



Participation in USDA's Supplemental Nutrition Assistance Program (SNAP): Effect of Local Labor Market Conditions in Oregon

Erik Scherpf, Bruce Weber, Deana Grobe, and Mark Edwards

What Is the Issue?

During the Great Recession (2007-09), USDA's Supplemental Nutrition Assistance Program (SNAP) served as part of the safety net for millions of low-income households. However, during the economy's recovery, SNAP caseloads declined slowly despite improving labor market conditions. What explains the sluggish post-recession decline of SNAP caseloads? Or, put another way, how responsive are SNAP recipients to improving labor market conditions that would help them off the program?

The responsiveness of SNAP caseloads is typically measured by how they move with the unemployment rate, usually at the State or national level. However, measuring economic conditions for a State or larger region may not reveal the conditions facing most SNAP recipients, who are often geographically clustered in particular areas or work in specific industries. To gain a better understanding of the post-recession adjustment in SNAP caseloads, ERS attempted to delineate the local labor markets that are more relevant to SNAP recipients, focusing on one case-study State: Oregon.

In this report, ERS examined the relationship between the length of SNAP "spells" (continuous periods of SNAP enrollment) and labor market conditions at the local level, both overall and by specific industries. Researchers compared spells for two groups: individuals who began a new SNAP spell in 2005, before the Great Recession, and those who began a new spell in 2009, toward the end of the Great Recession.

It should be noted that the Oregon SNAP caseload differs demographically from many other States' caseloads, so this report's results may not apply to other States or to the country as a whole. For example, Oregon SNAP serves a higher proportion of SNAP recipients who are white and who are working compared to other States. Oregon also provides one of the more accessible social safety nets and was among the States hardest hit by the recession. (In Oregon, recession-era unemployment climbed as high as 12 percent, compared to the national high of 10 percent.) These two factors suggest that Oregonians who turn to SNAP might tend to remain in the program longer than the average SNAP participant. As a result, findings from Oregon might serve as conservative estimates of the effects of labor market conditions on SNAP spell duration.

ERS is a primary source of economic research and analysis from the U.S. Department of Agriculture, providing timely information on economic and policy issues related to agriculture, food, the environment, and rural America.

What Did the Study Find?

- Using three different measures of labor market conditions—the unemployment rate, employment aggregates, and new hires—local labor market conditions were strongly linked to the probability of leaving SNAP for both the 2005- and the 2009-entry groups.
- Labor market conditions showed the largest effects on SNAP spell lengths when labor market areas were defined as commuting zones (CZs), which attempt to capture areas where people both live and work. The results show that three in five recipients ended benefit receipt in a year or less. When labor market conditions were measured using CZs, a 10-percent increase in aggregate employment raised the share of recipients who finished their SNAP spell in 12 months or less by about 5.3 percentage points (or about 8.8 percent).
- Using a different definition of labor market areas resulted in smaller, but still positive, estimated effects: a 10-percent increase in county-level employment raised the probability that a SNAP recipient would finish a spell in 12 months or less by between 1.5 and 2 percentage points (or between 2 and 3 percent).
- Increases in both total employment and new hires in the manufacturing and the food service and lodging industries were associated with a higher probability of able-bodied, working-age adults exiting SNAP. SNAP recipients were most responsive to changes in manufacturing employment. Using new hires as the local labor market indicator, however, recipients were most responsive to changes in the food service and lodging industry.
- When labor market conditions were measured at the local level, researchers estimated a greater responsiveness by SNAP recipients to labor market conditions, as opposed to what other researchers have measured at the State or national levels.

How Was the Study Conducted?

Multiple administrative sources from Oregon provided data covering a 10-year period from January 2005 through December 2014. The sample was drawn from SNAP spells that began during 2005 and 2009, and include records of SNAP receipt, unemployment insurance wages, and benefits. Using this linked administrative dataset, ERS investigated the relationship between local labor market conditions and SNAP-spell length by estimating discrete-time hazard models. The models yielded estimates of the effect of labor market variables on the “hazard” (or probability) that a recipient left the program in a given month, conditional on the length of the SNAP spell to that point. A recipient was considered to have left the program if he or she has 2 consecutive months of nonreceipt. Different definitions of labor market area and different measures of labor market conditions were evaluated.