

SNAP cuts in SF 389 would hurt Iowa families, public health and local economies

Our communities win when our neighbors are healthy and fed. The Supplemental Nutrition Assistance Program, or SNAP, which operates as Food Assistance in Iowa, is the nation's most effective anti-hunger program — and an important income supplement to help people get back on their feet after tough times.

SF 389 would have the Iowa Department of Human Services implement a complex real-time eligibility verification system for Iowans enrolled in assistance programs, including SNAP. It would set up complicated hoops for families to jump through and cause eligible Iowans to lose their food assistance. It should not become law.

Here's why a strong SNAP program matters:

▶ SNAP promotes good health

Food assistance is a smart public health strategy. Research shows adults who received food stamps as young children are more likely to graduate from high school and less likely to suffer long-term health problems like obesity and heart disease. SNAP is also linked to reduced health care costs: low-income adults participating in SNAP average about \$1,400, or nearly 25 percent, less in medical costs in a year than low-income adults not participating.¹

▶ SNAP supports Iowa families and workers

More than 69 percent of SNAP participants in Iowa are in households with children. About 1 in 6 of those households reported in a late 2020 Census survey that their household had sometimes or often not had enough food to eat in the previous seven days. Cutting SNAP will only increase suffering as we work our way out of the pandemic.

SNAP is also particularly important for workers in sectors that have not yet bounced back from the pandemic, including hospitality and dining. Maids and housekeeping cleaners, cooks, and food preparation workers were among the occupations where, because of low wages and unpredictable hours, workers most frequently relied on SNAP even before COVID.⁴ The pandemic has only upped the challenges these workers face feeding themselves and their families.

SNAP cuts ripple out to the local economy

We can roughly estimate the local economic impact of SNAP cuts in Webster County. A loss of SNAP benefits to 1 out of 6 enrollees translates to about **800 fewer people** in Webster County getting SNAP in a given month. Beneficiaries receive an average benefit of about \$208. That means a total **loss of over \$164,000** each month to area grocery stores.

Finally, we know from USDA analysis that every SNAP dollar spent at local grocery stores provides about \$1.50 in broader economic activity.² This means a **loss of nearly a quarter of a million dollars** in economic activity *each month* due to SNAP cuts in Webster County alone.

Showing our work:

Number of SNAP recipients in Webster County in January 2021 (per DHS): 4,762

Estimated reduction in SNAP enrollment in Iowa: 1 in 6 (16.7%)

Estimated number of Webster County SNAP recipients that would lose benefits: 794 ($0.167 * 4,762$)

Total allotment to Webster County SNAP households in January 2021: \$989,394

Allotment per enrollee: \$207.77 ($\$989,394 / 4,762$)

Estimate reduction in allotment in Webster County: \$164,969 ($\$207.77 * 794$)

Total dollars lost in economic benefits (per USDA ERS study): \$247,454 ($1.5 * \$164,969$)

▶ SNAP supports local economies

SNAP is an efficient public-private partnership. By boosting households' food purchasing power so they can buy directly from stores, SNAP fights hunger with almost no administrative overhead. And because most households redeem their monthly SNAP benefits quickly in local superstores and supermarkets, SNAP is one of the most effective forms of economic stimulus.

SF 389 would spend state dollars to take food away from strapped Iowa families and reduce the federal dollars coming to Iowa to support grocers and local economies.

Here's why SF 389 is a bad approach:

▶ It will cause eligible families to lose needed food assistance

An estimated 1 out of every 6 current Iowa SNAP recipients would lose their benefits — including a significant share of eligible recipients who get snared by red tape. Analysis of SNAP enrollment patterns in California over 15 years found that, because of re-enrollment paperwork requirements, for every one ineligible household screened out of the program in a given month, three eligible households also left.

▶ It runs counter to the principle of good stewardship of taxpayer dollars

SF 389 would impede existing efforts to make eligibility checks more accurate and efficient. The federal government is already requiring states to join a database by the end of this year that would improve eligibility checks, and the state wouldn't have to pay for it. It is irresponsible to spend state taxpayer money on a system that we could get at no cost from the federal government.

▶ It would cost money to bring in less money

The state of Iowa and federal government share the costs of administering SNAP — and so would share the costs of SF 389's requirements. But the dollars that cover the SNAP benefits themselves are entirely federal. Iowa would see no savings at all from squeezing benefits. Pennsylvania officials found in 2015 that reintroducing the SNAP asset test — just one element of SF 389 — cost about \$3.5 million to administer before they repealed the test the same year. In other words, SF 389 would spend state dollars to take food away from strapped Iowa families and reduce the federal dollars coming to support Iowa grocers and local economies.

Instead of cutting people off their food assistance, we should build on SNAP's strengths to set Iowans and local economies on a path for long-term prosperity.

To learn more, contact policy advocates Mary Nelle Trefz (mntrefz@commongoodiowa.org) or Natalie Veldhouse (nveldhouse@commongoodiowa.org).

¹ Center on Budget and Policy Priorities, "SNAP Is Linked with Improved Nutritional Outcomes and Lower Health Care Costs," Steven Carlson and Brynne Keith-Jennings, January 17, 2018. Accessed at <https://www.cbpp.org/research/food-assistance/snap-is-linked-with-improved-nutritional-outcomes-and-lower-health-care>

² U.S. Department of Agriculture, "The Supplemental Nutrition Assistance Program (SNAP) and the Economy: New Estimates of the SNAP Multiplier," Patrick Canning and Brian Stacy, July 2019. Accessed at https://www.ers.usda.gov/webdocs/publications/93529/err265_summary.pdf?v=8010.7

³ Iowa Department of Human Services, "Supplemental Nutrition Assistance Program (SNAP) Report Series F-1" January 2021. Accessed at <http://publications.iowa.gov/35245/1/SNAP-F1-2016-2021-01.pdf>

⁴ Center on Budget and Policy Priorities, "SNAP Helps Low-Wage Workers in Every State," Accessed at <https://www.cbpp.org/snap-helps-low-wage-workers-in-every-state#Iowa>