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How Economic Conditions Affect Participation in USDA Nutrition Assistance Programs

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What Is the Issue?

The U.S. Department of Agriculture (USDA) administers 15 domestic nutrition assistance programs. The five largest programs—Supplemental Nutrition Assistance Program (SNAP, formerly the Food Stamp Program), Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), National School Lunch Program (NSLP), School Breakfast Program (SBP), and Child and Adult Care Food Program (CACFP)—accounted for 96 percent of USDA's expenditures for nutrition assistance in fiscal 2010. These programs form a nutritional safety net for millions of children and low-income adults, a role that is especially important when the economy falters and many Americans lose jobs and income.

SNAP's reputation as one of the Nation's primary countercyclical assistance programs—expanding during economic downturns and contracting during periods of economic growth—is well established. However, there has been little analysis of the effect of the economy on the other programs. This is the first study to investigate the relationship between economic conditions and participation at the national level across USDA's five largest nutrition assistance programs. The report also provides a detailed description of how changes in program policies and other factors such as demographics affected participation, augmenting or offsetting business cycle effects.

What Did the Study Find?

The results of this study suggest that, to varying degrees, economic conditions, as measured by the unemployment rate, influence participation in all the major nutrition assistance programs, not just in SNAP.

Key findings include the following:

- The increase in SNAP participation during the 2008-10 period of economic decline (which included the recent recession) was consistent with the increase during previous periods of economic decline, at 2 to 3 million participants per 1-percentage-point increase in the unemployment rate.
- Policy changes pertaining to eligibility rules, benefit levels, outreach, and the application-certification process tended to augment the increase in SNAP participation due to economic conditions in each period of economic decline.

- Before being fully funded in the late 1990s, WIC participation was rationed by the program's budgetary limits and expanded as the budget grew. The introduction of infant formula rebates in the late 1980s lowered the cost of the WIC food package, enabling more people to participate within the program's budget and fueling an increase in the annual average growth in participation.
- After reaching full funding in the late 1990s, WIC caseloads became more sensitive to economic conditions, increasing (decreasing) by nearly 2.5 percent (200,000 participants) per 1-percentage-point increase (decrease) in the unemployment rate. The number of births also had a strong influence on the number of participants; for instance, during the recession of 2008-09, the low number of births tended to counter the growth in participation prompted by economic conditions.
- The percentage of participants receiving free and reduced-price meals in the child nutrition programs (NSLP, SBP, and CACFP) appears related to economic conditions, rising with the unemployment rate during periods of economic decline.
- Total participation in the child nutrition programs has steadily increased during periods of both economic growth and decline. These programs serve both low- and high-income children.
- NSLP participation appears to be linked to school enrollment, while availability of the program in schools has been a key to the growth of SBP participation.

How Was the Study Conducted?

The study used national-level administrative data on program participation collected by USDA's Food and Nutrition Service (FNS) and data on unemployment rates published by the Bureau of Labor Statistics. The study period—fiscal year 1976 to fiscal year 2010—encompassed four complete business cycles, each consisting of a period of economic growth characterized by a falling unemployment rate and a period of economic decline characterized by a rising unemployment rate. For each period of growth and decline, the authors examined the relationship between the fluctuation in program participation and the unemployment rate. They also examined various publications and regulations to determine how program policy and other factors (such as demographics) may have influenced the relationship between program participation and the unemployment rate.