

Economic and Fiscal Impacts of Summer SNAP Spending

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November 7, 2019



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1.0 Executive Summary

Maryland faces a variety of challenges regarding economic inequality. To better understand the consequences of this inequality, RESI hosted a series of roundtable discussions with community experts. During the roundtable on food insecurity, participants stated that the Supplemental Nutrition Assistance Program (SNAP) was one of the most effective ways to connect hungry Maryland residents to nutritious food. Given that nearly 21 percent of Maryland households with children are considered food insecure, the state recently established a Summer SNAP program. This law allocates an additional \$30 per child (per summer month) in SNAP benefits, as well as an additional \$10 during winter break.

However, with only \$200,000 of state funds supporting the program, Summer SNAP has a limited reach. Roundtable participants suggested expanding the Summer SNAP program to help alleviate childhood food insecurity. RESI measured the potential economic impact of increasing Summer SNAP funding to \$2 million. Besides further alleviating food insecurity, and thus improving quality of life for thousands more children, this proposed hike in funding could greatly benefit Maryland’s economy, as illustrated below in Figure 1.

Figure 1: Economic and Fiscal Impacts Associated with \$2 Million in State Summer SNAP Spending Versus General Household Spending

Impact Type	Impacts of Summer SNAP	Impacts of General Household Spending	Percent Difference
Jobs	16	14	13%
Output	\$2,353,630	\$2,207,180	7%
Employee Compensation	\$702,490	\$632,240	11%
State and Local Taxes	\$147,700	\$142,520	4%

Sources: IMPLAN, RESI

As seen above, allocating \$2 million in state government spending to Summer SNAP will have a positive impact on Maryland’s economy. As Summer SNAP funds are spent, 16 Maryland jobs are created with an average compensation of nearly \$44,000. In turn, seven percent of the initial outlay flows back to state and local governments in the form of taxes.

Providing this money to the Summer SNAP is a more powerful allocation of scarce state funds than distributing this funding to the typical Maryland household. For the same level of tax rebates or social assistance, the Summer SNAP program generates 13 percent more jobs, 7 percent more economic activity, and 4 percent more state and local tax revenue. Additionally, it should be stressed that these benefits are only associated with the immediate benefits. In the long run, providing children in lower-income households with better nutrition will lead to a host of benefits, including better education and health outcomes, that are not modeled here.

By investing in educational and nutritional support for vulnerable families, Maryland is also investing in its future.

2.0 Background

Maryland ranks as the nation's wealthiest state based on median household income.¹ Despite this apparent prosperity, economic disparity persists throughout the region. Nearly 10 percent of Maryland residents live below the poverty line, and 11.1 percent of households face food insecurity.² The United States Department of Agriculture (USDA) defines food insecurity as "the limited or uncertain availability of nutritionally adequate and safe foods or limited or uncertain ability to acquire acceptable foods in socially acceptable ways."³ In particular, children are disproportionately affected—nearly 21 percent of Maryland households with children are considered food insecure.⁴

Nearly 21 percent of Maryland households with children are food insecure.

These conditions are exacerbated by Maryland's high cost of living (well above the national average) coupled with stagnant wage growth.⁵ As a result, many families rely on government-funded public assistance, such as the Supplemental Nutrition Assistance Program (SNAP, formerly Food Stamps). Over 12 percent of Maryland's population reported that they struggle to afford enough food for their families.⁶

In fall 2019, the Regional Economic Studies Institute (RESI) of Towson University convened roundtables to discuss factors that contribute to disparities in Maryland; one session focused on food insecurity. Participants in the session consisted of representatives from area nonprofits and higher education who work with food insecurity on a daily basis. During the roundtable, several participants identified the SNAP program as the most effective program in directly connecting hungry families to food. During an average month, over 650,000 Marylanders receive around \$75

"SNAP is the most important and effective program we have to reduce food insecurity."
-Roundtable Participant

¹ "S1903: Median Income in the Past 12 Months (in 2017 Inflation-Adjusted Dollars)," U.S. Census Bureau, accessed October 23, 2019, https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_17_5YR_S1903&prodType=table.

² "S1701: Poverty Status in the Past 12 Months," U.S. Census Bureau, accessed October 23, 2019, https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_17_5YR_S1701&prodType=table. Alisa Coleman-Jensen, Matthew Rabbit, Christian Gregory, and Anita Singh, "Household Food Security in the United States in 2018," 23, U.S. Department of Agriculture (September 19, 2019), accessed October 23, 2019, <https://www.ers.usda.gov/publications/pub-details/?pubid=94848>.

³ "Definitions of Food Security," United States Department of Agriculture Economic Research Service, last modified September 4, 2019, <https://www.ers.usda.gov/topics/food-nutrition-assistance/food-security-in-the-us/measurement.aspx#security>.

⁴ "2017 Regional Price Parities by State," U.S. Bureau of Economic Analysis, accessed October 23, 2019, <https://www.bea.gov/news/2019/real-personal-income-states-and-metropolitan-areas-2017>.

"Maryland Hunger Solutions: 10 Years of Addressing Hunger, Improving Lives."

⁵ Ibid.

⁶ "Over 12 Percent of Maryland Households Struggle to Afford Enough Food," Maryland Hunger Solutions, August 1, 2018, <https://www.mdhungersolutions.org/press/over-12-percent-of-maryland-households-struggle-to-afford-enough-food>.

million in SNAP benefits.⁷ In 2017, over 17 percent of households with children received SNAP benefits.⁸

As part of a nationwide initiative to combat childhood hunger, many schools now offer free or reduced-price breakfast and/or lunch. More than 246,000 children in Maryland depend on these complimentary meals.⁹ Children who experience food insecurity are more likely to be hospitalized, perform lower on cognitive indicators, have more behavioral problems, and face more emotional distress.¹⁰

However, during the summer break (June-August), these children lose a steady and affordable source of nourishment. Studies have shown that food insecurity increases the risk of health problems, poor school performance, and behavioral issues in children, making them especially vulnerable.¹¹

Parents also face greater financial burdens during school breaks when they are cut off from the free/discounted meals and childcare provided by schools. During the summer months, a family's expenses increase on average by over \$300.¹² Many families are forced to eat inexpensive, unhealthy alternatives due to a lack of resources and easy access to fresh, nutritional food.

Over 650,000 Marylanders receive SNAP benefits during an average month.

2.1 Prior Legislative Action

In 2007, the nation's leading anti-hunger advocacy group, the Food Research & Action Center, formed Maryland Hunger Solutions to systematically confront statewide food insecurity.¹³ MHS's core strategy has been to increase and expand participation in federal nutrition programs, including SNAP.

In 2015, the Hunger-Free Schools Act was passed, allowing Maryland's high-poverty schools to offer all students free in-school meals through the Community Eligibility Provision (CEP).¹⁴

⁷ Yvonne Wenger, "Food stamp benefits for Maryland recipient to be distributed all at once in March after government shutdown," The Baltimore Sun, February 27, 2019, <https://www.baltimoresun.com/health/bs-md-food-stamps-distribution-20190227-story.html>.

⁸ "S2201: Food Stamps/Supplemental Nutrition Assistance Program (SNAP)," U.S. Census Bureau, accessed October 23, 2019, https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_17_5YR_S2201&prodType=table.

⁹ "Summer Food Service Program," Maryland Hunger Solutions, accessed September 20, 2019, <https://www.mdhungersolutions.org/summer-food-service-program>.

¹⁰ American Academy of Pediatrics, "Promoting Food Security for All Children," November 2015, accessed November 1, 2019, <https://pediatrics.aappublications.org/content/136/5/e1431>.

¹¹ Richard Bruno and Nithin Paul, "'Summer SNAP' will help feed low-income kids when school's out," The Baltimore Sun, July 8, 2019, <https://www.baltimoresun.com/opinion/op-ed/bs-ed-op-0708-summer-snap-20190702-story.html>.

¹² Ibid.

¹³ "Maryland Hunger Solutions: 10 Years of Addressing Hunger, Improving Lives."

¹⁴ Ibid.

Administered by the FDA, CEP allows individual schools or districts to be reimbursed for meals without requiring the families of students to opt in to the program.¹⁵

During the 2015-2016 school year, 227 schools across Maryland participated in the program. As a result, over 97,000 students attended a hunger-free school.¹⁶ In Baltimore City, this legislation resulted in schools serving more than 10,000 additional lunches per day. Research has shown that students who are well fed are less likely to make mistakes, demonstrate increased ability in math and vocabulary, exhibit stronger comprehension and concentration skills, and have improved attendance.¹⁷ While the Hunger-Free Schools Act has helped to decrease childhood hunger and increase academic performance in schools, it has still failed to account for food insecurity during summer/winter breaks.

2.2 Current Legislation

Recent legislation has been passed that addresses the challenges faced by families when school is out of session. Effective July 1, 2019, HB 338 and SB 218 (Summer SNAP for Children Act) seek to eliminate childhood hunger and alleviate food insecurity during the summer months.¹⁸ The legislation provides an additional \$30 per child, per summer month, in food benefits directly onto SNAP electronic benefits cards (and an additional \$10 during winter break).¹⁹ Evaluation research has shown that providing Summer SNAP benefits of \$30 and \$60 have statistically similar results and significantly reduce child food insecurity.²⁰

Summer SNAP provides an additional \$30 per child, per summer month, in food benefits.

Studies examining states that have piloted similar programs to Summer SNAP show that among its many benefits are a 33 percent reduction in child food insecurity and increased consumption of nourishing foods, particularly whole grains, fruits, and vegetables.²¹

Higher levels of food security can also protect children from a variety of health-related risks, such as anemia, asthma, and diabetes. Psychological issues, such as delayed language

¹⁵ "Community Eligibility Program," USDA, accessed October 31, 2019, <https://www.fns.usda.gov/school-meals/community-eligibility-provision>.

¹⁶ Jonathon Rondeau, Michael J. Wilson & David Sloan, "No Md. Schoolchild should go hungry," The Baltimore Sun, February 20, 2017, accessed October 31, 2019, <https://www.baltimoresun.com/opinion/op-ed/bs-ed-hunger-free-schools-20170220-story.html>.

¹⁷ Ibid.

¹⁸ HB 0338—Summer SNAP for Children Act, Maryland General Assembly, accessed October 23, 2019, <http://mgaleg.maryland.gov/2019RS/bills/hb/hb0338T.pdf>.

SB 0218—Summer SNAP for Children Act, Maryland General Assembly, accessed October 23, 2019, <http://mgaleg.maryland.gov/2019RS/bills/sb/sb0218T.pdf>.

¹⁹ "Summer SNAP for Children," No Kid Hungry, accessed September 30, 2019, <https://state.nokidhungry.org/maryland/whatwedo/summer-snap-for-children>.

²⁰ "Summer Electronic Benefit Transfer for Children (SEBTC) Demonstration: Summary Report," xvi, ABT Associates, May 2016, accessed November 1, 2019, <https://fns-prod.azureedge.net/sites/default/files/ops/sebctfinalreport.pdf>.

²¹ United States Department of Agriculture. "Summer Electronic Benefit Transfer for Children (SEBTC) Demonstration: Summary Report 2011-2014," May 2016, accessed October 31, 2019.

comprehension and emotional development, are also less prevalent in food secure households.²²

During the roundtable discussion, participants identified expanding Summer SNAP as an actionable step to immediately decrease food insecurity across the state. Per the text in the

The original text of the bill obligated the State to allocate \$2 million instead of \$200,000.

bills, the State of Maryland must allocate at least \$200,000 to the program in FY 2021, with requirements for local governments to match these funds.²³ However, the original text of the bill obligated the State to allocate \$2 million. Participants

recommended increasing Summer SNAP's capacity at the state level in order to increase coverage for hungry children during the summer and winter breaks.

Therefore, RESI examined the economic and fiscal impact associated with increasing funding for the Summer SNAP program to \$2 million per fiscal year.

3.0 Methodology

Beyond alleviating food insecurity, additional spending by families that are affected by the Summer SNAP program will benefit Maryland's economy. To quantify the economic and fiscal impacts of this household spending, RESI used the IMPLAN input/output model for the state of Maryland. This model enumerates the additional economic activity that occurs when a dollar enters the economy. For example, when a family receives a paycheck, they use that money to pay rent or a mortgage, to buy groceries, to go to the doctor, and other activities. Thus, while they received and spent a single paycheck, those dollars have been spent again, as the grocery store pays suppliers for its merchandise or as the doctor's office purchases medical supplies. The IMPLAN model estimates these "ripples" throughout the economy.

For this analysis, RESI allocated the State funding to Summer SNAP as a change in household income to households with incomes between \$15,000 and \$30,000 annually (the median household income in Maryland for a household participating in SNAP is \$27,699 annually).²⁴ RESI modeled the funding as an increase in household income because money is fungible; households receiving SNAP benefits will likely shift some of their current spending on groceries to other household necessities. RESI then used the IMPLAN model to calculate the economic activity in terms of employment, output, employee compensation, and state/local tax revenues. The current iteration of Summer SNAP obligates \$200,000 in State spending to the program. However, roundtable participants noted that increasing this figure would allow more eligible children to participate. For this reason, RESI considered the economic and fiscal impacts

²² Lauren Bauer, "Reducing food insecurity among households with children is still a challenge for the United States," Brookings, July 25, 2018, accessed October 31, 2019, <https://www.brookings.edu/blog/up-front/2018/07/25/reducing-food-insecurity-among-households-with-children-is-still-a-challenge-for-the-united-states>.

²³ HB 0338—Summer SNAP for Children Act, Maryland General Assembly; SB 0218—Summer SNAP for Children Act, Maryland General Assembly.

²⁴ "S2201: Food Stamps/Supplemental Nutrition Assistance Program (SNAP)," U.S. Census Bureau.

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associated with allocating \$2 million (the funding level detailed in the original text of the bill) to the Summer SNAP program.

RESI assumed that, in the absence of the Summer SNAP program, the State would still spend this \$2 million. To account for this counterfactual, RESI also modeled an increase in \$2 million to households in the median household income bracket in IMPLAN.

4.0 Results

The Summer SNAP program provides families that participate in SNAP with additional funds to purchase groceries in months when school is not in session. While this program has benefits that extend far beyond dollars and cents, the spending associated with this program benefits Maryland’s economy. As presented in Figure 2, RESI estimates that each dollar in State funding allocated to the Summer SNAP program supports approximately \$1.18 in economic output.

Figure 2: Economic and Fiscal Impacts Associated with \$2 Million in State Summer SNAP Spending Versus General Household Spending

Impact Type	Impacts of Summer SNAP	Impacts of General Household Spending	Percent Difference
Jobs	16	14	13%
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Sources: IMPLAN, RESI

As seen above, allocating \$2 million in state government spending to Summer SNAP will have a positive impact on Maryland’s economy. Low-income households generally spend a higher percentage of their income than other households. As the money received through Summer SNAP is spent on groceries, or used to free up money for other necessities such as utilities or rent, 16 Maryland jobs are created with an average compensation of nearly \$44,000. In turn, seven percent of the initial outlay flows back to state and local governments in the form of taxes.

Providing this money to the Summer SNAP program is a more powerful allocation of scarce state funds than distributing this funding to the typical Maryland household. For the same level

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of tax rebates or social assistance, the Summer SNAP program generates 13 percent more jobs, 7 percent more economic activity, and 4 percent more state and local tax revenue. Additionally, it should be stressed that this comparison is only associated with the immediate impacts. In the long run, providing children in lower-income households

with better nutrition will lead to a host of benefits, including better education and health outcomes, that are not modeled here.

The expenditures modeled here, while significant, will not completely eradicate food insecurity for Maryland children during school breaks. As mentioned previously, more than 246,000 Maryland students depend on free or reduced-cost meals at school.²⁵ If all of these students received the annual \$100 to supplement their meals during breaks, it would require total expenditures of \$24.6 million.

Providing this money to the Summer SNAP is a more powerful allocation of scarce state funds than distributing this funding to the typical Maryland household.

5.0 Conclusion

Though Maryland is a wealthy state, there are still many residents that face food insecurity. A lack of consistent adequate nutrition can be especially detrimental to children who are still growing and developing. While programs in schools can help to alleviate childhood food insecurity, they do not provide coverage during the summer and winter break months when schools are out of session.

In addition to alleviating childhood hunger, the Summer SNAP program benefits Maryland's economy. Allocating these funds to SNAP-eligible households has a greater impact on Maryland's economy than allocating this funding to the typical Maryland household. By investing in educational and nutritional support for vulnerable families, Maryland is also investing in its future.

²⁵ "Summer Food Service Program," Maryland Hunger Solutions.

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