SNAP within 24 Months after Their UI Application



SOURCE: Author’s computations based on Michigan program administrative data.

The upward trend from that point indicates an increase in the speed of entry into SNAP.

SNAP RECEIPT BY UI BENEFICIARIES BY OBSERVABLE CHARACTERISTICS

For UI beneficiary groups defined by observable characteristics, I examine SNAP receipt rates before, at the time of, and after UI benefit receipt starts. Over the whole sample of UI beneficiaries, average rates of SNAP receipt are 9.3 percent in the month of UI application, 14.2 percent in the 12 months before UI application, 20.6 percent in the 12

months after UI application, and 27.3 percent in the 24 months after UI application. This pattern of higher SNAP receipt occurring after application than before application persists in all subgroup contrasts. The differences between the month of UI application and the contrast to a previous or following 12-month period is partly due to checking a single month rather than multiple months, but the comparison is informative nonetheless. Table 8.5 summarizes the differences from average SNAP receipt rates by demographic and geographic characteristics. The SNAP receipt rates for the population of all UI applicants have the same patterns as for all UI beneficiaries, but the SNAP receipt rates are consistently higher among all applicants than among those who qualify for and receive UI benefits—mainly because the full UI applicant sample includes UI ineligible with insufficient prior earnings. Conversely, UI beneficiaries are more strongly attached to the labor force and have steadier income streams than the full sample of all UI applicants.

Subgroup SNAP receipt rates are summarized for eight characteristics: 1) age, 2) gender, 3) race, 4) educational attainment, 5) prior job tenure, 6) income, 7) job separation reason, and 8) urban or rural residence. Except for two subcategories in location of residence (large Census Bureau metropolitan statistical areas [MSAs] and smaller municipal areas), all subgroup proportions are significantly different from the population means. The patterns of SNAP receipt among the subgroup categories of UI beneficiaries are the same for all four time periods for which the SNAP receipt rates were checked. For example, the typical pattern is seen relative to the overall mean of a 9.3 percent SNAP receipt rate for all UI beneficiaries in the month of UI application. The comparable subgroup rates are as follows:

- Higher for younger UI beneficiary groups: being 12.6 percent for ages 18–24 and 11.0 for ages 25–44, while the rate is only 6.4 percent for ages 45 plus.
- Higher for females, being 13.1 percent, compared to 7.2 percent for males.

- Higher for African Americans, being 14.8 percent, but only 7.7 percent among whites and 8.8 percent among other racial groups.
- Higher for those with lower educational attainment, being 14.2 percent for those without even a high school diploma but 6.2 percent for those with a bachelor's degree.
- Higher for those with the shortest prior job tenure, being 13.0 percent for those having worked less than 1 year at their prior employer but 6.6 percent for those having 6 to 10 years of work experience at their prior employer.
- Higher for those in the lowest one-third of the prior earnings distribution, being 18.1 percent, but 5.5 percent among the top one-third of the prior earnings distribution. The latter is a surprisingly high rate for UI beneficiaries with the highest prior earnings.
- Higher for those who were fired or discharged (15.5 percent) or quit their prior job (14.0 percent), but lower for those with involuntary separation due to lack of work (8.1 percent).
- Rates of SNAP receipt among UI beneficiaries in large metropolitan areas (9.2 percent) and smaller urban areas (9.3 percent) were not different from the average rate among all UI beneficiaries, and the SNAP receipt rate was only slightly higher than the mean in rural areas (9.9 percent).

The three geographic groupings used in the analysis were these: 1) all metropolitan areas within Census Bureau MSAs, 2) other counties with incorporated municipal areas and high population densities (Census Bureau micropolitan areas), and 3) rural counties throughout the state.¹² Statistical tests yielded no differences from the overall group mean in the metropolitan and urban areas, and they yielded only a very slightly higher rate than the mean for the rural areas.

Two descriptive characteristics of the UI beneficiary population, which could provide informative variation in SNAP usage, are mea-

Table 8.5 SNAP Receipt Rates Overall and for Subgroups among UI Beneficiaries in the Month of UI Application, the Year before, and One and Two Years after UI Application

	Number of UI beneficiaries	12 months pre–UI app	Month of UI application	12 months post–UI app	24 months post–UI app
Overall mean rate	1,305,038	0.142	0.093	0.206	0.273
Age 18–24	121,705	0.209	0.126	0.276	0.369
Age 25–44	654,733	0.166	0.110	0.242	0.317
Age 45+	528,600	0.096	0.064	0.145	0.197
Gender, male	853,738	0.116	0.072	0.171	0.235
Gender, female	451,300	0.190	0.131	0.271	0.346
Race, white/Caucasian	815,945	0.116	0.077	0.174	0.233
Race, African American	150,177	0.226	0.148	0.319	0.414
Race, other	27,257	0.130	0.088	0.194	0.256
Race, unknown	311,659	0.168	0.108	0.235	0.312
Education, less than high school	139,251	0.218	0.142	0.298	0.390
Education, high school grad/GED	693,532	0.134	0.088	0.197	0.264
Education, some college	318,122	0.146	0.096	0.214	0.280
Education, bachelor’s degree	92,297	0.094	0.062	0.143	0.189
Education, advanced degree	60,561	0.100	0.066	0.151	0.198
Education, missing/unknown	1,275	0.095	0.074	0.134	0.169
Job tenure, less than one year	379,084	0.222	0.130	0.270	0.351
Job tenure, 1–2 years	317,856	0.152	0.102	0.235	0.309

Job tenure, 3–5 years	180,819	0.111	0.083	0.198	0.266
Job tenure, 6–10 years	194,747	0.089	0.066	0.160	0.222
Job tenure, 11 years or more	232,532	0.064	0.049	0.107	0.146
Bottom third of earnings (5 qtrs.)	334,936	0.283	0.181	0.345	0.437
Middle third of earnings (5 qtrs.)	479,148	0.109	0.070	0.189	0.259
Top third of earnings (5 qtrs.)	490,954	0.077	0.055	0.128	0.175
Job separation, lack of work	1,054,409	0.122	0.081	0.170	0.231
Job separation, fired/discharged	170,711	0.225	0.145	0.368	0.464
Job separation, quit	74,863	0.221	0.140	0.333	0.429
Job separation, other	5,055	0.171	0.126	0.266	0.331
MSA, larger metro areas	1,044,062	0.139	<i>0.092</i>	0.205	0.273
Micro, smaller municipal areas	137,777	0.146	<i>0.093</i>	0.206	0.271
Rural area	123,199	0.155	0.099	0.214	0.281

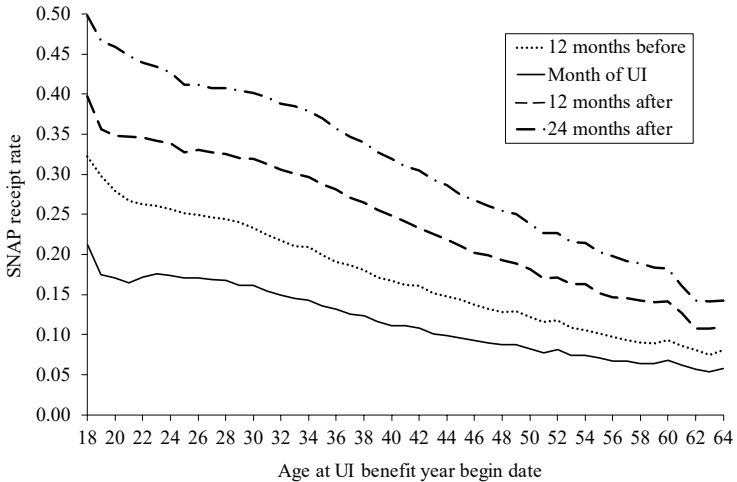
NOTE: All subgroup proportions are significantly different from the overall mean proportions listed in the top row at the 0.05 confidence level in a two-tailed test, except for those italicized.

SOURCE: Author's computations based on Michigan program administrative data.

sured continuously: 1) age and 2) the UI weekly benefit amount. The latter provides an indirect, if censored, measure of earnings prior to UI application. Figure 8.7 shows the rates of SNAP receipt among UI applicants by age before, at the time of, and after UI application. The figure shows that SNAP receipt rates decline with increasing age at the time of UI application and that the lowest observed SNAP receipt rates are in the month of UI application. The next-lowest SNAP receipt rates are 12 months before UI application, followed by the rates for 12 months after and for 24 months after. There is a clustering of these rates of between 5 and 15 percent for the oldest workers, and the range for the youngest UI applicants is from 20 to 50 percent.

All UI beneficiaries have a weekly benefit amount (WBA) that increases with prior earnings up to the state maximum WBA. This is a continuous, but truncated, indicator of UI base-period earnings.¹³ Figure 8.8 shows that the rates of SNAP receipt decline as the weekly

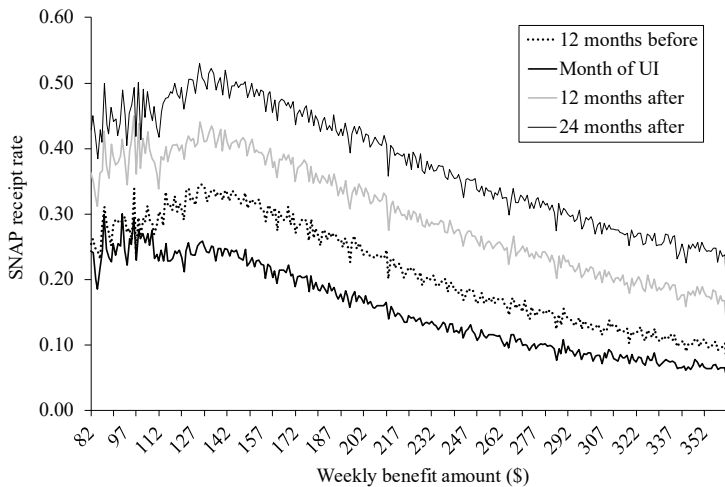
Figure 8.7 SNAP Receipt Rates of UI Applicants by Age in Time Periods, Relative to Their Age in the Month of UI Application



SOURCE: Author’s computations based on Michigan program administrative data.

benefit amount (WBA) increases, and while there is a dip in the SNAP receipt rates at the maximum WBA, the rates are far above zero. More than half of all UI beneficiaries in the sample qualified for the Michigan maximum WBA (52.9 percent), and among UI beneficiaries receiving SNAP at the time of UI application, 28.1 percent were at the maximum WBA.¹⁴ This is evidence that SNAP receipt in the Great Recession reached up above the lowest levels of the earnings distribution. Among all UI beneficiaries, the proportion at the maximum WBA peaked at 56.6 percent in 2009 because many people with relatively high earnings histories found themselves out of work. The biggest share at the maximum WBA for UI among those also receiving SNAP at the time of UI benefit application was 32.2 percent, also in 2009. The share of all UI beneficiaries in the sample at the Michigan minimum WBA was 3.6 percent, but 9.8 percent of UI beneficiaries who were receiving SNAP at the time of UI application

Figure 8.8 SNAP Receipt Rates Relative to the UI Benefit Application Date, by Weekly Benefit Amount for Regular UI Beneficiaries



SOURCE: Author's computations based on Michigan program administrative data.

were also receiving the minimum WBA. The shares at the minimum WBA peaked in 2010 at 5.5 percent among all UI beneficiaries and at 11.6 percent among UI beneficiaries in SNAP recipient households at the time of UI application. Considering this trend, and also considering the drop in the share at the maximum WBA from 2009 to 2010, there is mild evidence that the labor market improved faster for those with higher earnings histories.

EFFECTS OF PRIOR SNAP RECEIPT ON FLOWS INTO SNAP BY UI APPLICANTS

To describe the importance of prior SNAP receipt on flows into SNAP by UI applicants, I estimated regression models of future SNAP receipt. The regression approach controls for changes in the composition of UI applicants over time. I estimate linear probability models for the probability of receiving SNAP within one or two years of UI application, controlling for the time since prior SNAP receipt and a long list of other observable variables. The full model includes the following aspects: UI eligibility requirements, UI entitlement, UI benefit receipt, and recent prior interactions with the UI system. The models also include control variables for age, gender, race, education, industry of prior employment, and length of time spent on the job immediately preceding UI application. Finally, a vector of variables for the year and month of UI application and the county of residence are included.

To permit comparison of parameter estimates from the models estimated on one-year and two-year outcomes, the same estimation sample is used for both models. The sample is based on UI applications received between January 2007 and August 2009. The model includes a vector of explanatory variables for the time since a client last received a SNAP benefit, as well as a variable for persons with no observed SNAP receipt prior to UI application.¹⁵ The complete set of

parameter estimates for the full model along with standard errors and *t*-statistics are presented in O’Leary and Kline (2014, Appendix Table A.1). Because the estimation sample includes 1.6 million observations, all parameters are estimated with a high degree of statistical significance.¹⁶

Parameter estimates for the vector of past SNAP receipt variables are reported in Table 8.6. Each variable is a binary indicator for a range of months since the last receipt of SNAP and takes on the value 1 if yes, 0 if no.¹⁷ There is a strong positive correlation between past receipt of SNAP benefits and future SNAP receipt, but the correlation declines rapidly as the time since prior SNAP receipt increases. UI applicants with no prior observable SNAP receipt are estimated to be much less likely to receive SNAP within one or two years after UI application.

About 11.5 percent of UI applicants had a SNAP benefit in the month prior to entering UI. Controlling for observable characteristics, including UI eligibility and benefit receipt, those receiving SNAP in the prior month are 67 percentage points more likely than UI applicants with no prior observable SNAP receipt to receive a SNAP ben-

Table 8.6 Impact of Past SNAP Receipt on the Likelihood of Receiving SNAP within One or Two Years of UI Application among Persons Entering UI between January 2007 and August 2009 (*n* = 1,633,566)

Months since last previous SNAP receipt	SNAP receipt after entering UI		
	One year (<i>m</i> = 0.251)	Two years (<i>m</i> = 0.321)	Sample mean
1	0.669	0.581	0.115
2–6	0.306	0.330	0.033
7–12	0.207	0.254	0.028
13–24	0.120	0.179	0.031
25+	0.075	0.125	0.015
No prior SNAP	–0.126	–0.119	0.778
Last SNAP benefit (\$)	60	60	236

NOTE: All parameter estimates statistically significant at the 0.01 level. *m* = mean.

SOURCE: Author’s computations based on Michigan program administrative data.

efit within one year of UI application. UI applicants who received SNAP benefits two to six months prior to UI application (3.3 percent of applicants) are estimated to be 31 percentage points more likely to draw SNAP within a year. Applicants who last received SNAP 7 to 12 months before UI (2.8 percent of applicants) receipt are 21 percentage points more likely to receive SNAP in the year after entering UI. Remaining parameter estimates in the table continue the pattern of a lower likelihood of applicants' returning to SNAP the longer they are independent from the program.¹⁸

The monthly amount of the most recent prior SNAP benefit averaged \$236 for the 22 percent of applicants observed to have been part of the SNAP program prior to UI application.¹⁹ While changes to this amount have a statistically significant, positive impact on the likelihood of future receipt, the marginal impact is negligible. All else being equal, persons with a \$100 higher level of prior SNAP benefits were just six-tenths of one percent more likely to receive SNAP after applying for UI.

WAGE REPLACEMENT AND SNAP RECEIPT

A frequent question in UI research concerns benefit adequacy as income replacement during spells of joblessness (O'Leary 1998). Many state programs define their WBA formulas to approximate 50 percent replacement of an applicant's average weekly wage up to a statutory maximum. But is actual wage replacement adequate? Table 8.7 summarizes evidence on the effect WBA levels have on the likelihood of SNAP receipt after UI application. Added to the SNAP receipt model described in Table 8.6 were a series of dummy variables for various ranges of UI wage replacement rates between the Michigan statutory minimum and maximum UI weekly benefit amount. Indicator variables were defined for each of 10 steps in the WBA distribution. The model also includes a variable for UI applicants not eligible to receive UI benefits and another variable for UI applicants at the

Table 8.7 Weekly Benefit Amounts and the Likelihood of Receiving SNAP within One or Two Years of UI Application

Variable description	SNAP in one year (<i>m</i> = 0.251)		SNAP in two years (<i>m</i> = 0.321)		Regression sample mean	Mean WBA (\$)
	Parameter estimate	<i>t</i> -statistic	Parameter estimate	<i>t</i> -statistic		
Monetarily ineligible	0.072	77.56	0.098	90.86	0.105	n/a
Nonmax decile, 1st	0.013	10.27	0.026	17.77	0.043	129
Nonmax decile, 2nd	0.014	11.24	0.028	19.85	0.043	158
Nonmax decile, 3rd	0.013	10.42	0.023	15.96	0.043	183
Nonmax decile, 4th	0.011	9.13	0.021	14.96	0.043	207
Nonmax decile, 5th	0.008	7.08	0.016	12.11	0.043	230
Nonmax decile, 6th	0.003	2.90	0.009	6.83	0.043	253
Nonmax decile, 7th	-0.001	-0.59	0.004	2.73	0.043	276
Nonmax decile, 8th	-0.003	-2.54	-0.001	-0.71	0.043	300
Nonmax decile, 9th	-0.009	-7.79	-0.008	-6.24	0.043	324
Nonmax decile, 10th	-0.014	-11.55	-0.015	-10.78	0.043	349
Maximum WBA	-0.020	-51.04	-0.032	-71.20	0.461	362

NOTE: *m* = mean.

SOURCE: Author's computations based on Michigan program administrative data.

statutory maximum. The complete set of wage replacement variables is included in the model for estimation under the restriction that the variable proportions sum to 1.²⁰

Results from estimating this model suggest that UI applicants not monetarily eligible to receive benefits are 7.2 percent more likely to receive SNAP within one year of UI application. Controlling for benefit receipt and other factors, persons with an average WBA of \$129 are 1.3 percentage points more likely to receive SNAP. Not until WBA approaches \$300 is there a significant reduction in the likelihood of receiving SNAP within one year after UI application. In the model for SNAP receipt within two years, a significant reduction in the likelihood of SNAP receipt occurs at an average WBA of \$324.

MICHIGAN SAMPLE RESULTS COMPARED TO OTHER SAMPLE DESIGNS

The analysis presented in this chapter is based on Michigan administrative data on the full census of both SNAP recipients and all UI applicants. State analyses in other chapters of this book also use the full census of SNAP households for states around the time of the Great Recession. However, not all state analyses use the full census of all UI applications. Some use all UI beneficiaries (78.8 percent of Michigan UI applicants), while others are limited to only UI beneficiaries who were also in SNAP recipient households (7.3 percent of Michigan UI applicants). To illustrate the effects of these three different UI sample definitions, Table 8.8 summarizes the average rates of SNAP receipt up to 12 months before, during the month of, and 12 and 24 months after UI application.

The first row in Table 8.8 shows SNAP receipt among all UI applicants. The second row in Table 8.8, which shows SNAP receipt among all UI beneficiaries, combines data from the middle rows of Table 8.1 on various types of UI beneficiaries. The third row in Table 8.8 shows completely new results; it presents rates of SNAP usage

Table 8.8 Counts of UI Applicants, UI Beneficiaries, and UI Beneficiaries on SNAP in the Month of UI Application, and Their Rates of SNAP Receipt Relative to UI Application

UI applicant category	Total UI applicants	Share of total	SNAP in 12 months prior to UI	SNAP in month of UI application	SNAP in 12 months after UI app month	SNAP in 24 months after UI app month
All UI applicants	1,673,978	1.000	297,514	201,851	418,597	537,774
UI beneficiaries	1,318,858	0.788	186,229	122,012	271,399	359,983
UI beneficiaries on SNAP	122,012	0.073	115,393	122,012	119,160	120,099
			Rates of SNAP receipt			
All UI applicants	1,673,978		0.178	0.121	0.250	0.321
UI beneficiaries	1,318,858		0.141	0.093	0.206	0.273
UI beneficiaries on SNAP	122,012		0.946	1.000	0.977	0.984

NOTE: The analysis in this table starts with a sample of 1,673,978 Michigan UI applicants between January 2007 and August 2009. This sample is smaller than the total of 2,521,971 Michigan UI applicants shown in Table 8.3 for the period from 2007 to 2010 because, as listed in Table 1.1, Michigan SNAP data are available from January 2006 to August 2011, and the exercise in this table requires identifying SNAP receipt up to one year before and two years after UI application.

SOURCE: Author's computations based on Michigan program administrative data.

among all UI beneficiaries who were receiving SNAP during the month they applied for UI benefits. The bottom panel of Table 8.8 reports rates of SNAP receipt. In the bottom row, we see that among those receiving SNAP in the month of UI application, 94.6 percent received SNAP sometime in the 12 months before UI application, 97.7 percent received SNAP sometime during the 12 months after UI application, and 98.4 percent received SNAP within 24 months of UI application.

Among all UI applicants, the SNAP receipt rate in the 12 months before UI application is 17.8 percent, which is 26 percent higher than the 14.1 percent SNAP receipt rate for all UI beneficiaries. Among UI beneficiaries receiving SNAP in the month of UI application, the SNAP receipt rate in the 12 months before UI application is more than six times the rate among all UI beneficiaries. For the latter sample, there is almost no difference in the SNAP receipt rates before or after the month of UI application. So for those receiving SNAP in the month of UI application, the SNAP receipt rate is nearly 100 percent in all four time frames. While there is almost no dynamic aspect to SNAP receipt for this latter group, the pattern does differ from the applicant and beneficiary samples. Thus, while UI beneficiaries have somewhat lower past SNAP reciprocity (in the prior 12 months) than all UI applicants, including those who are found to be ineligible, UI beneficiaries on SNAP at the time of UI application are vastly more likely to have had prior SNAP reciprocity.

THE EFFECT OF SHORTER POTENTIAL UI DURATION ON SNAP RECEIPT

By 2010, it had been more than 50 years since all states began providing maximum potential UI durations of at least 26 weeks. However, after states accumulated big debts paying UI benefits during the Great Recession, some states cut back on potential duration.²¹ As of 2017, UI laws in eight states provide a maximum duration of

less than 26 weeks.²² Among the six states studied in this book, four cut their maximum potential UI duration: Florida, Georgia, Michigan, and Missouri. In Michigan, the maximum potential UI duration was cut to a fixed level of 20 weeks from 26. In the other three states, the maximum is a variable duration depending on the level of unemployment as measured by the Current Population Survey. For example, the maximum potential duration in Georgia is only 14 weeks when the state unemployment rate is below 6.5 percent, as it was in 2017.

The formula for potential UI duration in Michigan now yields a number of weeks that can vary for individual applicants between 14 and 20, depending on the level of prior earnings, but the maximum potential is always 20 weeks.²³ The shorter UI duration in Michigan took effect in January 2012. That date fell after the period for the administrative data on SNAP and UI used for analysis in this chapter. Table 8.9 presents a summary of simulation estimates about how the shorter potential UI duration might be expected to change SNAP use by UI benefit recipients in Michigan.²⁴

The simulations summarized in Table 8.9 suggest that the shorter potential duration in Michigan would increase the use of SNAP by UI beneficiaries by 1.5 percentage points within 12 months of the UI benefit-year-begin date and by 2.6 percentage points within 24 months. Given that the base levels of SNAP receipt for these two groups are 20.8 percent and 27.5 percent, respectively, the percentage increases over one and two years would be 7.2 percent and 9.5 percent. These estimated spillover effects suggest that significantly higher levels of SNAP receipt could be observed in Michigan during the next severe recession if the maximum duration of regular UI benefits remains fixed at 20 weeks.

Naturally, these estimates assume the same degree of access to SNAP and the same level of SNAP benefits that were available in the 2007–2011 period. As noted by Heflin and Mueser in Chapter 5 of this book about the recent change in Florida, the spillover from a cut in potential UI duration to increased SNAP receipt means a shift from state-funded UI benefits to federally funded SNAP benefits. The

Table 8.9 Simulated Effects of the Reduction in Regular UI Entitlement to a Maximum of 20 Weeks on the Shares of UI Beneficiaries Entering SNAP in Michigan UI Beneficiaries, 2007–2009

Entitled duration (wks.)	26	21–25	LE 20	Total
Sample size	1,051,013	138,744	115,244	1,305,001
Weekly benefit amount (\$)	323	257	232	308
Maximum benefits payable (MBP) (mean \$)	8,399	5,916	4,123	7,758
Simulated MBP if 20 weeks maximum (\$)	6,461	5,141	4,123	6,114
Simulated change in MBP (\$)	–1,938	–775	0	–1,644
Simulated change in UI duration (wks.)	–6.0	–3.0	0.0	–5.2
Share receiving SNAP within 12 mos.	0.180	0.295	0.364	0.208
Simulated share receiving SNAP, 12 mos.	0.197	0.303	0.364	0.223
Simulated change in share receiving SNAP, 12 mos.	0.018	0.008	0.000	0.015
Share receiving SNAP within 24 months	0.240	0.380	0.459	0.275
Simulated share receiving SNAP, 24 months	0.271	0.391	0.459	0.301
Simulated change in share receiving SNAP, 24 months	0.031	0.011	0.000	0.026

SOURCE: Based on author’s computations using Michigan program administrative data for UI beneficiaries between January 2007 and August 2009, with monthly SNAP program data at least 24 months after the UI benefit-year-beginning date. Fewer than 40 observations were excluded because of missing data on characteristics in regression models used for simulations.

recent federal actions to trim SNAP benefit levels and increase SNAP eligibility requirements suggest that the actual movement from UI to SNAP might be smaller than estimated for the cut in Michigan potential duration, meaning that unmet need will be even bigger in the next severe recession than in the last.

SUMMARY

Use of SNAP and UI changed among Michigan adults in the years around and during the Great Recession. SNAP normally provides food assistance to the needy, while UI provides partial income replacement to regular labor force members during temporary involuntary unemployment. However, many Michigan working households received both UI and SNAP around and during the Great Recession. To understand the interaction between the SNAP and UI programs in this period, I use Michigan program administrative data on all SNAP recipients from 2006 to 2011 and on all UI applicants from 2001 to 2011. I examine joint and separate program use and flows of benefit recipients between programs. The advantage of the Michigan data compared to other study states in this volume is that it encompasses the universe of all UI applicants. I made use of this broader UI coverage for much of the analysis in this chapter.

In a Michigan population of nearly 10 million, the number of SNAP recipients among adults aged 18 to 64 was 748,829 in 2006 and rose to 1,326,638 in 2010. The number of UI benefit recipients was 454,525 in 2006 and rose to 593,268 in 2009, then rapidly declined thereafter. Many who typically relied only on UI during unemployment in better economic times also turned to SNAP in the Great Recession. The number of Michigan adults simultaneously receiving both SNAP and UI in a year nearly doubled, from 63,690 in 2007 to 120,880 in 2009—the year that joint receipt peaked.

Between 2007 and 2010, an average of 15.8 percent of Michigan UI beneficiaries received SNAP benefits in the year prior to their UI

application. The rate was 20.2 percent across all Michigan UI applicants, and 25.0 percent for applicants who did not get UI benefits. Prior SNAP receipt was highest among UI applicants who quit or got fired from jobs (28.7 percent) and lowest among UI beneficiaries who did not exhaust their entitlement (13.0 percent). Among UI exhaustees, 18.4 percent had prior SNAP receipt, while among UI exhaustees who transitioned to extended benefits (EB) or emergency unemployment compensation (EUC), 19.4 percent had prior SNAP receipt.

The clearest view of new SNAP receipt after UI application is seen by restricting the sample to all Michigan UI applicants who did not receive SNAP benefits in the year before UI application. Among all UI beneficiaries in this sample, 13.0 percent received SNAP during the year after UI application, and only 6.2 percent of UI beneficiaries who did not exhaust their UI entitlement received SNAP within a year. Some 16.5 percent of UI exhaustees and 17.5 percent of exhaustees who transitioned to EB or EUC received SNAP within one year of UI application. Therefore, UI beneficiaries who did not return to work during their regular UI entitlement turned to SNAP at higher rates, even if their resorting to SNAP was somewhat delayed by federally extended UI benefits.

The probability of receiving SNAP within one or two years after UI application was estimated in models controlling for UI eligibility requirements, UI entitlement, UI benefit receipt, recent prior interactions with the UI system, and other observable variables.²⁵ The results suggest that SNAP receipt after UI application was higher among those who

- had job separations due to quits or employer discharge,
- were not monetarily eligible for UI,
- exhausted their regular UI benefit entitlement,
- were between the ages of 25 and 44,
- were less educated,
- had recent prior job tenure of three to five years, or

- were separated from employment in the industries of retail trade, hospitality, or health-care services.

There is also evidence that movement into SNAP from UI occurred faster as the recession deepened.

Examination of SNAP receipt rates in each of the four years from 2007 to 2010 showed the same general patterns within each year by degree of UI eligibility and UI benefit receipt, but the SNAP receipt rates for all categories increased each year from 2007 to 2010. During those four years, the SNAP receipt rates increased 50 percent in the 12 months before UI application, about 80 percent in the month of UI application, and about 150 percent in the 12 months after UI application. The biggest jump in all outcome measures was from 2009 to 2010.

For the same period, 2007–2010, there were no differences in rates of SNAP receipt across urban and rural settings, even when considering larger urban areas and counties with smaller cities. Three continuously measured demographic variables were associated with significant variations. SNAP receipt rates decreased steadily with 1) increasing tenure on the prior job, 2) the age of the beneficiary, and 3) the prior earnings level as measured by the level of the UI weekly benefit amount. A surprising finding of the simultaneous program benefit receipt is that among those who received SNAP in the period from one year before UI application to two years after, 28.1 percent of UI beneficiaries in Michigan were at the maximum WBA. This indicates that SNAP usage among UI beneficiaries reached well up into the income distribution during the Great Recession.

It is not surprising that the likelihood of SNAP receipt correlates positively with unemployment duration. Persons who received benefits under the EUC or EB programs were 2.8 and 4.0 percentage points, respectively, more likely to receive SNAP within one or two years of UI benefit application. Regular UI beneficiaries who did not exhaust benefits and presumably reentered employment were 3.5 and 4.4 percentage points less likely to receive SNAP within one or two years compared to EUC and EB recipients, all else being equal.

Simple unadjusted comparisons between UI beneficiaries and nonbeneficiaries suggest that UI receipt reduces the rate of SNAP receipt by about 6 percentage points. Controlling for differences in observable characteristics, the estimated effect is about half as large.²⁶ Simulations estimating that the cut from 26 to 20 weeks' potential UI duration in Michigan would increase SNAP receipt by 2.6 percentage points within two years of UI application suggest that the effect of UI in reducing the flow into SNAP would be diminished, resulting in an increase in federal income replacement responsibilities relative to the states. However, the current federal posture signals a retreat from this responsibility.

CONCLUSION

Genuine hardship was widespread in Michigan during the Great Recession. Families pieced together income from all available sources. SNAP and UI were two sources of income that responded quickly to ease general hardship and help replace income lost from job displacement. For adults not in SNAP-recipient households at the time of UI application, a sizable fraction later turned to SNAP. As the recession progressed, a rising share of new UI applicants were in households already receiving SNAP. The patterns of joint program benefit receipt were similar throughout Michigan cities and towns large and small in both urban and rural areas. Households with incomes well above the lowest levels of the income distribution turned to SNAP in the Great Recession. Even as the numbers of UI recipients declined after the recession reached its depth in 2009, the rates of SNAP receipt continued to rise, including among UI applicants and beneficiaries. The Michigan data suggest a relatively higher rate of households entering UI from SNAP than those entering SNAP from UI. That is, among households using both programs, most were already in hardship and on SNAP before experiencing job separation. The share of all new UI beneficiaries that included someone from a SNAP-recipient house-

hold continued to rise even past the official end of the recession. Thus, as the recession dragged on, new UI recipients included an increasing share of those from food-insecure Michigan households.

In recent years, Michigan has reduced the potential duration of regular UI from 26 to 20 weeks, and the federal government has raised SNAP eligibility requirements and reduced the value of SNAP assistance for all household types. The shorter regular UI duration suggests that a bigger flow from UI to SNAP would occur in a future recession, but the higher SNAP eligibility requirements and lower SNAP benefit levels suggest that not all such applicants will get meaningful food assistance. This chapter has painted a picture of SNAP and UI usage during a severe labor market decline and the early stages of economic recovery. Many questions have been answered, yet many others have been raised: How long did high rates of SNAP and UI overlap persist after 2010? How much did extended UI benefits reduce SNAP benefit payments from what they otherwise might have been? Will the use of SNAP by UI recipients be greater with shorter potential UI durations, and by how much? These and other questions can only truly be answered with new data for the years since 2011.

Notes

1. In 2011, individuals living in households with income at or below 130 percent of the poverty level would be eligible for SNAP assistance if they also satisfied the asset limits. Recipients of Temporary Assistance for Needy Families (TANF) and Supplemental Security Income (SSI) payments also qualified for SNAP. Further eligibility details and asset limits are listed at USDA (2018).
2. Acs and Dahl (2010) estimate that poverty would have reached 25 percent of the households experiencing unemployment, instead of the 20 percent mark that was reached, had federal extended UI benefits not been provided in 2009.
3. Bridges was named in honor of the Mackinac Bridge, a five-mile-long bridge connecting the lower and upper peninsulas of Michigan. The system was rolled out in all 83 Michigan counties between August 2008 and August 2009.

4. The UI monetary eligibility requirement in Michigan depends on the state minimum wage, which has remained at \$7.40 an hour since July 2008.
5. Originally, UI data were used in 2002–2003 to estimate a model of regular UI benefit exhaustion for the Michigan Unemployment Insurance Agency (UIA) as part of the Worker Profiling and Reemployment Services (WPRS) program. This was followed, in 2004–2006, by a state initiative entitled the Value-Added Performance Improvement System (VAPIS), for which statistical models were developed by the Upjohn Institute to adjust performance standards of Michigan workforce agencies. More recent use of Michigan UI administrative data includes Upjohn Institute contracts with the U.S. Department of Health and Human Services (HHS), to investigate links between Temporary Assistance for Needy Families (TANF) and UI (2005–2012).
6. Throughout this analysis, the actual reference date used for UI applicants is the “benefit year begin” (BYB) date of the UI claim, which is the Sunday of the week in which the UI claim was filed. The date of UI application was not part of the UI data extracted. In this text, all references to “UI application,” “filing,” or “start of UI claim” actually refer to the BYB date.
7. Six-month smoothing of UI beneficiary data was done to allow the visual display to illuminate the important changes in activity.
8. The business-cycle dating committee of the National Bureau of Economic Research (NBER) says that the Great Recession started in December 2007 and ended in June 2009 (NBER 2010).
9. Following O'Leary and Kline (2014), the UI inflow data were adjusted to properly compare UI application rates over time and to assess joint UI and SNAP usage. A downward adjustment was necessary because of the availability of recession-related Extended Benefits (EB) and Emergency Unemployment Compensation (EUC) during our period of analysis. For those who exhaust regular UI benefit entitlements and transition to EB or EUC during their original 52-week benefit year, the Michigan UI Agency requires reapplication for regular UI once the original benefit year expires. Since most of these beneficiaries had not worked since before the start of their prior UI application, most could not qualify for a new regular benefit year; they simply continued on EB or EUC. Since these transitional claims did not represent real economic activity but resulted instead mainly from a procedural requirement, I removed them from the sample analyzed.
10. Among all states, Michigan has a relatively high earnings threshold for monetary eligibility, requiring a total of least \$4,307 combined across the two highest earning calendar quarters of the UI base period.

11. This discussion is merely descriptive and assumes comparable characteristics and UI application rates across different eligibility and UI benefit receipt groups. For example, if persons with no prior SNAP benefits who quit or were discharged from employment are less likely to apply for UI benefits and therefore are not part of the sample we observe, the true difference in past SNAP receipt for persons who quit or were discharged from employment compared to fully UI-eligible applicants would be less than what is implied graphically in Figure 8.5.
12. Metropolitan (county) areas included Detroit metro, Ann Arbor, Pontiac, Wayne County, Grand Rapids (Kent), Holland (Ottawa), Muskegon, Kalamazoo, Battle Creek (Calhoun), Jackson, Lansing (Ingham), and Saginaw. Micropolitan smaller cities (counties) included Houghton-Keweenaw, Marquette-Escanaba, Sault St. Marie (Chippewa), Grand Traverse County, Alpena County, Big Rapids–Midland area counties, Allegan County, Shiawassee County, St. Joseph County, and Branch County. Rural areas included other counties throughout the state in both the lower and upper peninsulas of Michigan.
13. As in many states, the UI earnings base period is the first four of the last five completed calendar quarters before the date of UI application. For applicants with insufficient earnings in the standard base period, an alternate base period of the four most recently completed calendar quarters is applied.
14. The Michigan maximum UI weekly benefit amount has been fixed at \$362 since 1983.
15. I also estimate models that exclude persons who had received SNAP benefits in the year prior to UI application. The models include a control variable for receipt of SNAP more than one year prior, along with another for the dollar amount of those prior benefits. There were no significant differences across the models in the values of parameter estimates.
16. All parameter estimates are significant at the 0.01 level in a two-tailed test.
17. This vector of variables representing past SNAP receipt forms an exhaustive list of possible outcomes, which results in the sum of the variables' means equaling 1. Parameters have been estimated for each variable by applying a linear constraint in the estimation process, which requires that the weighted sum of each variable be equal to 0. The weights are the sample mean for each variable. Therefore, the parameter estimates are to be interpreted relative to the dependent variable mean rather than relative to an omitted category, as is often used in ordinary least squares (OLS) estimation. For the amount of the last SNAP payment, persons who did not receive a prior SNAP benefit were assigned the mean value

for those that did receive SNAP prior to UI application. This enables the parameter estimate of the amount of the last SNAP benefit to better reflect deviations from its mean rather than be more of a yes/no indicator of whether SNAP was received in the past.

18. With the estimation starting in 2007, I can reliably measure the first three variables. Beginning in 2008, the variable for the last SNAP benefit occurring 13 to 24 months prior can be measured reliably; however, it is likely that someone entering UI in 2007, whom I have classified as having no prior SNAP receipt, actually received SNAP in 2005 (unobserved) and should be classified as having last received SNAP 13–24 months prior. This “censoring” of data means that the parameter estimates are biased despite showing the expected pattern. Parameter estimates for the full model are reported in O’Leary and Kline (2014, Appendix Table A.1). Results for other parameter estimates are consistent with results presented earlier in this chapter for demographic, location, and UI-eligibility variables.
19. There is a censoring issue here. SNAP participation prior to UI application is based on the SNAP grant amount data, which began in January 2006. For persons applying for UI benefits in January 2007, I have 12 months of data with which to observe prior SNAP benefits. For persons applying for UI in January 2008, that window increases to 24 months.
20. A full set of dummy variables (zero, one) defining an exhaustive partition of categories for an independent variable (e.g., the categories “male” and “female” exhaustively partition the independent variable “sex”) can be included in a regression model if a linear restriction is imposed to force the weighted sum of means of categories within the independent variable equal to 1. The weights are the share of each category within the sample. Parameter estimates on such categorical variables are interpreted relative to the mean effect of the independent variable on the dependent variable.
21. States may have chosen to cut durations rather than benefit levels because the latter action was prohibited under the 2008 Emergency Unemployment Compensation law if states were to continue to receive federal money, while the former was not.
22. The states are Arkansas, Florida, Georgia, Kansas, Michigan, Missouri, North Carolina, and South Carolina.
23. The duration of UI benefits in Michigan is determined as follows: Base period earnings (BPE) must occur in at least two calendar quarters, with the high quarter earnings (HQE) being at least $388.06 \times$ (Michigan minimum wage) (MCL [Michigan Compiled Laws] 421.46). The weekly benefit amount (WBA) = $(0.041 \times \text{HQE})$. The duration of benefits is $(\text{BPE} \times 0.4) / (\text{WBA})$, with the result rounded down to the nearest

half-week. The maximum duration is 20 weeks and the minimum is 14 weeks, except for benefits based on family employment, in which case benefits are limited to 7 weeks.

24. The simulations required models of the probability of SNAP receipt within 12 or 24 months after the UI benefit-year-beginning date on samples of UI beneficiaries. The models estimated are similar to those yielding the parameter estimates presented in Tables 8.6 and 8.7. Models had all the same covariates, except the UI beneficiary variables were replaced by variables for the dollar amount of benefit entitlement (WBA \times maximum weeks payable) and for that dollar amount squared. Additionally, variables for the amount of earnings in the five relevant base-period quarters plus that amount squared were also included. The latter were intended to control for the fact that the higher level of base-period earnings reduced the likelihood of future SNAP receipt. The models were estimated separately on beneficiaries eligible for 26 weeks and beneficiaries eligible for 21 to 25 weeks, and for dependent variables indicating SNAP receipt within 12 months and 24 months. That is, four regression models formed the basis for simulations, assuming beneficiaries eligible for 20 or fewer weeks would not change behavior. The regression models were then evaluated on individual characteristics, with the individual maximum amount of entitled dollars of benefits adjusted downward to be no more than 20 times the WBA.
25. The models also controlled for age, gender, race, education, industry of prior employment, length of time spent on the job immediately preceding UI application, a vector of variables for the year and month of UI application, and county of residence.
26. However, this might be a partial equilibrium result. Leung and O'Leary (2015) find no evidence that UI receipt reduces inflow into SNAP when other elements of the social safety net are included in the analysis.

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Chapter 9

Program Participation in the Show Me State

Missouri Responds to the Great Recession

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In this chapter, we examine the overlap between Unemployment Insurance (UI) and Supplemental Nutrition Assistance Program (SNAP) participation in Missouri using data that include the full universe of the state's participants in both programs. Despite the conservative political swing of the state in recent years, historically Missouri has pursued a policy of facilitating SNAP participation. In the first decade of the century, participation rates were reported to be among the highest in the nation. Even when participation estimates of over 100 percent were revealed as being the result of a programming error, it was clear that the state maintained relatively client-friendly administrative structures, despite the slow adoption of modernized application processes. In many respects, the economy of Missouri is quite representative of the United States as a whole. The timing and extent of the Great Recession there corresponded closely to that of the United States, as did the growth in both SNAP and UI participation. Within this context, we explore issues related to the patterns and timing of joint receipt, the connection between program participation and state economic and political conditions, the characteristics of the recipients, and the effectiveness of the safety net to buffer the impact of the Great Recession.

In Fiscal Year 2012, the Department of Social Services (DSS) in Missouri serviced the fifteenth-largest SNAP caseload in the country—948,000 individuals—accounting for 2.0 percent of the national caseload of 46.6 million participants (USDA 2013). Over the period from 2004 to 2014, the growth in the Missouri SNAP caseload was slower than the growth of the national caseload (which nearly doubled in the period from 2007 to 2013). It was also somewhat slower than in the other five states examined in this volume. Still, the caseload growth was substantial, increasing by just under 50 percent between 2007 and 2011 before experiencing a modest decline. Below, we explore the changing caseload composition, dynamics, and joint participation of UI with SNAP.

In terms of state-specific SNAP policies, Missouri removed the vehicle tests for most families in October 2001,¹ and narrow categorical eligibility became effective in May 2000 (Trippe and Gillooly 2010). Simplified reporting for both expenses and resources was implemented in 2001 (Trippe et al. 2004). However, unlike most states, as of 2012 Missouri had no waiver of the face-to-face interview, did not use call centers, and did not accept online applications. Furthermore, Missouri did not adopt broad-based categorical eligibility, which increased the population eligible for SNAP benefits in states that did adopt the policy.

In contrast to SNAP, during the period of our study, 2007–2011, UI was a less generous program in Missouri than in most other states. In Missouri, monetary eligibility for UI required one of three things:

- 1) Employment in the first four of the past five quarters (the “base period”)
- 2) A total minimum earnings of \$2,250 over this period, with no more than two-fifths of earnings in a single quarter
- 3) Wages received in at least two quarters of the base period and exceeding 1.5 times the Missouri maximum taxable wage base for the year

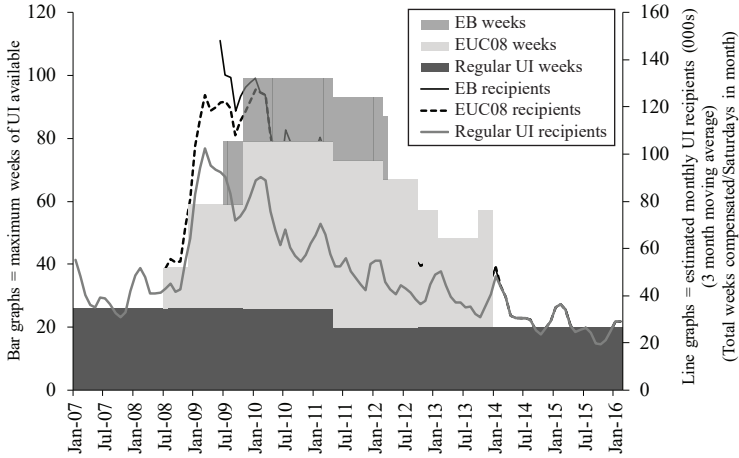
Workers had to have separated from their employers through no fault of their own or to have moved with military spouses. In contrast to many states, separations were not acceptable if they were due to personal or family illness, if they were made because of an unreasonable commute, or for comparable reasons. Missouri did not provide a dependency allowance, and benefits ranged from a minimum weekly level of \$35 to a maximum of \$320—among the bottom fifth of states and the second-lowest outside the states of the old Confederacy. As in most states, the maximum number of weeks of benefits available through the state-funded program was 26 during most of the period of our study, but with federal additions it was extended to a maximum of nearly two years.² Thus, in terms of the SNAP income requirements, UI participants without other sources of income would generally have been eligible for SNAP, although Missouri's SNAP asset limit—corresponding to the federal default allowing a maximum of \$2,000 in liquid funds for most families—would have reduced the number of people eligible.

Figure 9.1 provides information on the maximum weeks of UI benefits available to Missouri UI recipients over the time of our study, as well as an estimate of the number of recipients by month for each program. We see that there was a two-year period when the maximum number of eligible weeks is close to the 99-week maximum and when eligibility exceeded the prior 26-week maximum by a substantial margin for most of our study period. Federal EUC and EB legislation played an important role in increasing the UI caseload, given that more than half of the caseload can be traced to these programs during the period of the study.

DATA

Data used for this project were produced by Missouri's Department of Economic Development as part of the Workforce Data Qual-

Figure 9.1 Total Number of UI Recipients by Program Source and Maximum Weeks of UI Available: Missouri



NOTE: Monthly UI recipients estimated as the total weeks compensated in a month divided by the number of Saturdays in the month.
 SOURCE: Rockey (2015).

ity Initiative, pursuant to funding by the U.S. Department of Labor. The ultimate source for each data set was the Missouri agency charged with maintaining the data for the purpose of administering programs focused on serving residents in the state.

Wage record data, which provide information on quarterly earnings for employees within the state who work for firms covered by UI legislation, were provided by the Missouri Department of Labor and Industrial Relations. The Department of Labor and Industrial Relations also provided comprehensive claims information as well as weekly payment information for the period of our study. Missouri’s Department of Social Services, Family Support Division, provided information on SNAP recipients for each month, identifying both household units and eligible individuals receiving benefits. Benefits were paid on a monthly basis, and any month in which a benefit check was provided to the household is counted as a month of SNAP receipt for each eligible individual in the household.

As in the analyses reported in the other state chapters, core analyses focusing on SNAP use the household as the unit, and the study group is limited to households with eligible recipients aged 18 to 64 at their last birthday. Households are identified as receiving UI based on UI receipt by SNAP-eligible members. However, analyses that consider the universe of UI recipients are based on individuals aged 18 to 64, and, in this case, joint receipt is defined as occurring when an individual is an eligible UI recipient in a SNAP household.³ Our analysis focuses on the period from July 2007 through December 2011.

RESULTS

The discussion of this study's results is divided into four sections:

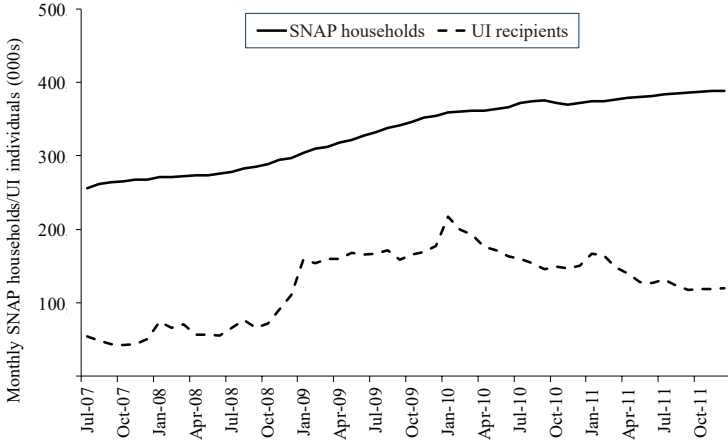
- 1) The overlap between UI and SNAP receipt
- 2) The connection between UI and SNAP take-up and economic development and policy evolution
- 3) Demographic characteristics of SNAP households
- 4) The labor market, UI, and SNAP benefits

Overlap between UI Receipt and SNAP

In this section, we present detailed information about joint SNAP-UI use for the state of Missouri and describe the dynamics of joint receipt. We discuss changes in the characteristics of the SNAP and joint SNAP-UI caseloads over time. With data for the full universe of UI participants in the state, we are able to present statistics on joint participation using the UI caseload as the denominator, providing a picture of joint participation from the viewpoint of the UI system.

As a reference, we begin by presenting in Figure 9.2 the total monthly household SNAP and UI recipients for Missouri from July 2007 to December 2011.⁴ In each month, the SNAP caseload (solid

Figure 9.2 SNAP Households with Recipients Aged 18 to 64 and UI Recipients: Missouri

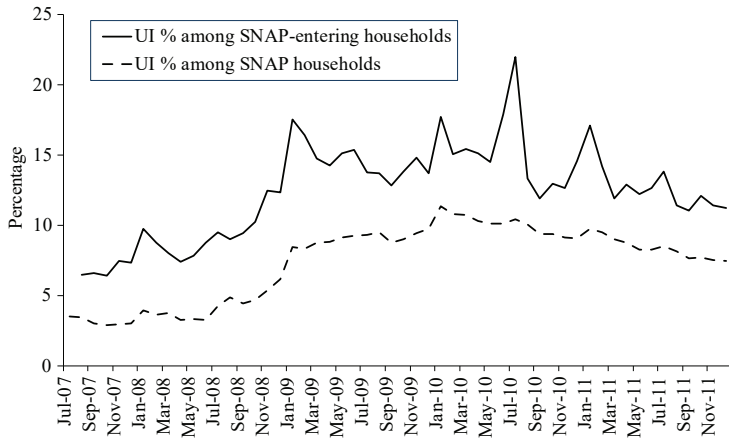


SOURCE: Authors’ computations based on Missouri program administrative data.

line) was much larger than the UI caseload (dashed line); however, both caseloads show a growth of about 150,000 cases to their maximum levels during the observation period. As a consequence, given the much lower base for UI, the caseload growth as a percentage change was much larger for UI than for SNAP. The two programs have very different patterns of growth as well over this period. There was little growth in either program during 2007 and into early 2008. The UI caseload sharply increased in late 2008, reflecting the job loss associated with the financial crisis and federal UI program extensions, while SNAP slowly drifted upward and remained at 2010 levels through 2011. The UI caseload, in contrast, fell nearly continuously from its peak in January 2010.

Among all SNAP households in our sample, joint receipt with UI in Missouri—shown in triangles in Figure 9.3—was very low (3 to 5 percent) through most of 2008. With the onset of the Great Recession, joint participation doubled, peaking at over 10 percent in 2010 before slowly dropping. However, even by the end of 2011, joint partici-

Figure 9.3 UI Receipt among SNAP Households with Recipients Aged 18 to 64: Missouri

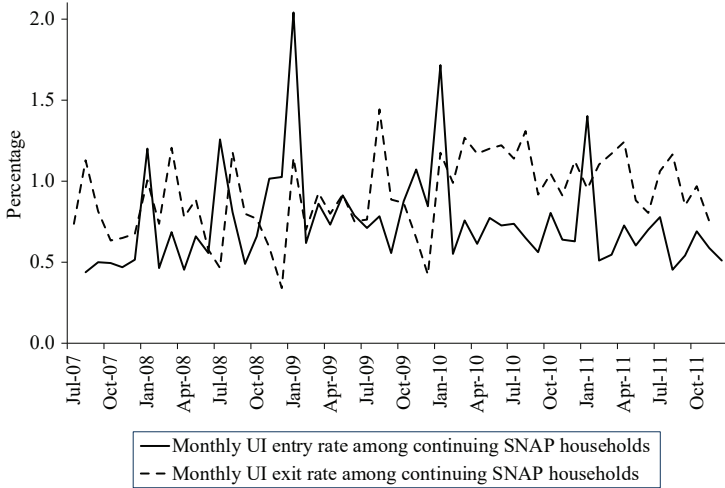


SOURCE: Authors’ computations based on Missouri program administrative data.

pation remained substantially above the original level. Joint receipt with UI among new entrants to SNAP (solid line) was 3 to 5 percentage points higher before the Great Recession than joint receipt for all SNAP households (dashed line), reflecting the fact that many of those who enter SNAP while receiving UI soon exhaust benefits. Although consistently higher than that of the full SNAP caseload, joint participation among new SNAP entrants generally followed a similar pattern to that for all SNAP households, notwithstanding greater noise (Figure 9.3).

Of course, changes in joint participation levels can reflect both the extent to which new SNAP recipients receive UI benefits and the rates of UI entry or exit for SNAP recipients. Figure 9.4 presents the percentage entering and exiting UI each month among continuing SNAP households. Interestingly, for the first year of the study period, exits from UI exceeded entries, reflecting the fact that almost all UI recipients exhausted their available benefits after six months. The percentage of the SNAP caseload receiving UI benefits therefore

Figure 9.4 UI Entries and Exits for Continuing SNAP Households Relative to Total SNAP Caseload: Missouri Households with Recipients Aged 18 to 64

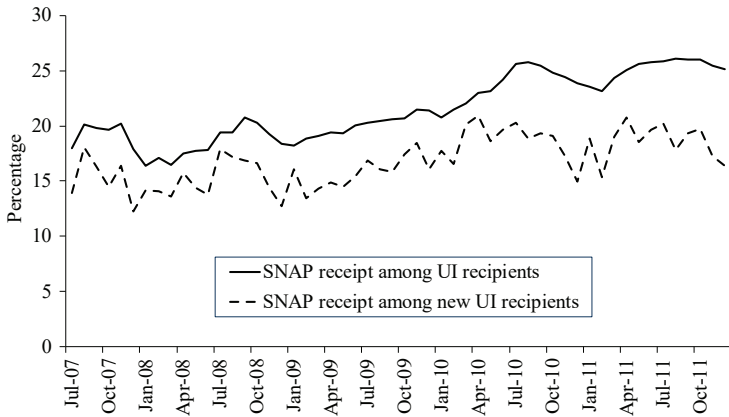


SOURCE: Authors' computations based on Missouri program administrative data.

remained constant due to the replenishment of UI, which stemmed from the high levels of UI receipt among new SNAP entries. Despite some month-to-month variation, entries and exits from UI among continuing SNAP recipients were basically in balance from late 2008 through 2009. Hence, the dramatic growth in UI use observed in Figure 9.3 is due to the high percentage of new SNAP recipients receiving UI. After 2010, the percentage of the SNAP caseload leaving UI was higher than the percentage entering UI among continuing SNAP households. Thus, the mechanism behind the falling joint receipt levels among SNAP households after 2010 was the higher levels of UI exits combined with a decline in the UI receipt of new SNAP entrants.

The statistics presented above suggest that, despite its substantial increase during the Great Recession, joint SNAP-UI receipt was of only modest importance in Missouri. However, viewed in terms of the universe of UI recipients, a different pattern emerges. Figure 9.5

Figure 9.5 SNAP Receipt among Individuals Receiving UI: Missouri

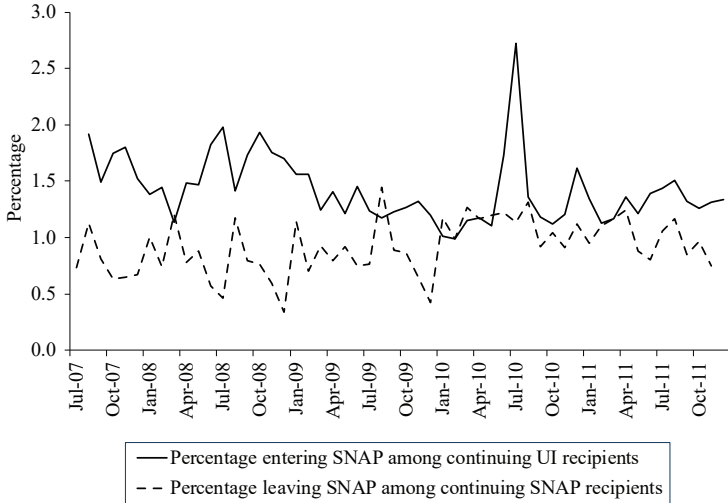


SOURCE: Authors' computations based on Missouri program administrative data.

shows that SNAP receipt among UI recipients was relatively common, with one in five UI recipients receiving SNAP before the Great Recession. This percentage remained at a constant level as the number of UI recipients tripled between the middle of 2008 and early 2010. In 2010, when the number of UI recipients peaked, the proportion of SNAP recipients among UI recipients began to increase, reaching about one in four by the end of 2010 and remaining near that level to the end of our observation period in December 2011. SNAP receipt among new entrants to UI was a few percentage points below that for all UI recipients, since UI recipients often turn to SNAP following extended unemployment. The percentage of new entrants receiving SNAP increased very modestly over our period of observation.

Given that the percentage of new UI recipients receiving SNAP changed relatively little, the primary determinant of growth identified in the upper line in Figure 9.5 would be the relative number of entrants to and exiters from the SNAP program among continuing UI recipients. Figure 9.6 plots the percentage of continuing UI recipients entering and exiting SNAP each month. Among continuing UI

Figure 9.6 SNAP Entries and Exits Each Month for Continuing UI Recipients Relative to Total UI Caseload: Missouri Households with Recipients Aged 18 to 64



SOURCE: Authors' computations based on Missouri program administrative data.

recipients in Missouri, fewer than 1 percent left SNAP each month while still on UI, a number that actually increased over the period of our observation. The initially low level reflects the fact that, prior to the recession, very few UI recipients received UI for more than six months, so most SNAP recipients would have left UI before exiting SNAP. As the recession hit, the length of spells of UI increased dramatically, due partly to the recession but also due largely to federal legislation, which extended UI eligibility to nearly two years. Interestingly, the percentage of UI recipients entering SNAP *declined* slightly over the period.

Taken together, the exit and entry changes do not suggest the reason for the increase in SNAP receipt among UI recipients, since they show that entries exceeded exits prior to the recession but then converged as the recession hit. In fact, the reason for the increase stems from the length of UI spells. When the recession hit, the lengthening

of UI spells meant that a larger proportion of UI recipients experienced extended periods during which they could enter SNAP, and given that entry rates exceeded exit rates, this caused the proportion jointly participating in SNAP and UI to grow. The longer UI spells were a joint result of increased difficulties in obtaining reemployment and the federal extensions in UI eligibility. Given that UI benefits replaced only about two-fifths of prior earnings for a UI recipient in Missouri, an extended period of unemployment would very likely deplete family resources, leading the family to seek SNAP support.⁵

Connection between UI and SNAP Take-Up and Economic Development and Policy Evolution

In Missouri, according to data for 2012, the average duration of UI benefits was 14.9 weeks, which was below the national average of 17.1 weeks. The proportion of recipients exhausting UI benefits in Missouri was almost half (48.7 percent)—very similar to the national average of 47.2 percent (Missouri Department of Labor and Industrial Relations 2014). On the other hand, the unemployment rate in Missouri declined somewhat faster during 2011 than that in the United States, falling to a level of about 7.5 percent, nearly a percentage point below the U.S. average at that point. The return to economic growth has been slower in some states, and, assuming the process of recovery is similar, Missouri's pattern may correspond to what these states will experience as their recoveries blossom.

SNAP participation is directly tied to the economic condition of the state for the able-bodied adults without dependents (ABAWDs) population, who may be required to obtain employment or engage in job search activities as a condition for continued receipt beyond three months in a three-year period. Such restrictions are waived in counties with higher unemployment rates, and states may also choose to exempt a portion of their caseloads from these rules.

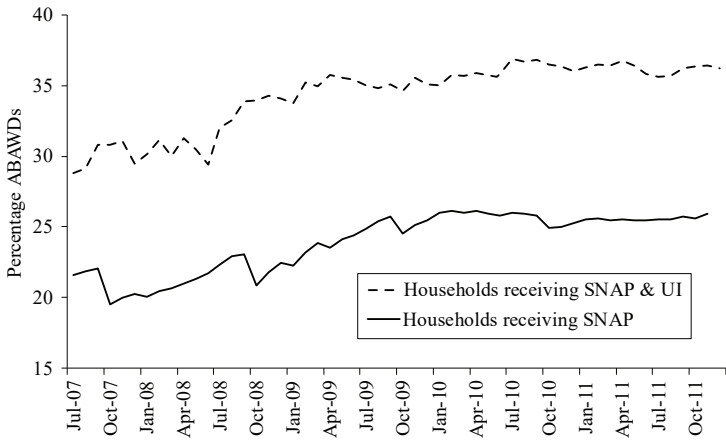
The entire state of Missouri qualified for ABAWD waivers beginning in Fiscal Year 2010 and continuing through the end of our

research window. Prior to that time, in Fiscal Years 2008 and 2009, 28 out of the 114 counties and one independent city qualified as labor surplus areas (USDA 2013). In Figure 9.7, we see that the ABAWD caseload increased during the Great Recession, as one might expect, from a low of 19.8 percent in October 2007 to 26.4 percent in January 2010.⁶ However, the portion of the Missouri SNAP caseload with recipients aged 18 to 64 accounted for by this group remained relatively stable at approximately 26 percent throughout 2010 and 2011. Notably, the increased percentage of SNAP recipients who were ABAWD came after the full-state expansion of the employment and training waivers.

Demographic Characteristics of SNAP Households

In this section, we focus on changes in the characteristics of SNAP recipients in Missouri. Large changes in their composition were clearly visible over the period from July 2007 to December

Figure 9.7 Percentage ABAWD Households, for SNAP Households and SNAP Households with UI Recipients: Missouri Households with Recipients Aged 18 to 64

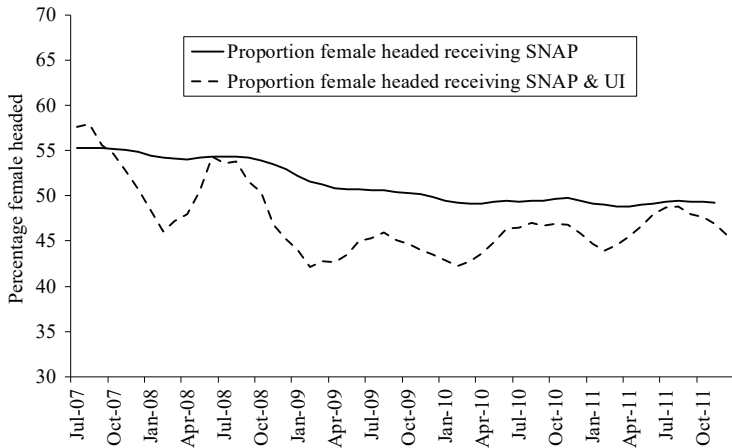


SOURCE: Authors' computations based on Missouri program administrative data.

2011. Whereas the characteristics changed in predictable ways in response to the Great Recession, demographic patterns varied greatly in response to the economic recovery. Below, we present SNAP characteristics by household structure (female-headed versus multiple adults), age of recipients (presence of children or, in a separate analysis, elderly recipients), disability, race, and residence in a nonmetropolitan county. As above, all analyses use a study group limited to households with SNAP recipients aged 18 to 64.

As shown in Figure 9.8, the percentage of all SNAP households with a female head fell by approximately 6 percentage points during the early part of the recession, from around 55 percent in July 2007 to 49 percent in 2010, and remained at that level through 2011. Among the SNAP recipients receiving UI, the decline in the percentage of all households with a female head decreased by somewhat more—approximately 10 to 15 percentage points—although the trend is partly obscured by seasonal effects. Starting at a level of 58 percent

Figure 9.8 Percentage Female-Headed, for SNAP Households and SNAP Households with UI Recipients: Missouri Households with Recipients Aged 18 to 64

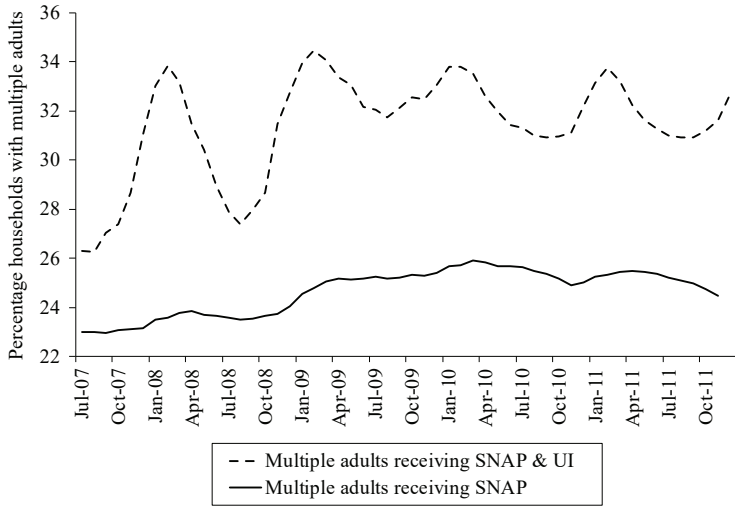


SOURCE: Authors' computations based on Missouri program administrative data.

in July 2007, it declined to 42 percent in February 2009. From there, it increased, though only to a below-prerecession level of 49 percent in August 2011. This pattern is consistent with the rise in the male unemployment rate in Missouri and the increase in the SNAP caseload for ABAWDs. The annual pattern reflects gender differences in unemployment and layoffs across seasons.

In contrast, as shown in Figure 9.9, the percentage of SNAP households in Missouri with multiple adults rose from about 23 percent in 2007 to nearly 26 percent in March 2010. It then began an unsteady decline, though not to its earlier level. While the magnitude of the change overall was quite small (only 3 percentage points), interestingly, this change did not mirror the change in female-headed households during the recovery period. The pattern is slightly different among households receiving both SNAP and UI in that the

Figure 9.9 Multiple Adults, for SNAP Households and SNAP Households with UI Recipients: Missouri Households with Recipients Aged 18 to 64

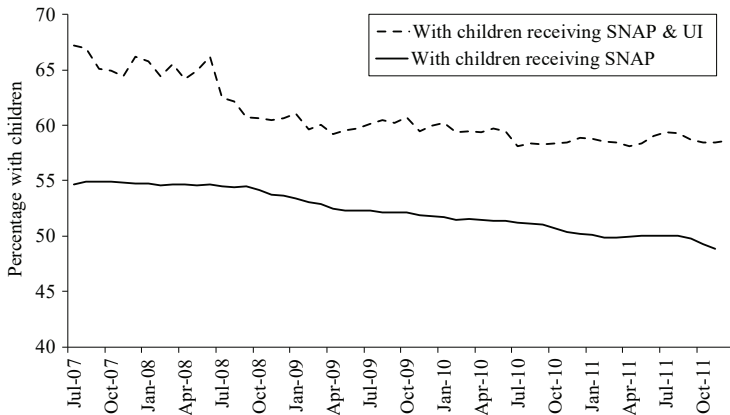


SOURCE: Authors' computations based on Missouri program administrative data.

increase was somewhat greater, starting at 26 percent in July 2007 and increasing, although not steadily, to more than 30 percent by February 2009. There was little change during the recovery period.

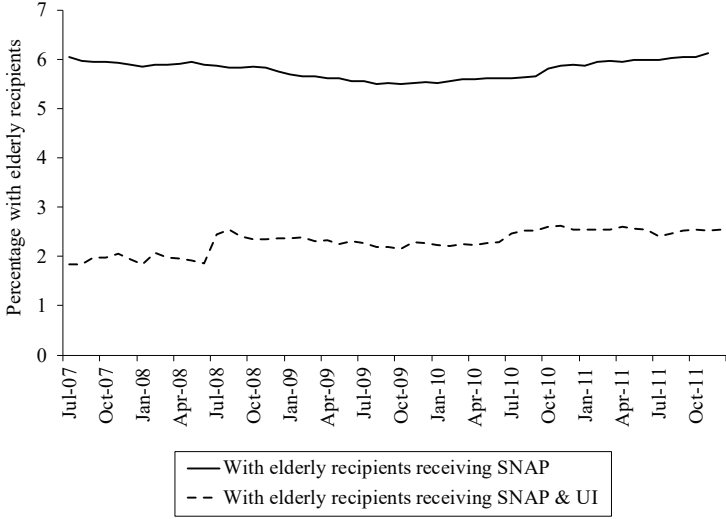
The age distribution of households with recipients aged 18 to 64 in the Missouri SNAP caseload changed dramatically during our observation period, as shown in Figures 9.10 and 9.11. While 55 percent of SNAP households had children in July 2007, the percentage fell at a nearly constant rate to 48 percent in December 2011 (Figure 9.10). SNAP households with UI fell from 67 percent in July 2007 to just over 58 percent in July 2010, and the decline was particularly steep during 2008. In contrast, the percentage of households with an elderly recipient showed a very slight U-shape (Figure 9.11), with less than half a percentage point change over the observation period. The percentage of SNAP households with an elderly recipient receiving UI was quite small and increased slightly over this period, from 1.8 percent in July 2007 to 2.5 percent in December 2011.⁷

Figure 9.10 Percentage with Children, for SNAP Households and SNAP Households with UI Recipients: Missouri Households with Recipients Aged 18 to 64



SOURCE: Authors' computations based on Missouri program administrative data.

Figure 9.11 Percentage with Elderly Recipients, for SNAP Households and SNAP Households with UI Recipients: Missouri Households with Recipients Aged 18 to 64

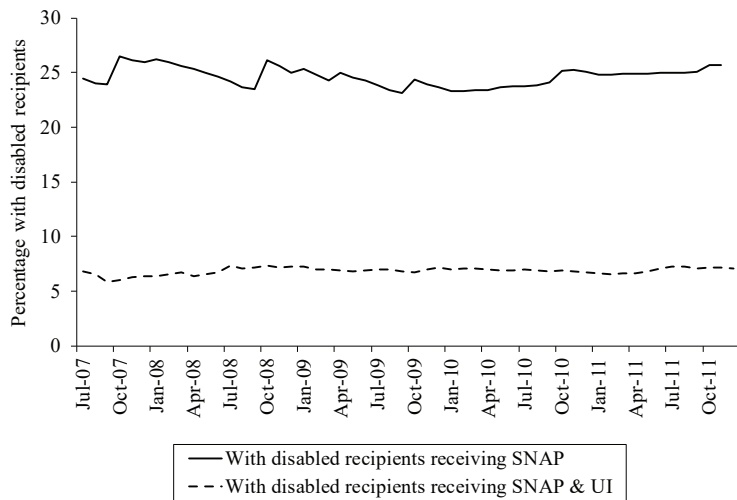


SOURCE: Authors’ computations based on Missouri program administrative data.

The percentage of SNAP households with a disabled recipient, shown in Figure 9.12, fluctuated around 25 percent over the observation period, with a small and noisy downward trend until 2010, approaching a lower bound of 23 percent in 2009–2010. During the beginning of Missouri’s economic recovery in 2011, this percentage gradually moved upward to just above 25 percent. The growth in the number of disabled recipients as a percentage of the SNAP caseload may be the result of able-bodied recipients leaving SNAP at higher rates during the recovery. In contrast, among the SNAP recipients with UI, the percentage of households with a disabled recipient remained fairly close to 7 percent over most of the observation period.

Missouri has a large African American population but is generally less ethnically diverse than the nation as a whole; Hispanics make up a smaller portion of the total population in Missouri than in the United

Figure 9.12 Percentage with Disabled Recipients, for SNAP Households and SNAP Households with UI Recipients: Missouri Households with Recipients Aged 18 to 64

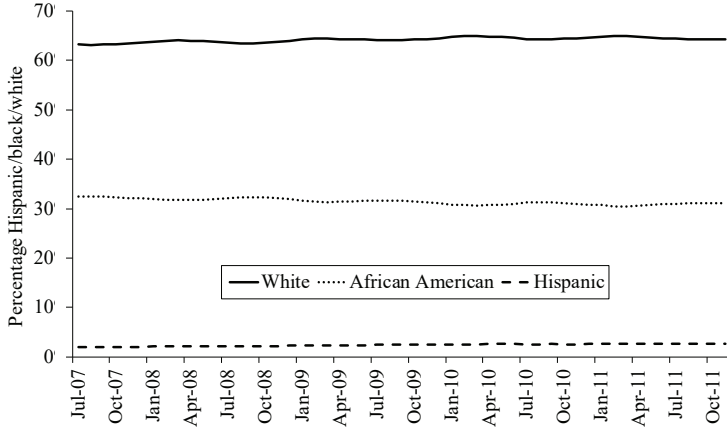


SOURCE: Authors’ computations based on Missouri program administrative data.

States overall. Figure 9.13 demonstrates that there was little change in the racial composition of SNAP recipients, with only a very slight displacement of African Americans by whites, reflecting the relative increase in white joblessness during the recession. The percentage of SNAP households coded as Hispanic continued a long-term trend, increasing by about 0.75 percentage points—small in absolute terms but substantial relative to an initial value of about 2 percent. Among the SNAP recipients receiving UI (Figure 9.14), the basic long-term patterns were the same, although we observe an important seasonal effect, as the percentage of African American recipients increases during the spring and reaches an annual peak in the summer.

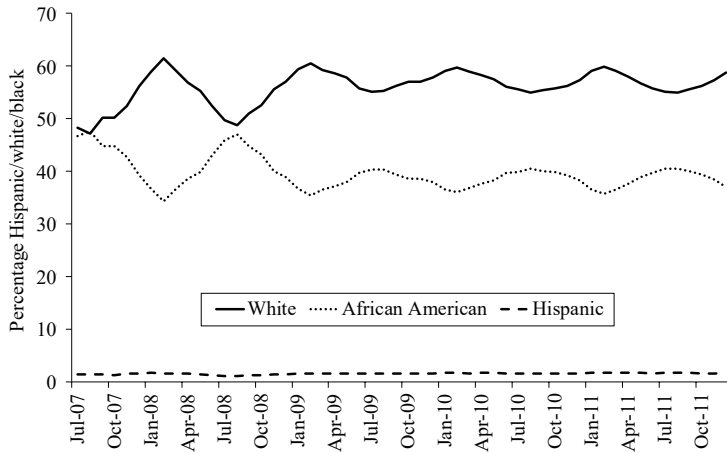
Figure 9.15 shows the percentage of SNAP households living in nonmetropolitan counties. Missouri has two large metropolitan areas—St. Louis and Kansas City—as well as several smaller metropolitan areas, with the rest of the state population living in nonmet-

Figure 9.13 Racial and Ethnic Composition, SNAP Households in Missouri with Recipients Aged 18–64, July 2007–December 2012



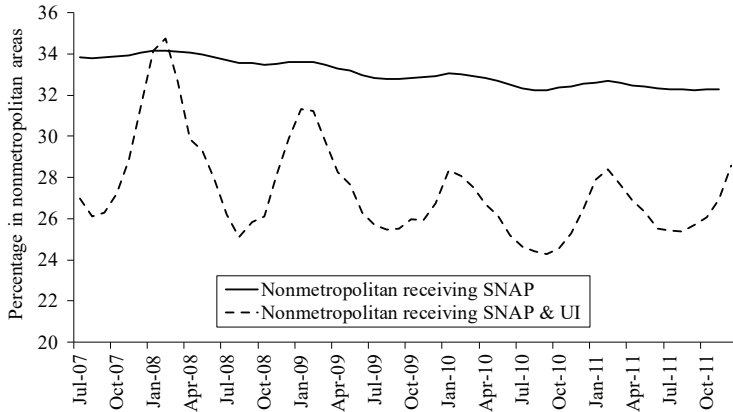
SOURCE: Authors’ computations based on Missouri program administrative data.

Figure 9.14 Racial and Ethnic Composition of SNAP Households with UI Recipient in Missouri with Recipients Aged 18 to 64, July 2007–December 2011



SOURCE: Authors’ computations based on Missouri program administrative data.

Figure 9.15 Nonmetropolitan Areas, for SNAP Households and SNAP Households with UI Recipients: Missouri Households with Recipients Aged 18 to 64



SOURCE: Authors’ computations based on Missouri program administrative data.

ropolitan counties. In Missouri in 2007, approximately one in three SNAP recipients lived in a nonmetropolitan area. The percentage of the total SNAP population living in rural areas declined by approximately 1.5 percentage points from 2008 to 2010 and then remained relatively stable through 2011. Looking at SNAP households with members receiving UI, we see a similar decline, although seasonal cycles (with the nonmetropolitan recipients 4 to 8 percentage points higher in the winter) make the trend harder to identify.

Overall, the characteristics of SNAP recipients in Missouri changed in expected ways due to the recession and the recovery. In some areas, we see responses to the recession and do not observe a return to the prior level in the period of recovery. For example, the percentage of households with female heads, the percentage with children, and the percentage in nonmetropolitan counties declined with the recession, and, in each case, these percentages continue at or below those seen during the recession. In contrast, the decline in percentage of SNAP households with elderly or disabled recipients that occurred when the recession hit reversed itself during the recovery.

Given the dramatic increase in the number of SNAP households that occurred over the period of our study, it is perhaps not surprising that their characteristics changed as well. The decline in female-headed households reflects the fact that the men were disproportionately more likely to experience job loss during the Great Recession. The increase in the share of ABAWDs was partly a response to the suspension of rules limiting ABAWD participation in SNAP. Not only did the Great Recession increase the number of SNAP households, but it clearly changed their composition as well.

The Labor Market, UI, and SNAP Benefits

In this section, we present information to evaluate the relative effectiveness of SNAP and UI in terms of providing financial support to low-income households before, during, and after the Great Recession. Additionally, we provide information about how the connection of SNAP recipients to the paid labor force changed throughout this period. In particular, we present income from earnings, SNAP, and UI by time period, both for the new entrants to SNAP and for those exiting SNAP during the period of our study.

Table 9.1 provides information on income for all new SNAP entrants. This information is organized by calendar quarter, reflecting the structure of our earnings data. New SNAP entrants are defined as those who have not received SNAP in the previous two months. In the earliest time period, September–December 2007 (prior to onset of the recession), 76.5 percent of SNAP entrants continued to receive SNAP benefits through at least the following calendar quarter, and 50.1 percent received SNAP benefits through at least two quarters. The percentage of new entrants receiving SNAP through at least one quarter remained relatively constant over our observation period, implying that very short SNAP spells are not much affected by the recession. In contrast, the percentage receiving SNAP for two or more quarters increased throughout the time period, growing steadily from 50 percent in the first period and reaching 57 percent for those entering SNAP in 2011.

Over half (56 percent) of new SNAP entrants in 2007 were employed (i.e., received some earnings) during the quarter prior to entering SNAP, and this same percentage of entrants were employed in the quarter of SNAP entry. While the percentage of SNAP recipients attached to the labor market declined, approaching 50 percent during the Great Recession, the fact that more than half of entrants had jobs even in the worst period of recession speaks to the strong prior connection of SNAP recipients to the labor market. In fact, the last two columns of Table 9.1 show that positive earnings were quite common among SNAP recipients during the first and second calendar quarters after SNAP entry. Even during the worst period of the recession (2009 and 2010), more than two out of five SNAP recipients were receiving earnings at some point in the quarter.

Comparison of employment and earnings before and after SNAP entry illustrates the decline in labor market prospects for these individuals. Employment rates declined by less than 10 percentage points. But, conditional on employment, earnings declined by much more—approximately one quarter—from an average of around \$4,000 before SNAP entry to around \$3,000 in the quarter of SNAP entry and subsequent quarters. This pattern is similar across the five periods over 2007–2011, underscoring our observation that the recession’s primary impact was on the number of households entering SNAP (compare the first line for each period in Table 9.1). Given that SNAP is available only for those with low incomes, it is not surprising that average earnings for program entrants were not much altered.

As noted above, the level of UI receipt among SNAP entrants increased over our observation period, peaking in 2010 at 17.4 percent in the quarter of SNAP entry (Table 9.1, column 2, panel 4). Additionally, within each year, UI receipt was highest in the quarter of SNAP entry (rather than the quarter before or after SNAP entry), implying that many households took up UI and SNAP in the same quarter. The average value of UI benefits for those households receiving benefits was also highest in 2010, averaging over \$2,000 per quarter. In terms of the value of UI benefits relative to time of SNAP entry, with the

Table 9.1 Sources of Income for New SNAP Households with Recipients Aged 18 to 64: Missouri

	All spells		Spells extending through at least 1st quarter after entry quarter	Spells extending through at least 2nd quarter after entry quarter
	Quarter prior to SNAP entry	Quarter of SNAP entry	1st quarter after entry	2nd quarter after entry
SNAP spells beginning September 2007–December 2007				
No. spells	60,357	60,357	46,179	30,225
% of all spells	100.0	100.0	76.5	50.1
% with any earnings	56.0	56.5	51.1	46.8
Average earnings for households with earnings (\$)	4,014	3,057	3,159	3,015
% with UI benefits	5.0	8.7	8.5	6.8
Average UI benefit for households with benefits (\$)	1,592	1,303	1,831	1,374
Average SNAP benefit (\$)		303	660	644
SNAP spells beginning January 2008–December 2008				
No. spells	195,381	195,381	148,257	100,855
% of all spells	100.0	100.0	75.9	51.6
% with any earnings	55.7	55.4	49.4	43.5
Average earnings for households with earnings (\$)	4,141	3,018	3,315	3,066
% with UI benefits	5.8	11.4	11.5	11.2
Average UI benefit for households with benefits (\$)	1,538	1,582	2,071	2,127
Average SNAP benefit (\$)		363	701	732

SNAP spells beginning January 2009–December 2009				
No. spells	230,555	230,555	182,038	126,581
% of all spells	100.0	100.0	79.0	54.9
% with any earnings	53.9	51.7	46.2	42.3
Average earnings for households with earnings (\$)	4,313	3,141	3,276	3,107
% with UI benefits	9.5	16.5	16.1	14.8
Average UI benefit for households with benefits (\$)	1,964	2,128	2,534	2,442
Average SNAP benefit (\$)		439	835	813
SNAP spells beginning January 2010–December 2010				
No. spells	222,178	222,178	169,223	122,880
% of all spells	100.0	100.0	76.2	55.3
% with any earnings	51.2	50.7	45.9	42.6
Average earnings for households with earnings (\$)	4,210	3,091	3,285	3,207
% with UI benefits	12.5	17.4	15.7	14.0
Average UI benefit for households with benefits (\$)	2,452	2,235	2,339	2,205
Average SNAP benefit (\$)		441	814	812
SNAP spells beginning January 2011–December 2011				
No. spells	220,966	220,966	165,133	125,923
% of all spells	100.0	100.0	74.7	57.0
% with any earnings	51.3	50.5	46.4	43.9
Average earnings for households with earnings (\$)	4,187	3,079	3,335	3,408
% with UI benefits	10.4	14.7	12.8	11.8

(continued)

Table 9.1 (continued)

	All spells		Spells extending through at least 1st quarter after entry quarter	Spells extending through at least 2nd quarter after entry quarter
	Quarter prior to SNAP entry	Quarter of SNAP entry	1st quarter after entry	2nd quarter after entry
SNAP spells beginning January 2011–December 2011				
Average UI benefit for households with benefits (\$)	1,959	1,834	2,111	2,063
Average SNAP benefit (\$)		446	808	815
SNAP spells beginning January 2012–March 2012				
No. spells	51,234			
% of all spells	100.0			
% with any earnings	52.4			
Average earnings for households with earnings (\$)	4,269			
% with UI benefits	9.2			
Average UI benefit for households with benefits (\$)	1,867			

SOURCE: Authors' computations based on Missouri program administrative data.

exception of 2007, the value of UI benefits increased until the first quarter after SNAP entry and remained at about that level, reflecting continuing receipt of UI. In 2007, when few recipients were eligible to receive UI benefits for more than 26 weeks, the drop-off in average UI benefits in the second quarter after beginning SNAP receipt very likely reflects payments that ended during the quarter.

The bottom line in each panel of Table 9.1 indicates SNAP benefits received by households during the quarter. The average value of SNAP benefits was in the range of \$600 to \$800 in each quarter with increases over time, partially reflecting increases in benefit size due to federal legislation. This SNAP benefit average is much smaller than the value of UI benefits (which average around \$2,000) for households who receive UI benefits. We also separated out households receiving both SNAP and UI; their SNAP benefits were similar to those not receiving UI. Hence, UI is much more valuable than SNAP for the families receiving both.

Next, Table 9.2 presents sources of income after completion of SNAP spells. Here, the universe consists of all SNAP spells that end in the given period. Earnings and UI information are provided for the quarter after the quarter in which the SNAP exit occurred. In 2008, 54.2 percent of all SNAP exiters had positive earnings in the quarter following the exit. If SNAP spells are split by duration into short term (three or fewer quarters of receipt) and long term (four or more quarters of receipt), positive earnings are more common among those receiving short-term benefits (55.8 percent) than those receiving long-term benefits (47.2 percent). While the specific levels vary across our observation period, the general pattern is quite consistent, with 2009 standing out as the year when employment was lowest. In contrast, households leaving SNAP who were employed had higher earnings in 2009 than in the other years. Interestingly, for those employed, average earnings were similar for short-term and long-term SNAP recipients.

A surprisingly high percentage of SNAP spells ended while the household continued to receive UI income in the quarter after SNAP

Table 9.2 Sources of Income after Completion of SNAP for Households with Recipients Aged 18 to 64: Missouri

	Quarter after last quarter of SNAP		
	All spells	Spells spanning 3 or fewer calendar quarters	Spells spanning 4 or more calendar quarters
SNAP spells with last SNAP in July 2007–December 2007			
No. spells	82,039		
% of all spells	100.0		
% with any earnings	55.6		
Average earnings for households with earnings (\$)	4,301		
% with UI benefits	4.4		
Average UI benefit (\$)	59		
Average UI benefit for households with benefits (\$)	1,348		
SNAP spells with last SNAP in January 2008–December 2008			
No. spells	166,469	121,376	45,093
% of all spells	100.0	72.9	27.1
% with any earnings	54.2	55.8	47.2
Average earnings for households with earnings (\$)	4,399	4,365	4,359
% with UI benefits	6.4	7.1	6.7
Average UI benefit for households with benefits (\$)	1,742	1,838	1,624
SNAP spells with last SNAP in January 2009–December 2009			
No. spells	173,998	109,277	64,721
% of all spells	100.0	62.8	37.2

% with any earnings	50.8	52.7	45.6
Average earnings for households with earnings (\$)	4,395	4,452	4,255
% with UI benefits	12.5	14.9	8.8
Average UI benefit for households with benefits (\$)	2,473	2,621	1,991
SNAP spells with last SNAP in January 2010–December 2010			
No. spells	206,646	115,508	91,138
% of all spells	100.0	55.9	44.1
% with any earnings	52.0	54.3	47.2
Average earnings for households with earnings (\$)	4,559	4,624	4,451
% with UI benefits	10.8	13.1	8.1
Average UI benefit for households with benefits (\$)	2,218	2,398	1,686
SNAP spells with last SNAP in January 2011–December 2011			
No. spells	206,555	105,208	101,347
% of all spells	100.0	50.9	49.1
% with any earnings	52.6	55.2	46.9
Average earnings for households with earnings (\$)	4,766	4,756	4,699
% with UI benefits	8.9	10.8	7.3
Average UI benefit for households with benefits (\$)	1,969	2,116	1,632

SOURCE: Authors' computations based on Missouri program administrative data.

exit: 12.5 percent in 2009. As might be expected, UI receipt was much higher among short-term SNAP recipients compared to longer-term recipients in each of the years observed. The value of UI benefits received after SNAP exit (for those receiving UI) peaked at \$2,473 per quarter in 2009. While the value of earnings does not vary consistently between short-term and longer-term SNAP recipients, the value of UI benefits was consistently lower among the longer-term SNAP recipients.

In summary, these tabulations confirm that, in Missouri, SNAP recipients were generally strongly connected to the labor market: changes due to the recession in the patterns of earnings for those entering or exiting SNAP are relatively minor. The level of UI receipt and the average benefit contingent on receipt increased during 2009 and 2010, as did the value of SNAP. However, since UI is a much more generous program than SNAP, UI provided a much greater buffer for those households that received it. The overwhelming majority of the SNAP households, however, did not receive any UI benefits.

CONCLUSION

The economy of Missouri largely mirrors the country as a whole in terms of industrial structure, demographic composition, and average income, as well as in the timing of the Great Recession. Patterns of UI and SNAP receipt also correspond to those of the country as a whole, although Missouri's relatively permissive approach to SNAP means participation was somewhat higher than might be expected. In common with most programs, Missouri's UI program experienced substantial strain in the face of the Great Recession, and, following the recession, Missouri joined a handful of states that chose to reduce the number of weeks of eligibility, as it cut the maximum period of benefits to 20 weeks from the previous level of 26 weeks, a level that had been all but universal. Within Missouri's political and economic context, we have documented the changing patterns in joint participa-

tion in UI and SNAP, the changing characteristics of the caseloads, and the relative importance of program benefits and earnings around the point of household participation in these safety net programs.

Notes

1. The federal regulations at the time, which applied prior to passage of Missouri's rules, specified that a vehicle's fair market value below \$4,640 was to be exempted from a household's asset-limit calculations. The rules applied to one vehicle for each adult household member and included various exemptions (see USDA [2002]).
2. In 2011, Missouri reduced the number of regular weeks of benefits from a maximum of 26 to a maximum of 20 (see Figure 9.1).
3. Conventions for coding dates of program participation correspond to those used in other state chapters in this volume.
4. Note that the UI caseload reported in Figure 9.1 differs from that in Figure 9.2 because the former is based on federal figures as well as several approximations (Rockey 2015). Figure 9.2 is based on weekly numbers of UI recipients aged 18 to 64, translated into monthly totals.
5. The U.S. Department of Labor publishes two measures of the replacement ratio. For Missouri, these varied from 35 percent to 43 percent during the period of our study. The replacement rate measures are several percentage points below the U.S. average.
6. ABAWDs are explicitly identified for administrative purposes on the data file we received, and we used this indicator for the tabulations in Table 9.7.
7. Elderly recipients are those aged 60 or older. To be included in our analysis sample, a household must have had at least one eligible recipient aged 18 to 64. Hence, a household would be in our sample and counted as including an elderly recipient if there was at least one individual aged 60 to 64. A household with an individual aged 65 or older would be in our sample only if there were also an eligible individual aged 18 to 64.

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Chapter 10

SNAP and UI as Components of a Joint Safety Net in Texas

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The goal of this chapter is to examine the operation of a two-program safety net for workers in Texas that consists of the combination of unemployment insurance (UI) and the Supplemental Nutrition Assistance Program (SNAP), formerly known as the Food Stamp Program. We try to understand the operation of this joint safety net in part by examining very large data sets consisting of all persons in Texas supported by one or both of these programs over a 12-year period. The goal of discerning the joint safety net's operation can be daunting, but it can be understood as a series of simplifying assumptions. As we progress through the topics in this chapter, it is in some sense a walk through a series of assumptions toward an application at the end, with the hope that we learn a number of things along the way.

We begin this chapter with an overview of the Great Recession's impact on the two safety net programs in Texas. We then convert data on individuals' receipt of program benefits over time into spells. We broaden the definition of spells to include periods of time in which benefits were received from either UI or SNAP, or both; we refer to these periods as *joint safety-net spells*. Next, we classify the voluminous spells in two ways. First, we collapse all joint spells into one of four broad patterns determined by whether the recipients accessed one or both programs, and in what order. Next, we classify spells by looking at the macroeconomic environment in the time period in which the spells occurred. Here we divide our study into three broad periods: 1) prerecession, 2) recession, and 3) jobless recovery. The

first two are likely familiar to most people. The third period, jobless recovery, we define to refer to the period of time between when the recession officially ended and nominal growth began, and continuing as long as the policy of making UI benefits available for extended durations was kept in place. Finally, we illustrate the data by plotting income flows over time for joint safety-net beneficiaries, before, during, and after their use of these programs. We then conclude the chapter by applying these tools to a policy question that Texas is uniquely positioned to answer: what happens to able-bodied adults without dependents (ABAWDs) when they are subjected to varying policies on exemptions from the general rule placing strict time limits on their receipt of SNAP benefits?

THE GREAT RECESSION'S IMPACT ON THE LONE STAR STATE

Texas is the second largest of the 50 U.S. states (after Alaska), with a land area of 261,232 square miles, and the second most populous (after California), with 28,701,845 residents (U.S. Census Bureau 2018). Texas shares an international border with Mexico and has unique geographic and demographic characteristics that in recent years have helped lift its economy. Four factors have driven the growth of jobs in Texas since the late 1980s: 1) rapid population growth resulting from a high birth rate and international immigration; 2) low housing costs and population density due to land availability and lending regulations; 3) abundant oil and gas resources; and 4) its prime location along the Mexican border, which encourages trade and job growth (McNichol and Johnson 2012).

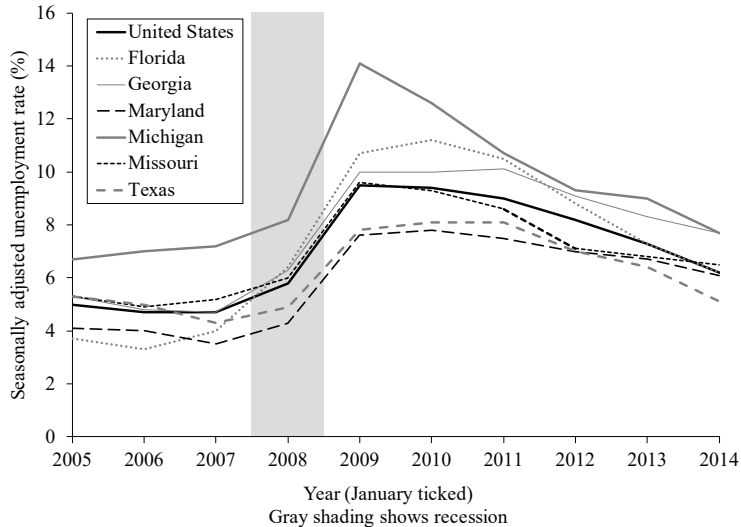
Unemployment in Texas

While the Great Recession officially began in December of 2007 and ended in June of 2009, its impact varied across states, both in

timing and in magnitude (see Figure 10.1). During the Great Recession, the U.S. unemployment rate more than doubled, from an average of 4.6 percent in prerecession 2007 to a peak of 10.0 percent in postrecession 2010. However, increases in the Texas unemployment rate, reflecting a shorter recession and stronger job growth during the recovery, were somewhat subdued relative to those of the nation as a whole. From prerecession rates of as low as 4.2 percent in 2007, the Texas seasonally adjusted unemployment rate doubled to a high of 8.4 percent in 2009 (BLS 2019).

During the recovery, the unemployment rate decreased slowly but steadily in the state and the nation. The Texas seasonally adjusted unemployment rate declined 4.2 percentage points from its peak of 8.4 percent in 2009 and stood at 4.2 percent in April 2015, just below its prerecession average of 4.3 percent in 2007 (BLS 2019). Texas had

Figure 10.1 Monthly Unemployment Rates (seasonally adjusted), 2005–2014



NOTE: Gray shading shows recession.
SOURCE: Federal Reserve Bank of St. Louis.

the second-highest over-the-year job increase (287,000) in the United States during the period from April 2014 to April 2015 (BLS 2015).

Unemployment Insurance in Texas

Prior to the recession in 2007, about 7.6 million U.S. workers who lost their jobs started receiving UI benefits. During the recession, this number increased substantially and peaked at about 14.1 million in 2009 but declined to about 7.8 million workers in 2013. Similarly in Texas, the number of workers who lost their jobs and started receiving UI benefits increased from a seasonally adjusted average of about 280,000 workers in prerecession 2007 to a peak of about 714,000 workers during the recession in 2009, then declined to about 450,000 workers in 2013 (USDOL 2017).

As discussed in an earlier chapter, the total number of UI recipients each year went up during the recession not just because of the increase in the number of new recipients, but also because unemployed workers received those benefits for longer periods. Eligible workers received benefits for longer periods for two reasons: 1) finding work became more difficult and 2) they *could* receive UI benefits for an extended period (CBO 2012). The share of UI recipients in the United States who exhausted their regular benefits, which in most states lasted for 26 weeks, increased from about 36 percent in prerecession 2007 to a peak of about 55 percent during the recession in 2009, and it subsequently fell to 45 percent by 2013. In Texas, the share of UI recipients who exhausted their regular benefits grew from 37 percent in prerecession 2007 to a peak of 60 percent during the recession in 2009 and fell to 49 percent by 2013 (USDOL 2017).

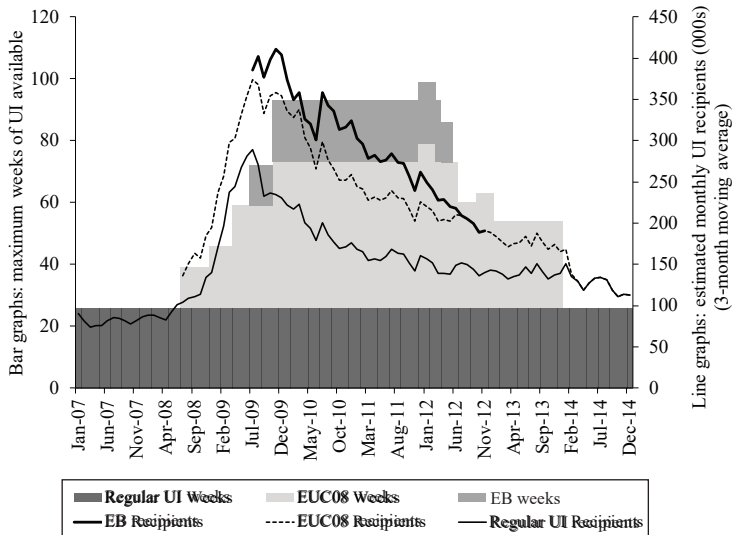
In Texas, three factors influenced the flow of UI recipients: 1) the maximum number of weeks available under the regular UI program remained consistent throughout the time period at 26 weeks, 2) the Extended Benefits program was in place between May 2009 and May 2012, and 3) the EUC program was in place between July 2008 and December 2013. Figure 10.2 presents smoothed estimates of total UI

recipients in Texas with stacked line graphs broken down by program (using data from the Employment and Training Administration’s 5159 Report), along with the stacked bar graphs showing the number of benefit weeks available from each of the three UI programs. The periods during which EUC08 and EB were available overlap closely with the periods in which the 5159 data record recipients in each of those programs.¹

SNAP in Texas

Food security for a household means access by all members at all times to enough food for an active, healthy life. Food-insecure households are those that at times during the year are uncertain of having, or unable to acquire, enough food to meet the needs of all their

Figure 10.2 Texas UI Recipients by Source and Total Maximum Weeks of UI Available

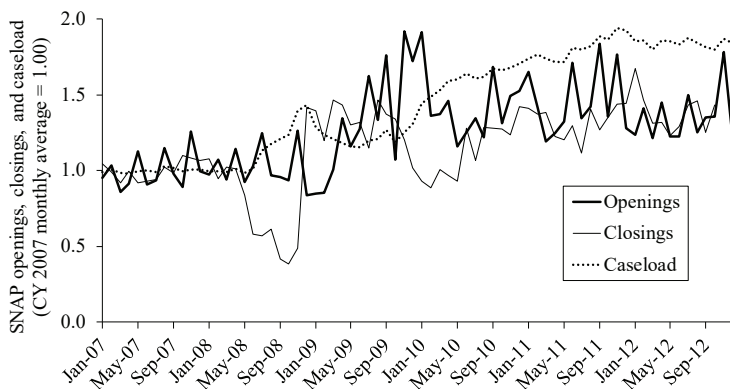


SOURCE: USDOL.

members because they have insufficient money or other resources for food (USDA 2018b). Nationwide, the prevalence of household food insecurity increased from a prerecession rate of 11.0 percent in 2005–2007 to a rate of 14.6 percent during the recession in 2008–2010 (USDA 2018a). In Texas, the household-level food insecurity rate also increased significantly from a prerecession rate of 14.8 percent in 2005–2007 to a rate of 18.8 percent during the recession in 2008–2010 (Coleman-Jensen, Gregory, and Singh 2011). Despite a better economic outlook, the Texas household food insecurity rate was also significantly higher than the U.S. rate during the recession (Coleman-Jensen et al. 2011). And despite the economic recovery, both the Texas and the nationwide household-level food insecurity rates stayed steady in 2011–2013 at recession levels of 18.0 percent and 14.6 percent, respectively (Coleman-Jensen, Gregory, and Singh 2014).

The USDA's food and nutrition assistance programs increase food security by providing low-income households access to food, a healthful diet, and nutrition education. SNAP is the largest of these programs and is a central component of American policy to alleviate hunger and poverty (Cunningham 2016). The program's primary purpose is to increase the food purchasing power of eligible low-income households to improve their nutrition and alleviate hunger and malnutrition (Rosenbaum 2013). As a means-tested program, SNAP is one of the federal government's primary countercyclical programs, expanding during economic downturns and contracting during periods of economic growth. In general, the percentage of the population on SNAP closely tracks the poverty rate and, to a lesser degree, the unemployment rate (Oliveira 2015).

The onset of the Great Recession in Texas in early 2008 (slightly later than in other states) brought a fall in SNAP case closings but no large increase in case openings (see Figure 10.3). On the other hand, late 2009 saw both an increase in openings and a decline in closures, with a consequent surge in the caseload. Again, despite the nominal economic recovery starting in late 2009, SNAP caseloads in Texas

Figure 10.3 Texas SNAP Openings, Closings, and Caseload

SOURCE: USDOL.

continued to increase well after it had formally been declared that the recession had ended. The number of caseloads finally peaked in late 2011.

SAFETY NET SPELLS

In studying the operation of these two safety net programs, the concept of individual spells of receipt is an important simplifying assumption. We define safety net spells in order to characterize individuals' receipt of benefits over time. A spell consists of a relatively continuous period of consecutive months of benefit receipt, with the provision that single months of nonreceipt within a larger spell are smoothed over and counted as a continuing spell.

To test the operation of the joint safety net, we define spells in such a way that they reflect benefit receipt from either program in any given month. Thus, receipt of either SNAP benefits or unemployment benefits in a month is regarded as evidence of spell continuation. We

also smooth over one-month gaps as described above, which effectively means that a spell ends only when one experiences two full calendar months of benefit nonreceipt from both programs.

Patterns of Participation in Joint Spells

When one defines spells based on participation in one program or another, or both, on a monthly basis, looking for patterns can be potentially overwhelming, given that there are tens of thousands of possible combinations of paths taken. We (Schroeder 2011) and our research partners (Heflin and Mueser 2013) have had some success in creating categorization schemes for analyzing such spells, and we have found some interesting patterns in the resulting outcomes data. In retrospect, however, the schemes we used tended to yield too many categories whose usefulness for describing outcomes did not seem to extend much beyond two factors: 1) how the spells started and 2) which components were accessed. Thus, in the interest of parsimony, we have simplified our scheme for categorizing joint participation in SNAP and UI into four patterns:

- 1) The *UI-only* group received only unemployment insurance benefits during the spell.
- 2) The *UI-first* group received both UI and SNAP benefits during the spell, but it received only UI in the first month.
- 3) The *SNAP-first* group received both SNAP and UI benefits during the spell, but it received SNAP in the first month. Members of this group may or may not also have received UI in the first month.
- 4) The *SNAP-only* group received only SNAP benefits during the spell.

Note that the order in which we have described these patterns of joint safety-net use roughly corresponds with the expected relative affluence levels of those likely to exhibit the patterns. Thus, those making use of UI-only benefits were expected to have had the stron-

gest work histories with the highest preprogram earnings. Among those receiving UI first, we expected to see strong workforce attachment and, perhaps for some, a reluctance to apply for food benefits right away that eventually gave way to need. Among those receiving SNAP first, there were likely many working poor, whose earnings are chronically too low to disqualify them from long-term use of SNAP but who at some point lost their jobs and had to access UI as well. Among SNAP-only recipients, most would have been expected to be unemployed or earning too little, too sporadically, to have qualified for UI. Of course, one expects significant variation in income as well as other characteristics in all four of these groups, but the general trends noted here may prove useful in interpreting outcomes based on this classification.

Moving forward, we use this scheme to organize the description of joint safety-net users' characteristics as well as outcomes. While one might expect that the primary interesting results to follow will be those involving recipients in one of the two groups who receive benefits from both programs, UI-first or SNAP-first, it is worth noting that the UI-only and SNAP-only groups also represent little-studied populations. Whereas most studies done on SNAP or UI separately will, knowingly or not, include in their samples recipients of the other program, here we focus on groups that received one benefit to the exclusion of the other.

Characteristics of Joint Safety-Net Recipients

In this section, we present characteristics of joint safety-net recipients broken out by their participation patterns, as defined in the previous section (Table 10.1). We do not attempt to describe the characteristics of joint safety-net participants as a whole, in part because of the heterogeneity among these groups, and in part to facilitate comparison across states, since some states in our group do not have data on the UI-only group. In examining recipient characteristics, we exclude censored spells in order to better frame the work done on spell dura-

Table 10.1 Characteristics of Joint Safety-Net Participants, by Participation Pattern

	UI only	UI first	SNAP first	SNAP only
Demographics				
Age (yrs.)	34.9	39.7	36.9	36.0
Male (%)	58.9	49.9	39.4	45.3
Female (%)	41.1	50.1	60.6	54.7
Black (%)	29.5	32.6	27.2	34.3
White (%)	26.3	29.2	30.9	22.2
Hispanic (%)	41.5	35.0	39.3	39.0
Other race (%)	2.6	3.3	2.6	4.5
ABAWD in current or prior spell (%)	30.6	30.9	33.0	28.2
Earnings history				
Employed 4–6 months prior (%)	75.1	90.3	82.1	37.7
Monthly earnings 4–6 months prior (\$)	2,039.50	2,335.80	1,200.10	484.20
Experienced an earnings dip of at least 20% within prior 8 quarters (%)	41.0	39.0	41.0	29.4
Delay between earnings dip and spell begin (in quarters)	3.6	3.3	4.0	4.6
Dollar amount of earnings dip (in quarterly earnings) (\$)	4,718.10	5,364.10	3,755.50	2,597.00
Earnings dip as a percentage of prior income (%)	72.5	74.9	72.2	80.2

SOURCE: Ray Marshall Center for the Study of Human Resources analysis of Texas SNAP and UI benefits and earnings administrative records data.

tions later. We also restrict our examination to the last spell for each recipient during the time period of the study to ensure that recipients with multiple spells during the time period are counted only once.

The average age of recipients in all four groups was similar, ranging from 35 years in the UI-only group to 40 years in the UI-first group. While the UI-only group comprises mostly men, the distribution of men and women in the UI-first group is even. In contrast, the

SNAP-first and SNAP-only groups are made up mostly of women. The distribution of race across all four groups was similar, with a few notable differences: the proportion of white recipients was lowest and the proportion of black recipients was highest in the SNAP-only group. The proportion of Hispanic recipients was highest in the UI-only group.

We examined whether recipients had ever been an able-bodied adult without dependents (ABAWD) in the current spell or any prior spells and found that the proportion was notably high across all the groups. In the UI-only, UI-first, and SNAP-first groups, about a third of recipients had at one time been classified as an ABAWD; the proportion was slightly lower, at 28 percent, in the SNAP-only group. The experiences of ABAWDs in Texas are examined in greater detail in the final section of this chapter.

We also examined the preprogram employment and earnings history of recipients. A vast majority of recipients in the UI-only, UI-first, and SNAP-first groups were employed in the prior quarter, compared to only a little over a third of recipients in the SNAP-only group. Looking at the average earnings in the prior quarter, we found that recipients in the UI-only and UI-first groups had the highest preprogram earnings, followed by recipients in the SNAP-first group, while recipients in the SNAP-only group had the lowest preprogram earnings. About 41 percent of recipients in the UI-only, UI-first, and SNAP-first groups had experienced an earnings dip (defined as being a dip of at least 20 percent) within the prior eight quarters, whereas only 30 percent of recipients in the SNAP-only group had experienced an earnings dip.

These findings about the earnings histories of recipients support our conjecture that the patterns of joint safety-net use would correspond to the relative affluence levels of recipients. That is, UI-only recipients were likely to have had the strongest work histories, UI-first recipients were likely to have had strong workforce attachment, SNAP-first recipients were likely working poor, and SNAP-only recipients were likely unemployed or earning too little or too

sporadically to qualify for UI. Of course, the patterns discussed here are collapsed across all economic conditions experienced during the study period. In the next section, we dig further to see how patterns of pre- and postspell incomes vary by the macroeconomic conditions in which their spells started.

The Joint Safety Net and the Economy

In this section, we examine joint safety-net spells in terms of the macroeconomic environment in the time period during which the spells occurred. Here we divide our study into three broad periods:

- Prerecession, including spells starting between January 2003 and November 2007
- Recession, including spells starting between December 2007 and June 2009
- Jobless recovery, including spells starting between July 2009 and April 2012²

We defined jobless recovery to refer to the period of time between when the recession officially ended and when nominal growth had begun, and continuing as long as the policy of making UI benefits available for extended durations was kept in place. For Texas, this included either EB or EUC08 benefits, the availability of which finally ceased in December 2013. Although we know of no precedent for treating this final time period separately from other nonrecessionary periods, or periods when the economy is technically growing, this recovery in the face of high unemployment was a relatively new phenomenon, which we felt justified its inclusion as a separate group.

Using this classification, we could examine basic descriptive information on joint safety-net spells of the four types of participation patterns. We then illustrated the data by plotting income flows over time for joint safety-net beneficiaries before, during, and after their use of these programs.

Spell trends

We start by looking at trends in the distribution of new safety-net spells across participation patterns under differing economic conditions. Table 10.2 shows, for each combination, the average number of new spells per month, counting only completed, uncensored spells. As expected, all four types of safety-net spells became more frequent during the recession, as compared to the prerecession period. On the whole, spell starts were 27 percent more frequent during the recession. Somewhat surprisingly, spells overall were even more frequent in the jobless recovery period; however, most of this was due to increased frequency of SNAP-only spells. UI-only spells represented the only

Table 10.2 Spell Counts by Participation Pattern and Economic Conditions

	Number of new spells per month			
	UI only	UI first	SNAP first	SNAP only
Prerecession	9,097	2,991	2,688	61,558
Recession	15,096	7,213	4,380	70,411
Jobless recovery	13,432	7,294	4,354	85,119

SOURCE: Ray Marshall Center for the Study of Human Resources analysis of Texas SNAP and UI benefits and earnings administrative records data.

type that substantially declined in frequency subsequent to the recession. Finally, in confirmation of patterns seen in studies by Schroeder (2007) and Gould-Werth and Shaefer (2014), spells that combined UI and SNAP were more common during the recession (11.9 percent of new spells) than in the prerecession period (7.4 percent). Combined SNAP and UI spells continued to be more common (10.6 percent of new spells) during the jobless recovery period. Thus, the finding that recipients were more likely to combine SNAP and UI benefits during recessionary periods appears to be robust, and the tendency extends to the jobless recovery period as well.

Next, we examine the durations of joint safety-net spells. Table 10.3 shows average spell durations occurring in each of the four participation patterns, broken out by the macroeconomic conditions

Table 10.3 Spell Durations (in months) by Participation Pattern and Economic Conditions

	UI only		UI first		SNAP first		SNAP only	
	Spell duration	6-month recidivism	Spell duration	6-month recidivism	Spell duration	6-month recidivism	Spell duration	6-month recidivism
Prerecession	3.6	21%	12.8	28%	27.6	45%	10.8	29%
Recession	6.0	32%	17.3	33%	24.0	50%	10.0	36%
Jobless recovery	5.7	28%	14.0	31%	17.3	47%	8.7	38%

SOURCE: Ray Marshall Center for the Study of Human Resources analysis of Texas SNAP and UI benefits and earnings administrative records data.

under which the spell started. Note first of all that UI-only spells were by far the shortest. Averaging 3.6 months prior to the recession, these spells nearly doubled in length during the recession, then remained nearly as long during the jobless recovery period. UI-first spells followed a similar pattern. Recall that people in this group received UI only in the first month, then also received SNAP later during the same spell, so their spells were understandably longer than UI-only spells. Safety-net spells among those receiving UI first averaged nearly 13 months prior to the recession, rose to over 17 months during the recession, and dropped back to 14 months in the jobless recovery period.

Whereas the UI-only and UI-first patterns followed standard economic expectations of safety-net utilization by workers over a recession-and-recovery cycle, spell durations among those receiving SNAP first were more peculiar. In this group, the longest spells, averaging over 27 months, occurred during the prerecession period, while SNAP-first spells during the recession were shorter at 24 months, and jobless recovery spells were shortest at 17 months. SNAP-only spells were considerably shorter than SNAP-first, but they followed a similar pattern, getting progressively shorter—from the prerecession, to the recession, to the jobless recovery period. While these patterns might seem to make little sense given the macroeconomic conditions, we may see in the next section how these could be interpreted

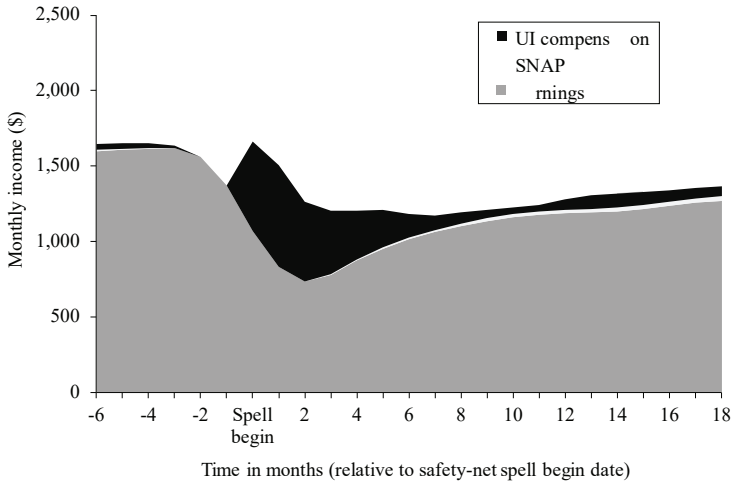
in terms of changes in the characteristics of the population utilizing the benefits.

Income flows

Next we examined income flows over time by plotting average monthly income totals from three sources, beginning six months prior to the beginning of the joint safety-net spell and continuing for 18 months subsequent to the begin date. This type of chart stacks the income totals so one can readily grasp the relative contributions from each source, as well as the total across income sources, at each point in time. Incomes plotted include unemployment insurance benefits, summed across weekly payments to the calendar-month level; SNAP benefits provided; and monthly earnings as estimated from quarterly UI-reported income. In interpreting these charts, it is important to keep in mind that, for example, at any given point beyond the spell begin date, some safety-net spells are still ongoing and some have ended, and we are looking at the average across all of them. Moving still farther to the right on the chart, one finds that some have even restarted new spells. By taking the average across individuals, we can get an idea of the group tendency of continuing reliance on benefits and potentially increasing earnings as time progresses.

UI only. Figure 10.4 shows income flows over time for UI-only safety-net participants prior to the recession. This shows the unemployment insurance program as it operates in normal, expansionary economic times. Note how earnings levels, which earlier had averaged around \$1,600 per month, began to dip several months before the safety net was accessed. This is a clear illustration of the earnings dip phenomenon first noted by Ashenfelter (1978). From Table 10.3, we know that the average duration of safety-net spells is 3.6 months among UI-only recipients in the prerecession period. And from Figure 10.4, it is evident that average earnings reached a nadir relatively quickly, about two months after the spells started, then began recovering toward prior levels.

Figure 10.4 Income by Source, UI Only, Prerecession



SOURCE: Ray Marshall Center for the Study of Human Resources analysis of Texas SNAP and UI benefits and earnings administrative records data.

As an aid to better quantifying the earnings patterns we observe in these charts, Table 10.4 displays the average earnings for selected pre- and postspell intervals. This table estimates baseline earnings from four to six months prior to the safety-net spell beginning, for the most part omitting the earnings dip from this estimate. Follow-up earnings are estimated 16 to 18 months after the spell started, regardless of whether the spells had been completed or not, as a way to compare outcomes across categories with spells of varying durations. Thus, we see that UI-only recipients in the prerecession period managed to regain 78 percent of their former earnings levels after one-and-a-half years. Again, this illustrates the UI program operating as designed during economic expansion, helping workers with short-term cash flow after they lose their jobs, until they can get back on their feet.

Next, we examine the joint safety-net spells of UI-only recipients that started during the recession. Recall that their spells averaged six

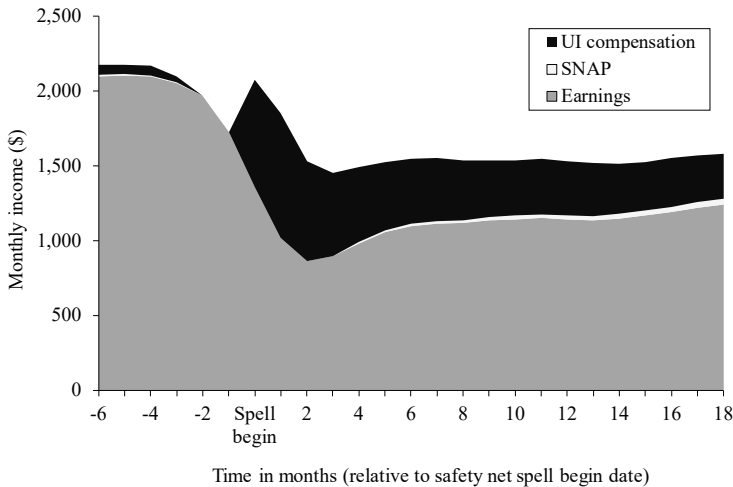
Table 10.4 Earnings Trends, UI-Only Group

	Monthly earnings 4 to 6 months prior (\$)	Monthly earnings 16 to 18 months post (\$)	% of earnings regained
Precession	1,605	1,253	78
Recession	2,099	1,217	58
Jobless recovery	1,991	1,465	74

SOURCE: Ray Marshall Center for the Study of Human Resources analysis of Texas SNAP and UI benefits and earnings administrative records data.

months in duration, substantially longer than prior to the recession. Figure 10.5 illustrates the income flows over time. While the general trends were similar to those in the prerecession chart, two important differences emerge. First, the average prespell earnings were significantly higher, averaging almost \$500 a month more than those of prerecession UI-only spells. This strongly suggests that a shift in the population accessing these benefits occurred in response to the

Figure 10.5 Income by Source, UI Only, during Recession



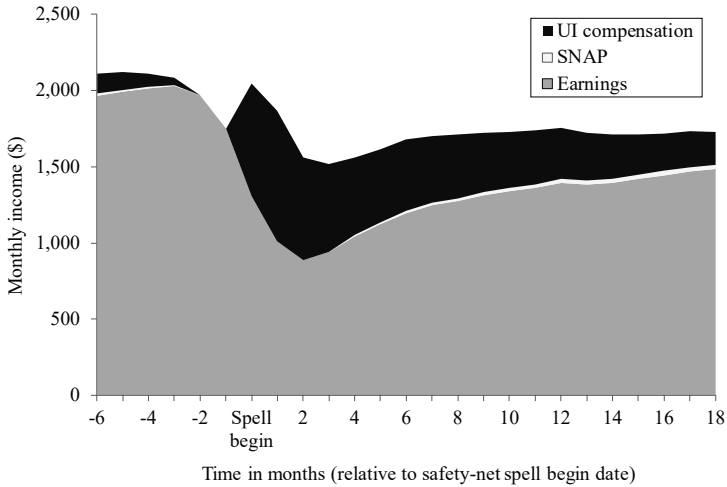
SOURCE: Ray Marshall Center for the Study of Human Resources analysis of Texas SNAP and UI benefits and earnings administrative records data.

recession, so that UI-only recipients during the recession come from higher-earning backgrounds.

Second, we find that a year and a half after their spells started, recipients regained a smaller share of their prior income (58 percent) compared to those recovering from prerecession spells (78 percent). Since these figures reflect unconditional earnings, they represent a combination of employment and earnings effects. Thus, we may conclude that UI-only recipients during the recession either were less likely to have regained employment or did so at reduced earnings rates subsequent to their safety-net spells.

Next, we examine joint safety-net spells of UI-only recipients that started during the jobless recovery period, the income flows for which are illustrated in Figure 10.6. One has to look carefully to confirm that Figure 10.6 is different from Figure 10.5. In fact, the statistics reveal them to be quite similar. Jobless recovery UI-only spells averaged

Figure 10.6 Income by Source, UI Only, Jobless Recovery



SOURCE: Ray Marshall Center for the Study of Human Resources analysis of Texas SNAP and UI benefits and earnings administrative records data.

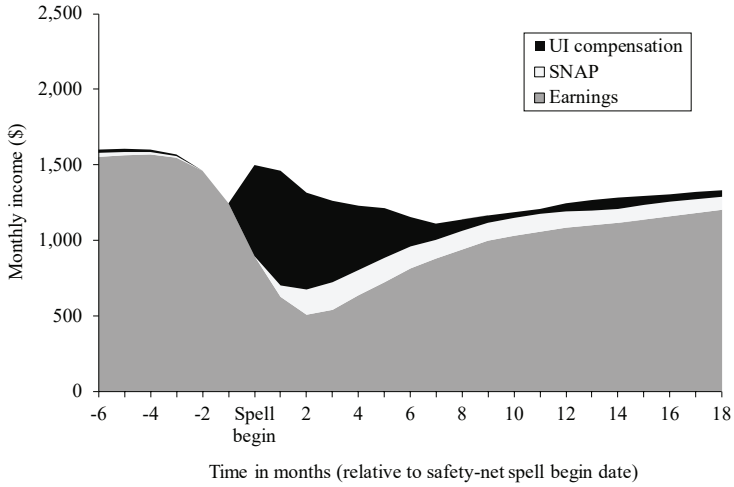
5.7 months in duration, as compared to 6.0 months for recessionary spells, and their prespell earnings were similarly high, suggesting that the trend of previously higher-earning recipients continued into the jobless recovery period. One difference, however, is that jobless recovery UI-only recipients did manage to regain a higher percentage of their former incomes, which, at 74 percent, is more in line with the 78 percent seen for prerecession spells.

UI first. Having explored UI-only recipients' experiences under all macroeconomic conditions, we now turn our attention to the joint safety-net spells of those who receive UI first. Recall that recipients in this group receive UI exclusively in the first month but later receive SNAP as well during the same spell. We saw earlier (Table 10.3) that UI-first recipients had safety-net spells that were three to four times longer in duration than their UI-only counterparts. Indeed, UI-first recipients in the prerecession period received benefits for an average of 12.8 months, as compared to 3.6 months for similar UI-only spells. Figure 10.7 shows income flows for UI-first recipients among spells starting before the recession. Note that, despite the longer durations, the pattern generally resembles the income flow charts for the UI-only group, with the strong earnings dip that is reasonably well filled with unemployment compensation benefits. One clear difference is that SNAP benefits make a substantial contribution to income throughout the recovery period.

Table 10.5 lists measures of pre- and postspell earnings for those experiencing UI-first safety-net spells. The pattern generally follows that of UI-only recipients. UI-first recipients in the prerecession period averaged \$1,560 per month, and despite their longer spells, they had recovered 76 percent of the prior earnings a year and a half after their spells started.

Next, in Figure 10.8 we examine the income flows for UI-first recipients in spells starting during the recession. Again we see the familiar pattern of a large earnings dip, with earnings reaching a nadir several months after the spells began. As before, we also see higher

Figure 10.7 Income by Source, UI First, Precession



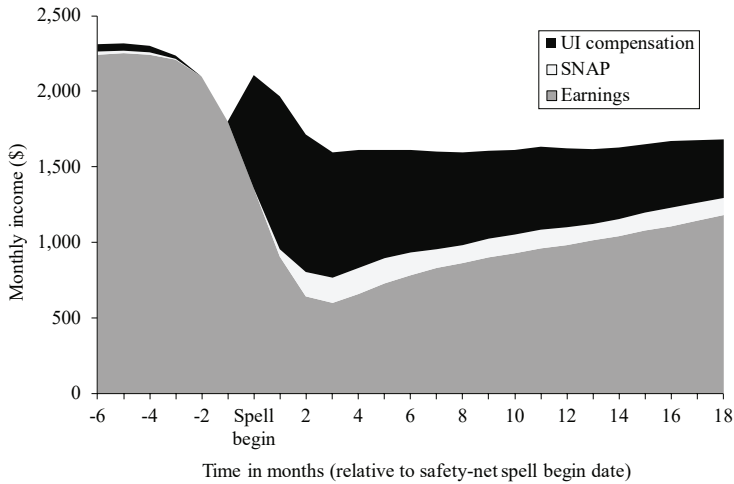
SOURCE: Ray Marshall Center for the Study of Human Resources analysis of Texas SNAP and UI benefits and earnings administrative records data.

average prior earnings, as compared to prerecession spells, again confirming that the recession brought higher earners into contact with the safety net. A major difference this time is the large and continuing contribution of UI compensation to income over time, which continues at a high level to the edge of the chart. At month 18, this is near the limit of UI benefit durations for one spell (see Figure 10.2), so it is

Table 10.5 Earnings Trends, UI-First Group

	Monthly earnings 4 to 6 months prior (\$)	Monthly earnings 16 to 18 months post (\$)	% of earnings regained
Prerecession	1,560	1,179	76
Recession	2,246	1,144	51
Jobless recovery	2,174	1,305	60

SOURCE: Ray Marshall Center for the Study of Human Resources analysis of Texas SNAP and UI benefits and earnings administrative records data.

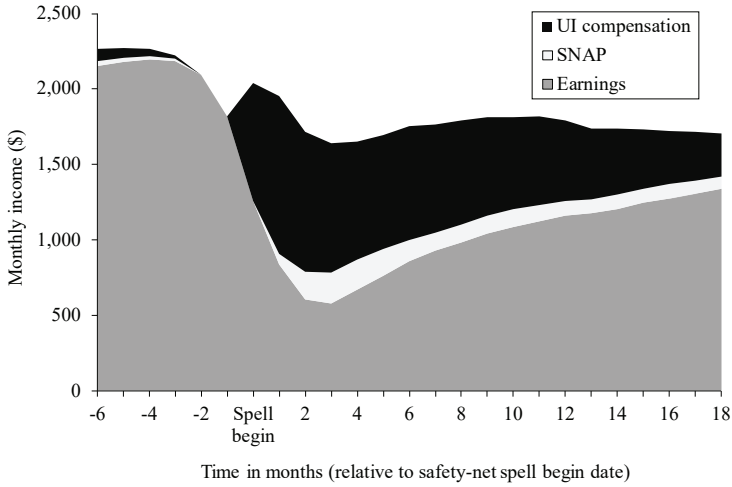
Figure 10.8 Income by Source, UI First, during Recession

SOURCE: Ray Marshall Center for the Study of Human Resources analysis of Texas SNAP and UI benefits and earnings administrative records data.

likely that this high usage of UI benefits so long after the spells began reflects a combination of both long UI spells and recipients cycling back into UI from another job loss. Table 10.5 confirms that members of this group had regained only 51 percent of their prior earnings after one-and-a-half years.

Next, we examine those using UI first whose safety-net spells started during the jobless recovery. Recall that safety-net spells among those receiving UI first average nearly 13 months prior to the recession, over 17 months during the recession (Figure 10.8), and 14 months in the jobless recovery period. Thus, the UI-first recipients in Figure 10.9, whose spells started in the jobless recovery, continued to rely on the safety net for most of the follow-up period displayed. And again, the income-flow patterns strongly resembled those who received UI first during the recession, with UI compensation making a large and continuing contribution toward closing the income

Figure 10.9 Income by Source, UI First, Jobless Recovery



SOURCE: Ray Marshall Center for the Study of Human Resources analysis of Texas SNAP and UI benefits and earnings administrative records data.

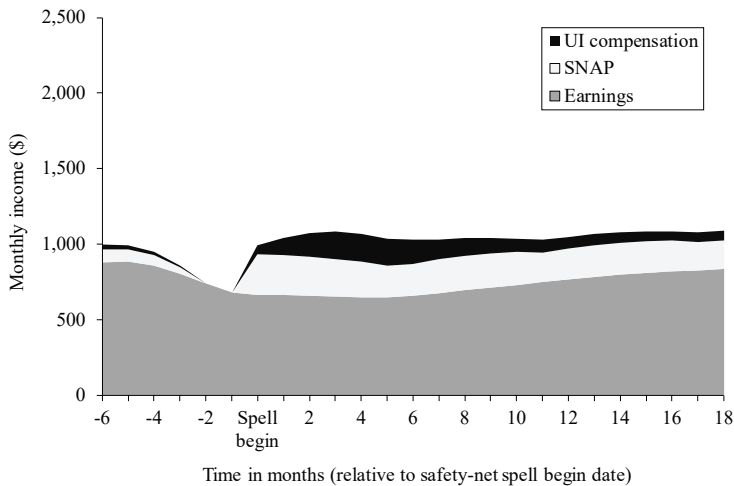
gap, even a year and a half after the spell started. Visual examination suggests that earnings recovery may have been swifter in the jobless recovery period, but ultimately those receiving UI first in the jobless recovery regained only 60 percent of their prior income levels.

SNAP first. Next, we turn our attention to the third joint safety-net participation pattern, SNAP first. Recall that this group consists of those receiving SNAP in the first month of their safety-net spell while also receiving UI benefits either in the first month or later in the spell. As noted earlier in Table 10.3, spell durations among those receiving SNAP first were the longest of all groups, and they took on a peculiar pattern. The longest spells among SNAP-first recipients, averaging over 27 months, occurred during the prerecession period, while SNAP-first spells during the recession were shorter at 24 months and jobless recovery spells were shortest at 17 months.

Figure 10.10 shows income flows for those receiving SNAP first whose safety-net spells began prior to the recession. Note first of all that all the income flow charts are scaled the same, so that differences in average income levels are readily apparent. One striking feature of Figure 10.10 is that prespell earnings were quite low, averaging under \$900 per month, well below any seen for those spell patterns starting with UI. The other striking feature is that the earnings dip was present but shallow and quite gradual in comparison to UI-only and UI-first spells, and the same was true for the recovery period. Recall that safety-net spells for this group averaged more than 27 months in duration, so most were still ongoing beyond the time covered by the chart.

Table 10.6 shows earnings trend statistics for those experiencing SNAP-first safety-net spells. Here we see that for the SNAP-first group utilizing the joint safety net prior to the recession, the combination of a gentle earnings dip and slow but steady earnings recovery

Figure 10.10 Income by Source, SNAP First, Prerecession



SOURCE: Ray Marshall Center for the Study of Human Resources analysis of Texas SNAP and UI benefits and earnings administrative records data.

Table 10.6 Earnings Trends, SNAP-First Group

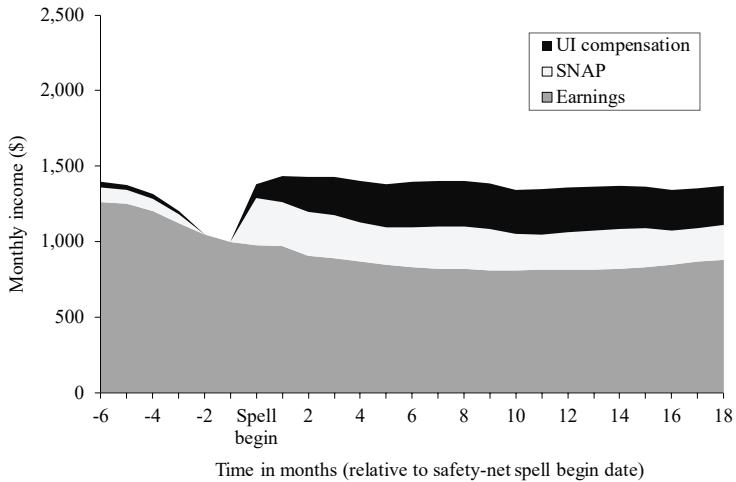
	Monthly earnings 4 to 6 months prior (\$)	Monthly earnings 16 to 18 months post (\$)	% of earnings regained
Precession	875	828	95
Recession	1,238	865	70
Jobless recovery	1,156	961	83

SOURCE: Ray Marshall Center for the Study of Human Resources analysis of Texas SNAP and UI benefits and earnings administrative records data.

resulted in their regaining 95 percent of their prior earnings. This statistic would be more impressive if their earnings had not been so low to begin with. Altogether, this pattern suggests that prior to the recession, those receiving SNAP first tended to be working but poor, whose low earnings made them chronically eligible for SNAP assistance.

Figure 10.11 shows income flows for those receiving SNAP first whose safety-net spells started during the recession. The average

Figure 10.11 Income by Source, SNAP First, during Recession

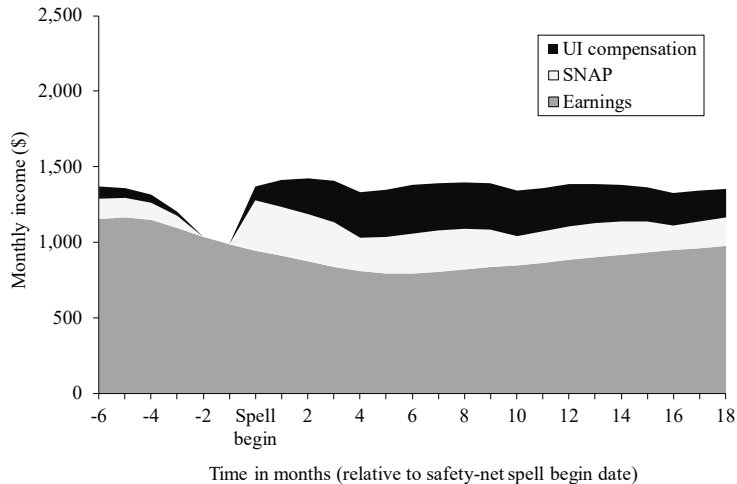


SOURCE: Ray Marshall Center for the Study of Human Resources analysis of Texas SNAP and UI benefits and earnings administrative records data.

safety-net spell for this group was over 24 months, so most spells persisted beyond the period covered by the chart. The fact that those receiving SNAP first during the recession had shorter spells (24 months) than those receiving SNAP first prior to the recession (27 months) is probably best explained by a shift in the composition of this group in the direction of more income. Indeed, prior earnings averaged over \$1,200 per month among those receiving SNAP first during the recession, 40 percent higher than their prerecession counterparts. Despite their higher prior earnings, the income flows suggest little or no income recovery over the safety-net spell, combined with a continuing high reliance on both SNAP and UI for replacing lost income.

Income flows for those receiving SNAP first in the jobless recovery period are illustrated in Figure 10.12. Continuing a theme from recipients of UI-only and UI-first spells, we find once again that

Figure 10.12 Income by Source, SNAP First, Jobless Recovery



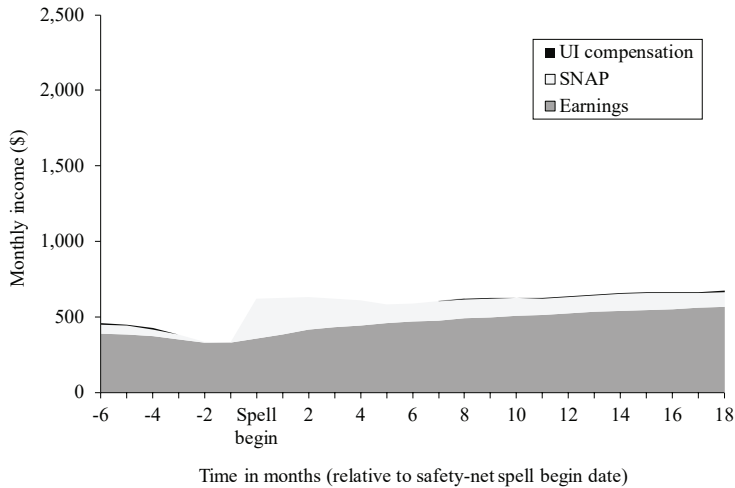
SOURCE: Ray Marshall Center for the Study of Human Resources analysis of Texas SNAP and UI benefits and earnings administrative records data.

income flows among SNAP-first recipients in the jobless recovery period are almost indistinguishable from recipients whose SNAP-first spells started during the recession. The jobless-recovery SNAP-first recipients did manage to end their spells sooner than other SNAP-first spells, averaging 17 months, but this was still at least as long as any other group we studied.

Overall, the differences we observed between those receiving UI first and those receiving SNAP first are quite dramatic for two groups whose members made use of the same benefits. Consider that the major difference between these two groups was timing. The UI-first group started with UI and for whatever reason delayed their use of SNAP benefits by a month or more. In contrast, those using SNAP first sought these benefits at least as early as they sought UI benefits, if not earlier. That we observe such major differences in their spell durations and eventual outcomes makes a strong argument for the classification system presented here and maintaining a distinction between SNAP first and UI first. Consider the alternative: one large group of those who combine SNAP and UI benefits, regardless of order, would be quite a heterogeneous group. Such a classification system would not offer much predictive value.

SNAP only. Finally, we consider the group of safety-net participants who made use of SNAP benefits exclusively during their spell, a group we refer to as *SNAP only*. While a small subset of this group may have had experience with UI benefits during the interval over which we followed them, they did not utilize UI during the spell on which we focus here. As noted in the discussion of Table 10.3, SNAP-only spells are considerably shorter than SNAP-first spells, but they follow a similar pattern, getting progressively shorter in duration from the prerecession (10.8 months) to the recession (10.0 months) to the jobless recovery period (8.7 months).

Figure 10.13 illustrates income flows among those using SNAP-only prior to the recession. In comparison to all the income flow charts seen thus far, the striking features here are very low earnings

Figure 10.13 Income by Source, SNAP Only, Prerecession

SOURCE: Ray Marshall Center for the Study of Human Resources analysis of Texas SNAP and UI benefits and earnings administrative records data.

throughout the period, with little or no detectable earnings dip prior to the start of the safety-net spell. In fact, it is difficult to tell from these data what the precipitating event for the safety-net spell may have been. It is possible that some utilizing the SNAP-only safety net were employed in ways not observable to the UI system, such as uncovered industries or informal work arrangements. In any case, there was apparently little documentable income in this group.

Table 10.7 shows earnings statistics among those receiving SNAP only. Among those receiving SNAP only before the recession, prior earnings were so low (\$383 per month) that there was almost no way to go but up. Thus, they regained 146 percent of their earnings but still earned a paltry \$560 per month a year and a half later.

Next, we examine income flows among those using SNAP only with a spell starting during the recession. Figure 10.14 shows this group to have had slightly higher earnings, consistent with ear-

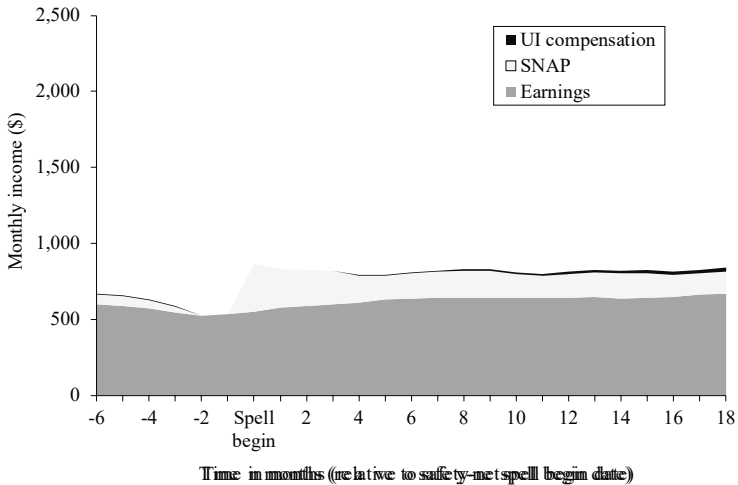
Table 10.7 Earnings Trends, SNAP-Only Group

	Monthly earnings 4 to 6 months prior (\$)	Monthly earnings 16 to 18 months post (\$)	% of earnings regained
Precession	383	560	146
Recession	585	659	113
Jobless recovery	507	718	142

SOURCE: Ray Marshall Center for the Study of Human Resources analysis of Texas SNAP and UI benefits and earnings administrative records data.

lier findings showing those with higher historical earnings utilizing safety-net programs during the recession, but this effect was more muted among SNAP-only recipients. Arguably the effect in this group was limited because of the additional UI eligibility that accrued to those with higher earnings, which would tend to make them more likely to utilize benefits in the SNAP-first pattern instead.

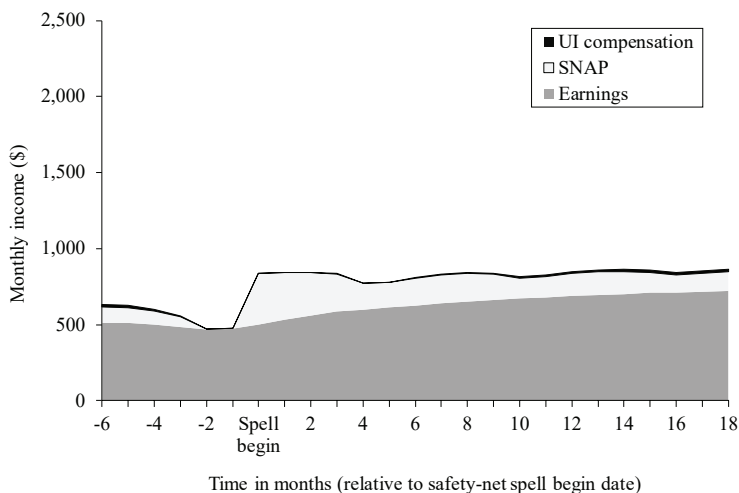
Figure 10.14 Income by Source, SNAP Only, during Recession



SOURCE: Ray Marshall Center for the Study of Human Resources analysis of Texas SNAP and UI benefits and earnings administrative records data.

Finally, looking at the income-flow patterns among SNAP-only participants in the jobless recovery period, shown in Figure 10.15, it becomes evident that the earnings and benefit histories of those using SNAP varied only a little with differing macroeconomic circumstances. Regardless of the period in which their safety-net spells started, they showed low prior earnings, very little evidence of earnings dips, but steady use of SNAP and steadily growing earnings to the point that all showed gains in earnings. It almost appears as if some members of the SNAP-only group were reflected at a low point in their economic lives, in which case their histories shown here might reveal little more than their earnings regressing toward the mean. For most, it likely reflected their low earning potential, which tended to make them eligible or near-eligible for SNAP, along with the occasional income shock like a job loss that precipitated a new spell.

Figure 10.15 Income by Source, SNAP Only, Jobless Recovery



SOURCE: Ray Marshall Center for the Study of Human Resources analysis of Texas SNAP and UI benefits and earnings administrative records data.

In this section, we have seen how patterns of joint UI and SNAP safety-net utilization can be characterized in one of four patterns that prove useful for organizing their outcomes. We have found, for example, that small differences in timing among groups who combine SNAP and UI benefits can presage large differences in later outcomes. Of course, we are not in a position to draw causal inferences from these differences, but the patterns observed here could lead to rigorous tests of potential interventions that could link these two safety-net programs more closely.

We also have seen how program participation patterns and outcomes for safety-net recipients during the period we refer to as jobless recovery more strongly resemble those of recipients during the Great Recession than those of the prerecession period. Despite the fact that the economy was technically regarded as having grown from late 2009 onward, some of the worst effects of the recession had yet to occur, including the peak SNAP caseloads in Texas, and arguably peak food insecurity as well. This pattern of findings provides confirmation that treating this period as distinct from the expansionary prerecession period should prove useful to future research. Many researchers, present authors included, in their prior study of program dynamics have aggregated postrecession spells together with prerecession spells on the assumption that the common factor among the two, a growing economy, made such aggregation logical. They may not have understood the heterogeneity of the resulting groups, nor the extent of the inflated error variance they invited into their models by failing to treat these groups separately. Whatever factors led to the jobless recovery, the first instance of which arguably appeared after the 2001 recession but on a smaller scale, it is clear that it is a different animal, the effects of which we may need new policy tools to address.

Next, we turn our attention to a policy question that, in part because of questionable policy choices made in the face of the Great Recession, Texas is uniquely positioned to answer: what was the experience of nonworking ABAWDs in areas that were exempt from time limits, as opposed to the vast majority of nonworking ABAWD

recipients who were subjected to strict time limits on their receipt of SNAP benefits?

A FOCUS ON ABAWDS IN TEXAS

ABAWDS and SNAP

Since 2008, the fastest-growing group in the national SNAP caseload has been able-bodied adults without dependents, or ABAWDS (Zedlewski, Waxman, and Gundersen 2012). The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) limits the receipt of SNAP benefits to three months in a three-year period for ABAWDS who are not working and are not participating in and complying with the requirements of a work or workfare program for 20 hours or more each week (USDA 2018c). But the provision neither required states to offer workfare programs or job training to people who were unable to find a job nor provided funds to states for that purpose. Most states do not offer these programs, in part because operating a work program with enough slots for everyone at risk of hitting the three-month time limit is regarded as too expensive (Bolen et al. 2015). As a result, what was initially labeled a “work requirement” has essentially become an austere time limit of three months of assistance for poor unemployed workers, many of whom want to work but cannot find a job (Rosenbaum 2013).

Most of those affected by the three-month limit are very poor, with average monthly income of approximately 19 percent of the poverty line (about \$2,200 per year for a household of one in 2014). Many have little or no income other than SNAP and qualify for no other benefits because they are not raising minor children. In most of the United States, SNAP is the only safety net available to unemployed childless adults with little recent work history. ABAWDS are more likely than other SNAP participants to lack basic job skills like

reading, writing, and basic mathematics (Bolen et al. 2015; Rosenbaum 2013).

ABAWDS and Time Limit Exemption Waivers

States have the authority to exempt individuals using a federal 15 percent exemption authorized by the Balanced Budget Act. The American Reinvestment and Recovery Act of 2009 (ARRA) suspended the ABAWD time limit nationwide beginning April 1, 2009, and continuing through FY 2010. States may also request a waiver of this provision for people in areas with an unemployment rate above 10 percent or for those in an area with insufficient jobs; many states qualified because of the Great Recession and its aftermath and waived the time limit statewide (USDA 2018c).

From April 2009 until September 2010, the three-month limit was temporarily suspended in most of the United States. In FY 2008, about 1.1 million able-bodied adults without dependents received SNAP benefits. In FY 2009, when the time limits were first suspended, the caseload for this group rose 60 percent to 1.7 million adults. The next year, the caseload shot up another 233 percent to 3.9 million adults (Zedlewski, Waxman, and Gundersen 2012).

All project states except Texas sought and received approval for statewide suspension for the fiscal years following the period authorized by ARRA. Texas chose to continue its policy of annually requesting waivers for a short list of counties meeting the high unemployment thresholds. We will discuss Texas's waiver policy in more detail in the analysis section, below.

To get a sense of the prevalence of ABAWDs, the share of SNAP cases that are ABAWDS was tabulated for the years 2002 through 2013 for all project states and for the country as a whole, using the SNAP Quality Control (QC) data assembled by Mathematica Policy Research.³ Despite the shortcomings of these data for state-level comparisons, a clear pattern emerges in comparing Texas to the other project states. The ABAWD share of the SNAP caseload increased

dramatically for most project states during the recession, but it stayed relatively steady in Texas at under 5 percent throughout the recession. In the United States as a whole, by comparison, over 15 percent of the SNAP caseload consisted of ABAWDs by 2013, nearly doubling the caseload share from 2008.

ABAWDS in Texas

Here we ask the question, “Why did Texas’s ABAWD caseload not show growth in line with other states in response to the Great Recession?” We will test the hypothesis that Texas’s peculiar implementation of its ABAWD waiver policy resulted in hardship for some recipients, who were cut off from benefits despite not finding suitable employment. If this proves to be a plausible account, the hardship they suffered could have been avoided, as Texas left significant federal money on the table by failing to apply for statewide ABAWD exemptions.

In order to answer these questions, we assembled data to allow us to study the Texas ABAWD population in detail. These data include the SNAP, UI earnings, and UI benefits administrative records data used throughout this chapter, as well as policy data collected for this purpose. Texas’s SNAP records readily identify ABAWDs who are or are not meeting work requirements on a monthly basis. And Texas files a SNAP Employment and Training state plan every year, setting out parameters of program operations, including a list of high-unemployment counties for which waivers to the ABAWD time limits are requested for the coming year.⁴ We located and utilized copies of state plans covering 12 years from federal fiscal years (FFY) 2003 through 2014. Note that the FFY 2015 state plan ended the practice of requesting ABAWD waivers for counties, so as of this writing there are no high-unemployment-county ABAWD exemptions in place in Texas.

Texas is composed of 254 counties. Ten counties were exempted from ABAWD time limits in FFY 2003, and 12 were exempted in

FFY 2014. Counties tend to cycle on and off the list, but typically half or more of the counties exempted in one year tend to be exempted the next. The number of exempted counties reached a maximum in FFY 2012 at 27, and a minimum in FFYs 2009 and 2010 at 4. The counties in which exempted ABAWDs reside tend not to be heavily populated. The unduplicated number of individual ABAWDs receiving SNAP in exempted counties reached a maximum in FFY 2005 at 17,954 and a minimum in FFY 2014 of 12.⁵ Approved waiver counties by fiscal year are listed in Appendix Table 10A.1.

The Texas SNAP Employment and Training state plans also contain a list of counties to be regarded as “minimum service” counties for the coming year. These counties tend to be sparsely populated, and thus different rules apply in them, including frequent use of the 15 percent exemptions, because training opportunities are not made available in the area. To eliminate this unnecessary added complexity, we removed from our analysis ABAWDs in counties regarded as minimum service, including a small number of counties that are both ABAWD exempt and minimum service. This leaves us with two groups of counties for each FFY, which we utilized in our statistical models:

- 1) *Waiver counties*, including ABAWD waiver counties but not minimum service counties, and
- 2) *Typical counties*, including all nonwaiver, nonminimum service counties

In composing an analysis of ABAWDs, we thought it would be helpful to select a comparison group to provide some context for the statistics. We selected, from the SNAP caseload in the same two groups of counties, adults who met the same age and nondisability criteria as ABAWDs, but who differed only in that they have dependents under the age of 18 in their households and on their SNAP cases. Note that there was no matching involved, and thus the comparison group is not intended to allow causal inferences of any kind. Instead, the group provides context in which to view ABAWDs’ outcomes.

ABAWD characteristics

In this section we present the characteristics of ABAWDs in Texas following the same methods we used in examining the characteristics of joint safety-net recipients earlier in this chapter (see Table 10.8). We excluded censored spells, and we restricted our examination to the last spell for each recipient during the study period. We found that the average age of ABAWDs in Texas during the study period was 33. The gender distribution was nearly even among ABAWDs, and the race distribution was also even among the three main groups (white, black, and Hispanic). A little less than half of ABAWDs had been employed from four to six months before the start of the spell, with very low average monthly earnings of \$483. About 40 percent of ABAWDs had experienced an earnings dip (of at least 20 percent) within the prior eight quarters.

Table 10.8 Characteristics of ABAWDs in Texas during the Study Period

Demographics	ABAWDs
Age (yrs.)	32.7
Male (%)	52.7
Female (%)	47.3
Black (%)	33.7
White (%)	30.9
Hispanic (%)	32.7
Other race (%)	2.8
Employment and earnings history	ABAWDs
Employed 4–6 months prior (%)	48.4
Monthly earnings 4–6 months prior (\$)	482.50
Experienced earnings dip of at least 20% within prior 8 quarters (%)	39.0
Delay between earnings dip and spell begin (in quarters)	4.6
Amount of earnings dip (in quarterly earnings) (\$)	2,472.70
Earnings dip as % of prior income	78.9

SOURCE: Ray Marshall Center for the Study of Human Resources analysis of Texas SNAP and UI benefits and earnings administrative records data.

ABAWD SNAP spells

The obvious first question to ask regarding the SNAP receipt dynamics of ABAWDs, given that some are exempted from time limits and some are not, is how long their SNAP spells last. Note that we confined our analysis here to spells of SNAP receipt, without regard to any receipt of unemployment insurance benefits that might have occurred. Analysis of ABAWDs' joint SNAP/UI safety-net spells, as done earlier in this chapter for all SNAP or UI recipients, must be deferred for future work.

Table 10.9 shows SNAP spell durations for ABAWDs and adults with dependents whose spells started in either *waiver counties* or *typical counties*, as described above. First we note that adults with dependents have far longer spells than ABAWDs—more than three times longer in typical counties. Adults with dependents were found to have far higher six-month recidivism rates as well, indicating that their SNAP spells also are more frequent than those of ABAWDs. Next, we note that SNAP spells starting in waiver counties were longer than those in typical counties, as expected, because of the high unemployment and poor local economic conditions that earned these counties their spots on the waiver list.

Most interesting, perhaps, was the half-month difference in SNAP spell duration between ABAWDs in typical counties and ABAWDs in waiver counties. Anyone who understands the ABAWD waiver exemption policy might be forgiven for expecting something resembling the opening of a floodgate in the contrast between these two cells. Instead, they would see a mere one-half month of additional SNAP receipt among ABAWDs, who should, according to policy, be exempted from the time limits. Is it possible that the unmet financial needs of ABAWDs in these economically depressed counties were being quenched with an extra half-month of SNAP benefits? We shall see. Perhaps a better question is, how exactly are time-limit exemptions awarded in ABAWD waiver counties?

In the next two tables, we examine the extent to which the SNAP spells of ABAWDs and adults with children living in typical (Table

Table 10.9 Spell Durations, ABAWDs vs. Comparison, Typical vs. Waiver Counties

	ABAWDs		Adults with dependents	
	SNAP spell duration (mos.)	SNAP recidivism, 6-month (%)	SNAP spell duration (mos.)	SNAP recidivism, 6-month (%)
Typical county spells	3.2	11	10.9	34
Spells in waiver counties	3.7	14	13.4	31

SOURCE: Ray Marshall Center for the Study of Human Resources analysis of Texas SNAP and UI benefits and earnings administrative records data.

10.10) and waiver (Table 10.11) counties responded to macroeconomic conditions. In a sense, this is another way of examining the interaction of SNAP spells with the economy. As spells beginning in waiver counties themselves represent locally depressed economies based on geographic distinctions, so the spells beginning under different macroeconomic conditions represent temporally depressed economies based on the time period in which the spells began.

Table 10.10 illustrates how the typical SNAP spells of ABAWDs, subjected to time limits (but free of the influence of the waiver policy), interact with the macro economy. The patterns shown here reveal that ABAWDs received SNAP for slightly longer during the recession (3.3 months) and jobless recovery (3.4 months) than during the prerecession period (3.0 months). By contrast, the spells of adults with dependents grew shorter with the worsening economy, similar to the pattern found earlier for SNAP-first spells, and likely reflecting similar factors.

Table 10.11, on the other hand, shows SNAP spells starting within waiver counties, and thus nominally free of the time-limit policy, and how they interacted with the macro economy. ABAWD SNAP spells starting in waiver counties also were found to grow longer in response to the recession and jobless recovery, but not as long as one might expect if the time limit were truly being relaxed for these recipients.

So if the ABAWDs' SNAP spell durations did not increase much in response to waiver policy, nor were very responsive to bad eco-

Table 10.10 Typical County Spell Durations, ABAWDs vs Comparison, Varying Economic Conditions

	ABAWDs		Adults with dependents	
	SNAP spell duration (mos.)	SNAP recidivism, 6-month (%)	SNAP spell duration (mos.)	SNAP recidivism, 6-month (%)
Typical prerecession spells	3.0	9	12.1	31
Typical recession spells	3.3	10	11.3	37
Typical jobless recovery spells	3.4	14	9.4	37

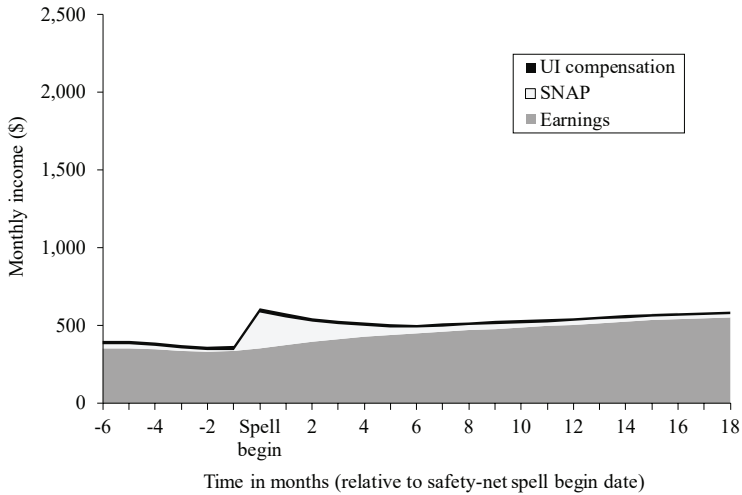
SOURCE: Ray Marshall Center for the Study of Human Resources analysis of Texas SNAP and UI benefits and earnings administrative records data.

conomic conditions, is it possible that their incomes were buffered in other ways? Figure 10.16 illustrates known income flows for ABAWD SNAP spells in waiver counties. The pattern looks remarkably like those seen for SNAP-only participants earlier, with persistently low earnings, little perceptible earnings dip, and slowly growing earnings moving forward, except in this case, with little in the way of benefits to fill gaps between their income and expenses. As noted earlier, mean SNAP spell duration for this group was 3.7 months, and—not coinci-

Table 10.11 Waiver County Spell Durations, ABAWDs vs. Comparison, Varying Economic Conditions

	ABAWDs		Adults with dependents	
	SNAP spell duration (mos.)	SNAP recidivism, 6-month (%)	SNAP spell duration (mos.)	SNAP recidivism, 6-month (%)
Waiver prerecession spells	3.6	14	13.9	31
Waiver recession spells	5.0	13	12.9	32
Waiver jobless recovery spells	4.0	13	9.7	32

SOURCE: Ray Marshall Center for the Study of Human Resources analysis of Texas SNAP and UI benefits and earnings administrative records data.

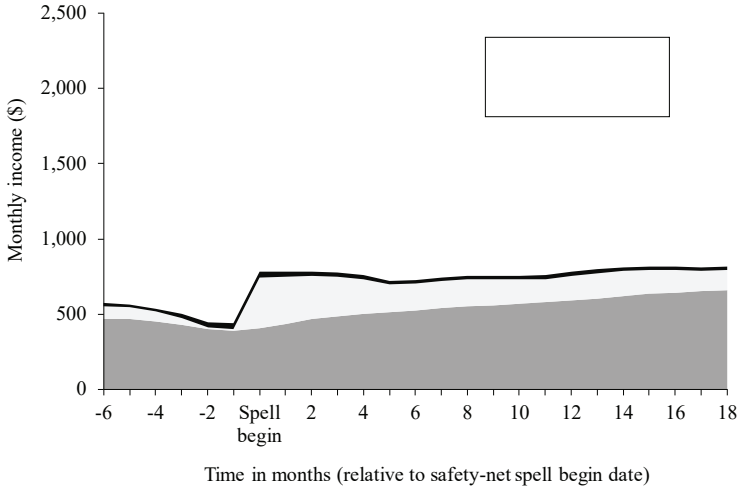
Figure 10.16 Income by Source, ABAWDs in Waiver Counties

SOURCE: Ray Marshall Center for the Study of Human Resources analysis of Texas SNAP and UI benefits and earnings administrative records data.

dentally—the point of highest cash flow on this chart was in the first few months after spells began. If these ABAWDs in waiver counties had other sources of income that would improve this dire situation, they were not visible to us.

Figure 10.17 shows income flows for adults with dependents starting SNAP spells in the same economically depressed waiver counties. Recall from Table 10.9 that this group's SNAP spells averaged 13.4 months in waiver counties, nearly 10 months longer than those of ABAWDs in these counties. Thus, it should not be surprising that their income flows as represented in these charts have a nice healthy layer of SNAP benefits in the middle (the light gray area in the figure) spanning almost the entire period. Underneath is an unimpressive earnings layer (dark gray) that looks remarkably like the earnings layer for ABAWDs in the same counties (Figure 10.16). The primary difference between Figure 10.16 and Figure 10.17, in fact, is that one group received SNAP benefits according to its level of need,

Figure 10.17 Income by Source, Adults with Dependents in Waiver Counties



SOURCE: Ray Marshall Center for the Study of Human Resources analysis of Texas SNAP and UI benefits and earnings administrative records data.

and the other received benefits for a few months at most, then these benefits ceased, regardless of continuing need.

We could insert many more income flow charts here: we have countless charts that allowed us to compare the SNAP spells of ABAWDs and adults with dependents under varying conditions. But none of them tell a different story from what we see above: two groups had similar earnings histories. One was determined to be eligible to receive continuing food assistance to meet the need, and the other was not.

On paper, the Texas ABAWD time-limit exemption waiver policy was supposed to allow some flexibility for leniency in dealing with ABAWDs living in areas without sufficient job opportunities. Though we have not seen extensive policy guidance on this, the spell duration data indicate that the manner in which the policy was implemented resulted in very little leniency in practice. SNAP

benefits for ABAWDs appeared to run out well before the need was extinguished. It was not even necessary for Texas to be so restrictive with ABAWDs, as the statewide exemptions were there for the taking starting in 2009. It is difficult to imagine a universe in which it is good policy, in the face of the worst recession in decades, to turn away free money for the state's neediest citizens, who were actually the most likely to recycle it directly back into the economy.

CONCLUDING COMMENTS

In this chapter, we have demonstrated how spells of joint UI and SNAP safety-net utilization can be characterized in one of four patterns. We further show that these patterns prove useful for understanding and predicting outcomes for those utilizing one or both of these safety-net programs. Importantly, we find that small differences in timing among groups who combine SNAP and UI benefits can presage large differences in later outcomes. The pattern of results here strongly suggests that programs or policies should be designed to link these two safety-net programs more closely. Considering this along with the finding that recipients tend to combine the two programs more under recessionary conditions suggests a clear hypothesis for the next study: that safety-net recipients may recover prior earnings levels faster when receiving timely benefits from both programs upon experiencing job loss or other economic stress. Interventions should be designed to link the programs more closely, and such programs should be subjected to rigorous tests to determine whether recipients get back to work and recover a substantial share or their prior earnings levels sooner.

In studying the interaction of the joint safety net with macroeconomic conditions, we found that even though the economy was officially determined to be recovering, safety-net utilization patterns and outcomes during the period we refer to as the jobless recovery were in many ways more similar to the recession than to the prerecession

period. The economy was officially growing again as of late 2009, yet some of the worst effects of the recession had yet to occur, including the peak SNAP caseloads in Texas and, arguably, peak food insecurity as well. This pattern of findings provides confirmation that treating this jobless recovery period as distinct from other expansionary periods, including prerecession periods, should prove useful to future research. Whatever factors led to the jobless recovery, a lighter version of which appeared after the 2001 recession, it is clear that new policy tools are needed to address its effects on those who may be left behind by the eventual recovery. This task of developing new tools is urgent, as the next recession will inevitably come, and the eventual recovery that follows may be as jobless as the last.

Because of questionable policy choices made in the face of the Great Recession, Texas data reveal what happens to able-bodied adults without dependents (ABAWDs) when they receive little protection from strict time limits on their receipt of SNAP benefits. In comparison to other project states or the United States as a whole, while ABAWDs' share of the nationwide SNAP caseload swelled dramatically, Texas's ABAWD caseload share remained low, at well under 5 percent. We found that Texas did not actually have fewer ABAWDs than other states; rather, the very short durations of SNAP receipt in that state caused Texas to be underrepresented in the caseload count at any given point in time. As a result of this peculiar implementation of its ABAWD waiver policy, Texas likely worsened hardship for some recipients, who were cut off from benefits despite their inability to find suitable employment. Worse, the hardship they suffered seems to have been unnecessary, as Texas left significant federal money on the table by failing to apply for statewide ABAWD exemptions at any point during the recession. We are aware of no other state that so thoroughly bypassed this opportunity to provide for its lowest-income citizens during the worst recession in modern history.

Notes

1. Because earlier temporary emergency UI programs had also gone by the name Emergency Unemployment Compensation, the program lasting from 2008 to 2013 is frequently called EUCO8.
2. Although we defined the jobless recovery period to extend over a longer interval, we exclude spells starting after April 2012 from our analysis so that we have at least 24 months of follow-up for all spells.
3. The Mathematica Policy Research QC documentation cautions against use of Maryland QC data for state-level tabulations.
4. See, for example, the State of Texas's *SNAP Employment and Training Plan: Federal Fiscal Year 2018* (Texas Workforce Commission 2018).
5. Yes, this number is correct: 12 ABAWDs residing in 1 of 12 counties received SNAP at some point in FFY 2014. Note that we are unable to count ABAWDs who were not receiving SNAP. ABAWDs in the SNAP population may be severely undercounted by caseload statistics because of strict application of time limits.

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Appendix 10A

Table 10A.1 Approved Waiver Counties by Fiscal Year

Federal fiscal year	Approved waiver counties
FFY2003	Dimmit, Hidalgo, Loving, Matagorda, Maverick, Newton, Presidio, Starr, Willacy, Zavala
FFY2004	Hidalgo, Jasper, Matagorda, Maverick, Newton, Presidio, Red River, Starr, Willacy, Zavala
FFY2005	Cameron, Cochran, Dimmit, Hidalgo, Jasper, Liberty, Matagorda, Maverick, Newton, Orange, Presidio, Reeves, Sabine, Somervell, Starr, Willacy, Zavala
FFY2006	Dimmit, Hidalgo, Jasper, Liberty, Matagorda, Maverick, Newton, Orange, Presidio, Sabine, Starr, Willacy, Zavala
FFY2007	Dimmit, Hidalgo, Jasper, Liberty, Matagorda, Maverick, Newton, Orange, Presidio, Sabine, Starr, Willacy, Zavala
FFY2008	Loving, Presidio, Maverick, Starr, Zavala
FFY2009	Loving, Maverick, Starr, Zavala
FFY2010	Maverick, Presidio, Starr, Zavala
FFY2011	Cameron, Cass, Dimmit, Duval, Hidalgo, Jasper, Liberty, Marion, Matagorda, Maverick, Milam, Morris, Newton, Orange, Presidio, Reeves, Sabine, San Augustine, Starr, Willacy, Zapata, Zavala
FFY2012	Cameron, Cass, Dickens, Duval, Hidalgo, Jasper, Jefferson, Liberty, Marion, Matagorda, Maverick, Milam, Morris, Newton, Orange, Presidio, Red River, Reeves, Sabine, San Augustine, San Jacinto, San Patricio, Starr, Tyler, Willacy, Zapata, Zavala
FFY2013	Cameron, Cass, Dickens, El Paso, Hidalgo, Houston, Jasper, Jefferson, Liberty, Matagorda, Maverick, Morris, Newton, Orange, Presidio, Red River, Reeves, Sabine, San Augustine, Starr, Tyler, Willacy, Zavala
FFY2014	Cameron, Hidalgo, Jefferson, Maverick, Newton, Presidio, Red River, Sabine, San Augustine, Starr, Willacy, Zavala

SOURCE: RMC analysis of state of Texas SNAP Employment and Training Plan, Federal Fiscal Years 2003 through 2014.

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