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# Background on the Scheduled Reduction to Supplemental Nutrition Assistance Program (SNAP) Benefits

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October 23, 2013

**Congressional Research Service**

7-5700

[www.crs.gov](http://www.crs.gov)

R43257

## Summary

The American Recovery and Reinvestment Act of 2009 (ARRA; P.L. 111-5) included an across-the-board increase in benefits provided under the Supplemental Nutrition Assistance Program (SNAP, formerly the Food Stamp program), effective in April 2009. ARRA substantially raised *maximum* monthly benefits, by 13.6% in FY2009. For a one-person household, the added benefit was \$24 a month; for two persons, \$44 a month; for three persons (the most typical household), \$63 a month; for four persons, \$80 a month; and for larger households, higher amounts. As a result, *average* household SNAP benefits (typically less than the maximum) were boosted by more than 15%. (Note: A household's SNAP benefit is calculated by subtracting the household-specific countable (or "net") income from the maximum benefit; percentage increases varied on a case-by-case basis.)

Originally, the ARRA increase was to be effective until regular SNAP cost-of-living adjustments "caught up" with the 13.6% increase (as compared to FY2009) to the maximum benefit, but Congress amended the law so that the increase is now scheduled to sunset after October 31, 2013. (Under "regular" SNAP law, maximum SNAP benefits are adjusted annually for changes in food prices on October 1.) To help meet congressional pay-as-you-go rules, the 111<sup>th</sup> Congress made two changes to this effective date, which resulted in savings to offset other new spending. First, P.L. 111-226 (a law providing funding for Medicaid and education jobs) added a March 31, 2014, sunset date to the ARRA benefit increase. Second, in the child nutrition reauthorization legislation (the Healthy, Hunger-Free Kids Act of 2010; P.L. 111-296), the sunset date was moved to October 31, 2013.

The sunset date in current law means that *maximum* SNAP benefits will decrease by about 5.5% on November 1, 2013. For a one-person household, the benefits will decrease by \$11 a month; for two persons, \$20 a month; for three persons, \$29 a month; for four persons, \$36 a month; and for larger households, higher amounts.

President Obama's FY2014 budget proposed to delay the sunset of the ARRA benefit increase to March 31, 2014. This is the date the benefit increase was to sunset before the enactment of the child nutrition legislation (P.L. 111-296). The Administration estimates that this extension of the increase for five months would cost approximately \$2.26 billion. Neither the House (H.R. 2642) nor the Senate (S. 954) 2013 farm bill proposals would delay the sunset date.

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**B**ased on legislation passed in the 111<sup>th</sup> Congress, Supplemental Nutrition Assistance Program (SNAP, formerly the Food Stamp program) benefits, which were temporarily increased beginning in April 2009, are scheduled to be reduced after October 31, 2013. This report explains the increase that has been in place since April 2009, the scheduled end to the increase, and the impact on SNAP households. This report does not describe the rules of SNAP eligibility and benefit calculation; see CRS Report R42505, *Supplemental Nutrition Assistance Program (SNAP): A Primer on Eligibility and Benefits*, for that background.

## Introduction

As of July 2013, SNAP provided food assistance to a monthly average of 47.6 million people in 23.1 million households. The Congressional Budget Office (CBO) projects that SNAP spending will peak at \$83 billion in FY2013 before falling beginning in FY2014.<sup>1</sup> SNAP participation and costs have increased markedly since FY2007, mostly as a result of automatic and legislated responses to the 2007-2009 recession.<sup>2</sup> The American Recovery and Reinvestment Act of 2009 (ARRA, P.L. 111-5) provided the legislated response to the recession, which included an across-the-board increase in SNAP benefits.

## Pre-ARRA SNAP Benefit Calculation

Once a household applies and is found eligible for the SNAP program, the household's benefit amount is calculated. Actual benefits vary by the household size, amount and type of household income, certain living expenses (like high shelter costs), and to a smaller extent, geographic location. The household's benefit amount is the result of certain subtractions from a *maximum benefit*. (The calculation of SNAP benefits is discussed in CRS Report R42505, *Supplemental Nutrition Assistance Program (SNAP): A Primer on Eligibility and Benefits*.)

Maximum SNAP benefits are normally indexed for food-price inflation at the beginning of each fiscal year—every October 1. Each October's inflation-indexing of SNAP benefits is based on the cost of the Agriculture Department's Thrifty Food Plan (TFP)<sup>3</sup> in the immediately preceding June. For example, for FY2008 (before ARRA), USDA's calculation of the Thrifty Food Plan in June 2007 formed the basis for the maximum benefits in place from October 1, 2007, through September 30, 2008.

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<sup>1</sup> This figure is according to CBO's May 2013 baseline.

<sup>2</sup> See Congressional Budget Office, *The Supplemental Nutrition Assistance Program*, April 2012, <http://www.cbo.gov/sites/default/files/cbofiles/attachments/04-19-SNAP.pdf>.

<sup>3</sup> The TFP is the cheapest of four diet plans meeting minimal nutrition requirements devised by USDA, specifically USDA's Center for Nutrition Policy and Promotion (CNPP). Additional USDA resources on the Thrifty Food Plan: Andrea Carlson, Mark Lino, and WenYen Juan, et al., *Thrifty Food Plan, 2006*, USDA Center for Nutrition Policy and Promotion, April 2007, <http://www.cnpp.usda.gov/Publications/FoodPlans/MiscPubs/TFP2006Report.pdf>; USDA-CNPP website, <http://www.cnpp.usda.gov/usdafoodplanscostoffood.htm>.

## ARRA's SNAP Benefit Increase

ARRA (P.L. 111-5) effectively overrode the annual SNAP inflation-indexing rules discussed above. ARRA instituted an across-the-board benefit increase, effective April 2009. *Maximum* monthly benefits were increased substantially, increasing the June 2008 TFP calculation by 13.6%.<sup>4</sup>

In FY2009, for a one-person household, the added benefit was \$24 a month; for two persons, \$44 a month; for three persons (the most typical household), \$63 a month; for four persons, \$80 a month; and for larger households, higher amounts. The average SNAP benefit for a household increased from \$250 for October 2008 through March 2009 to \$291 for April 2009 through September 2009, an increase of 16.4%.<sup>5</sup>

*Note:* This report focuses on the impact of ARRA's increase to the SNAP *maximum* benefit (and the impact of an end to that increase), but ARRA also increased the SNAP *minimum* benefit (for households of 1-2), as well as the funding levels of block grants received by Puerto Rico and American Samoa in lieu of SNAP.<sup>6</sup>

## Illustrating the Impact of ARRA's Benefit Increase

**Figure 1** illustrates ARRA's increase to the maximum SNAP allotment for a family of four—the actual maximum benefit as provided under ARRA is shown in red, and what the maximum benefit would have been had ARRA not been enacted is shown in blue. The figure shows these amounts for October 1, 2009, through October 1, 2013. ARRA raised the maximum SNAP allotment on April 1, 2009; for a four-person household, the maximum allotment was increased from \$588 per month to \$668 per month. It has been at the \$668 per month level since then, but this increase is scheduled to end after October 31, 2013.

Had ARRA not been enacted, changes in food prices would have actually resulted in a decrease in the maximum SNAP allotment for FY2010 and FY2011. That is, deflationary pressures in the midst of the recession caused food prices to decline. However, benefit increases would have resumed at the beginning of FY2012, FY2013, and FY2014.

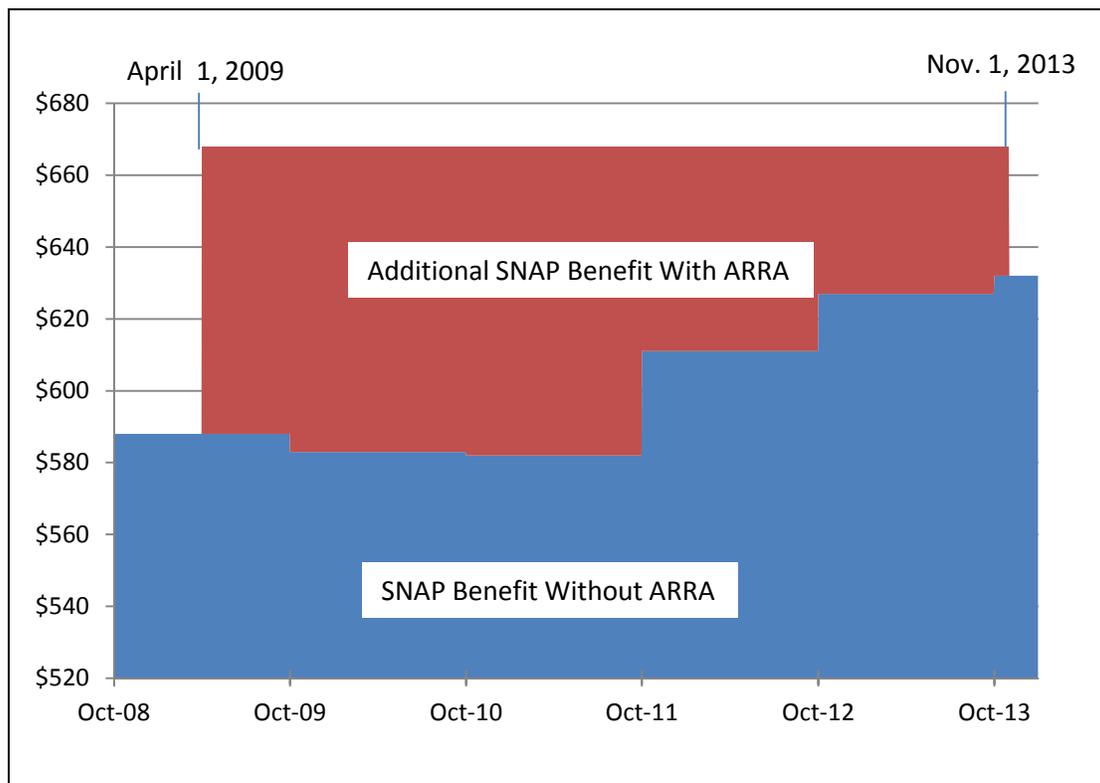
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<sup>4</sup> Because SNAP benefit amounts vary based on household income, the percentage change in benefit for any given household varies.

<sup>5</sup> U.S. Department of Agriculture, Food and Nutrition Service, *Characteristics of Supplemental Nutrition Assistance Program Households: Fiscal Year 2009*, October 2010, pp. Table 3.7, p. 26.

<sup>6</sup> For the impact of ARRA and its sunset on the minimum benefit, see Lizbeth Silbermann, Memo to Regional Directors, dated August 1, 2013: "Supplemental Nutrition Assistance Program (SNAP) – Fiscal Year (FY) 2014 Cost-of-Living Adjustments (COLAs) and ARRA Sunset Impact on Allotments," [http://www.fns.usda.gov/snap/rules/Memo/2013/FY\\_2014\\_COLA\\_memo.pdf](http://www.fns.usda.gov/snap/rules/Memo/2013/FY_2014_COLA_memo.pdf). For the impact of ARRA on Puerto Rico and American Samoa grants, please see the FY2014 President's Budget USDA-FNS Congressional Justification, <http://www.obpa.usda.gov/exnotes/FY2014/30fns2014notes.pdf>, page "30-79."

**Figure 1. Maximum SNAP Allotment for a Household of Four: With and Without the ARRA Benefit Increase: October 2008-December 2013**



**Source:** Congressional Research Service (CRS), based on information from the U.S. Department of Agriculture.

When enacted originally, the ARRA benefit increase was to continue until food-price inflation caught up with the ARRA add-on. That is, looking at **Figure 1**, the red area would continue until the blue area caught up with it. There was no specific termination date when it was enacted originally.

However, legislation enacted subsequent to ARRA did set a specific termination (sunset) date on the benefit increase, now scheduled to terminate after October 31, 2013. (For a discussion of this legislative history, please see “Further Background: Legislative History of the October 31, 2013, Sunset of the ARRA SNAP Benefit Increase,” later in this report.)

Since regular food-price inflation (blue area) has been well below ARRA’s 13.6% increase to FY2009 maximum benefits, the sunset of the ARRA benefit will result in a reduction in the maximum benefit after October 31, 2013, and therefore a reduction in all benefit amounts calculated based on the maximum benefit.

## After October 31, 2013: The Scheduled SNAP Benefit Reduction

Beginning November 1, 2013, the SNAP maximum monthly allotments are scheduled to revert back to what they would be without the increase legislated in ARRA. USDA has already

instructed the states through their regional offices to make adjustments to their benefit determination systems on October 1, 2013, and again on November 1, 2013, in line with the statute.<sup>7</sup>

As noted above, the maximum benefit for a family of four in October 2013 is \$668 because of ARRA's increase. If not for ARRA, the FY2014 maximum monthly benefit for a four-person household would be \$632. Because the ARRA increase sunsets on October 31, 2013, as of November 1, 2013, and for the remainder of the fiscal year, the maximum monthly benefit will revert to the standard benefit level without the ARRA increase, or \$632 a month for a four-person household.

**Table 1** shows the maximum monthly SNAP allotment by household size both before the ARRA benefit increase sunsets (through October 31, 2013) and after it sunsets for the remainder of FY2014 as scheduled under current law. The result of the sunset is a scheduled reduction in *maximum* SNAP benefits on November 1, 2013, of about 5.5%.

Although the actual *percentage* reduction will vary for each household, it can be said, for most SNAP households, that if no household circumstances change, the benefit reduction is scheduled to be

- \$11 a month for a one-person household;
- \$20 a month for a two-person household (the average sized household)<sup>8</sup>;
- \$29 a month for a three-person household; and
- \$36 a month for a four-person household.

The reductions will be higher as household size increases.

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<sup>7</sup> Lizbeth Silbermann, Memo to Regional Directors, dated August 1, 2013: "Supplemental Nutrition Assistance Program (SNAP) – Fiscal Year (FY) 2014 Cost-of-Living Adjustments (COLAs) and ARRA Sunset Impact on Allotments," [http://www.fns.usda.gov/snap/rules/Memo/2013/FY\\_2014\\_COLA\\_memo.pdf](http://www.fns.usda.gov/snap/rules/Memo/2013/FY_2014_COLA_memo.pdf).

<sup>8</sup> U.S. Department of Agriculture, Food and Nutrition Service, *Characteristics of Supplemental Nutrition Assistance Program Households: Fiscal Year 2011*, November 2012, pp. Table 3.3, p. 21.

**Table I. Maximum Monthly SNAP Allotments Through October 31, 2013, and for November 1, 2013, through September 30, 2014**

Household Size	Maximum Monthly SNAP Allotment through Oct. 31, 2013	Maximum Monthly SNAP Allotment, Nov. 1, 2013 through Sept. 30, 2014	Monthly Benefit Reduction
1	\$200	\$189	-\$11
2	367	347	-20
3	526	497	-29
4	668	632	-36
5	793	750	-43
6	952	900	-52

Source: Congressional Research Service (CRS), based on information from the U.S. Department of Agriculture.

## The President's FY2014 Budget Proposal and Pending Legislation

The President's FY2014 budget proposed to delay the sunset of the ARRA benefit increase to March 31, 2014. This is the date that the ARRA increase was first scheduled to sunset, before the enactment of the child nutrition reauthorization legislation (P.L. 111-296, see below). According to Administration cost estimates, extending the ARRA benefit increase for an additional five months of FY2014 would cost approximately \$2.26 billion.<sup>9</sup>

The 113<sup>th</sup> Congress is developing a reauthorization of SNAP as part of the next farm bill. Neither the House nor the Senate conference farm bill proposals contain any changes to the ARRA increase and its sunset. (For a discussion of legislative history and the contents of the House and the Senate proposals, see CRS Report R43076, *The 2013 Farm Bill: A Comparison of the Senate-Passed (S. 954) and House-Passed (H.R. 2642, H.R. 3102) Bills with Current Law*.)

## Further Background: Legislative History of the October 31, 2013, Sunset of the ARRA SNAP Benefit Increase

As previously discussed, the ARRA benefit increase was originally to continue until food-price inflation caught up with the ARRA add-on. That is, there was no sunset of the ARRA benefit increase. However, to finance additional spending for other legislative priorities under

<sup>9</sup> FY2014 President's Budget USDA-FNS Congressional Justification, <http://www.obpa.usda.gov/exnotes/FY2014/30fns2014notes.pdf>, p. 30-89. A Congressional Budget Office estimate may differ from this figure.

congressional pay-as-you-go (PAYGO) budget rules, Congress twice reduced additional spending attributable to the SNAP ARRA benefit increase. This reduction came through setting a termination date, or a sunset, to the ARRA SNAP benefit increase. This legislative history is also illustrated in archived CRS Report R41374, *Reducing SNAP (Food Stamp) Benefits Provided by the ARRA: P.L. 111-226 and P.L. 111-296*.

## Funding for Medicaid and Education Jobs

The 2010 law that provided funding for Medicaid and education jobs (P.L. 111-226; enacted August 10, 2010) included, as an offset for its costs, a significant reduction in future ARRA-based SNAP benefits.<sup>10</sup> At the time P.L. 111-226 was enacted, CBO projected the savings from the SNAP benefit changes at \$11.9 billion from FY2014 to FY2018. P.L. 111-226 achieved these savings (in Section 203) by terminating the ARRA increase effective after March 31, 2014.

## Child Nutrition and WIC Legislation

On December 13, 2010, the Healthy, Hunger-Free Kids Act of 2010 (P.L. 111-296) was enacted. This law, which reauthorizes, revamps, and expands child nutrition programs and the Special Supplemental Nutrition Program for Women, Infants, and Children (the WIC program), includes as a partial offset for its costs a provision further reducing ARRA-based SNAP benefits by some \$2.5 billion.<sup>11</sup> The child nutrition/WIC legislation achieved its savings (in Section 442) by moving up the date on which the ARRA-generated SNAP benefit increase will terminate—to October 31, 2013.

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<sup>10</sup> For information on the provisions for funding education jobs and Medicaid in P.L. 111-226, see CRS Report R41353, *Education Jobs Fund Proposals in the 111<sup>th</sup> Congress*, by Rebecca R. Skinner and Steven Maguire; and CRS Report RL32950, *Medicaid's Federal Medical Assistance Percentage (FMAP), FY2013*, by Alison Mitchell and Evelyne P. Baumrucker.

<sup>11</sup> For information on this law, see CRS Report R41354, *Child Nutrition and WIC Reauthorization: P.L. 111-296*, by Randy Alison Aussenberg.