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UNIVERSITY OF WISCONSIN-MADISON



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The Federal and State Policy Role in Reducing Hunger and Food Insecurity

For Feeding Wisconsin October 18, 2021

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Outline: Federal Food Support Policy

- **Food matters and policy matters**—income support policies will never be as flexible as direct food aid, which is always needed, but it can reduce the burden on food banks, food pantries and groups like Feeding Wisconsin
- **Four points and takeaways** –mostly about children
 1. **Pandemic EBT Made a BIG (but a bumpy and temporary) Difference in Reducing Food Insecurity During Pandemic**
 2. **Role of the child tax credit (CTC) in reducing hunger** (feds only– direct and flexible --good news so far and for hunger too)
 3. **Role of the new permanent SNAP increases in October 2021**(state inputs vary from encouraging to discouraging -- but benefit increase long overdue)
 4. **Importance of Keeping the CTC and the Expanded SNAP beyond 2021**

First, though, food matters

- There is now excellent, long term, *causal*, evidence that a variety of key economic & social outcomes for low-income people, esp. kids, can be linked to federal food support programs
- Early investments have large health payoff, for instance on low birthweight and infant/maternal health and on longer term health and a host of schooling outcomes for infants and mothers (see Addenda for details)
- But the Covid Pandemic has brought new challenges ----

Long car lines for food aid , community feeding stations, public refrigerators , free lunches



1. The Pandemic EBT Response

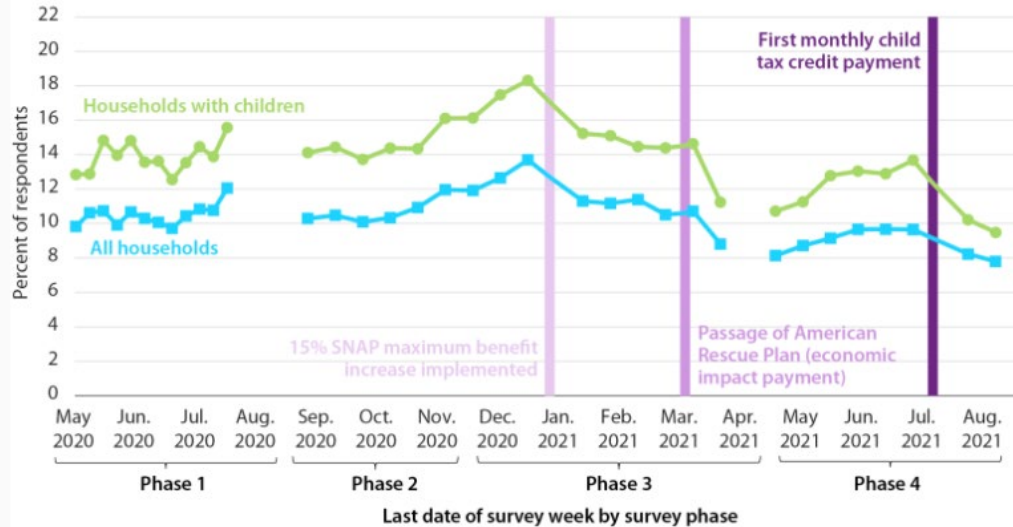
- In the **2020-21 school year**, [Pandemic EBT](#):
 1. Reduced the share of families in SNAP households where children experienced very low food security by 17 percent;
 2. Reduced food insufficiency among SNAP households by 28 percent;
 3. Had **largest effects in alleviating food hardship in states with relatively high rates of school closures**, where Pandemic EBT reduced children's very low food security by 22 % & household food insufficiency by 39 % via continued school related and other feeding programs (see next)

BUT the response was off and on – still it prompted two other recent changes have further cemented progress

Food insufficiency through the Pandemic

FIGURE 1.

Rates of Food Insufficiency in the Last Seven Days, May 2020 to August 2021



Source: Census Household Pulse Survey 2020–21; authors' calculations.

Note: The HPS asks respondents whether, in the past seven days, its household was able to consume the quantity and types of food it wanted; enough, but not of the type of food it wanted; sometimes was not able to eat enough; or often was not able to eat enough. We examine whether a household reports it was sometimes or often not able to get enough to eat in the previous seven days.



2. Role of the child tax credit (CTC)

- **The new monthly refundable child tax credit is a revolution in US social policy.** Most families with incomes under \$250,000 are now (since July) receiving \$250 or \$300 a month *per child* under age 17 to support their children. 3 kids? -- \$750-\$900 per month
- **The system is akin to the ‘child allowance system’ in at least 20 other rich and middle-income countries .**
- **This ‘universal’ policy is based on the idea that:**
 1. **kids are expensive, and**
 2. **society has a shared interest in seeing them thrive.**

What is a monthly refundable Child Tax Credit (CTC)?

- US has had a CTC since 1998; and no child deductions since 2017
- In 2017 the CTC became \$2000 per child per year, available to families with kids up to \$400,000 a year, as an annual tax credit
- **But refundability was limited: the bottom 10% of families with no earnings got nothing ; and next 25% got only partial refunds**
- For 2021 only, the credit is fully refundable up to \$3600 per year
- First half comes monthly and started in July; the second half comes as a tax credit when 2021 taxes are filed ; the credit doesn't begin to fade until single parent incomes are above \$112,000/ couples, \$150,000 (next)
- 90% of US kids - higher credits ; "child poverty MAY be halved "

Features of the new CTC

- Paid monthly to eligible parents in 2021 of *all* kids with SSNs , no change unless parent/guardian changes or child ages out – no re-certify, re-apply, low administrative burden once enrolled
- Provides a floor under family income, and reduces month to month income instability, which is highly valued by poor and working-class families
- Credit is not counted as income against any means tested program: not SNAP, SSI, or Medicaid -- EITC continues in same once a year refund format
- Half benefit comes monthly, July- Dec. ; other half at tax time in 2022
- Since the CTC is not reduced as earnings rise until above \$112,000, it does not discourage work (vs. say SNAP/FoodShare where benefits fall as earnings rise)

And the effects are already visible for family's w/ kids in the "Census Pulse Survey" for July 2021

- The new CTC payment is associated with an 8-percentage point (29%) fall in food insufficiency for low-income families
- Effects concentrated in families with incomes below \$40,000
- So there is need to increase take up amongst the poor & many non-filers or other families still not fully connected to the IRS
- Other Census reported effects included declines in families who find it difficult to afford household expenses; increased spending on debt reductions ; emergency savings and increased expenses on childcare.

The broader CTC goal: stabilize income and reduce material hardships

- Goal should be to **lessen families' risk for material hardship** (not enough food, inability to pay bills), **due to lack of income**
- Important because **hardship is associated with a host of other adverse outcomes** related to other policy objectives, such as the increased risk for child maltreatment, child behavior problems, eviction, and intimate partner violence
- Ex: one quarter of evictions are for \$500 per month or less
- See more in addenda on who is helped and why the CTC is a good investment in poor kids

3. The Role of SNAP/ Food Share

- The Feds revised the nutrition standards of the SNAP program that feeds one in eight Americans (42 m. people)
- Revision led to [largest permanent increase to benefits in the SNAP program's history](#), starting this month (October,2021)
- Rules increase average benefits by more than 25% from pre-pandemic levels (another 10% top of the 15% from the ERP)
- The move does not require Congressional approval, and unlike the large pandemic-era expansions, which are starting to expire, the changes are long term

How and Why?

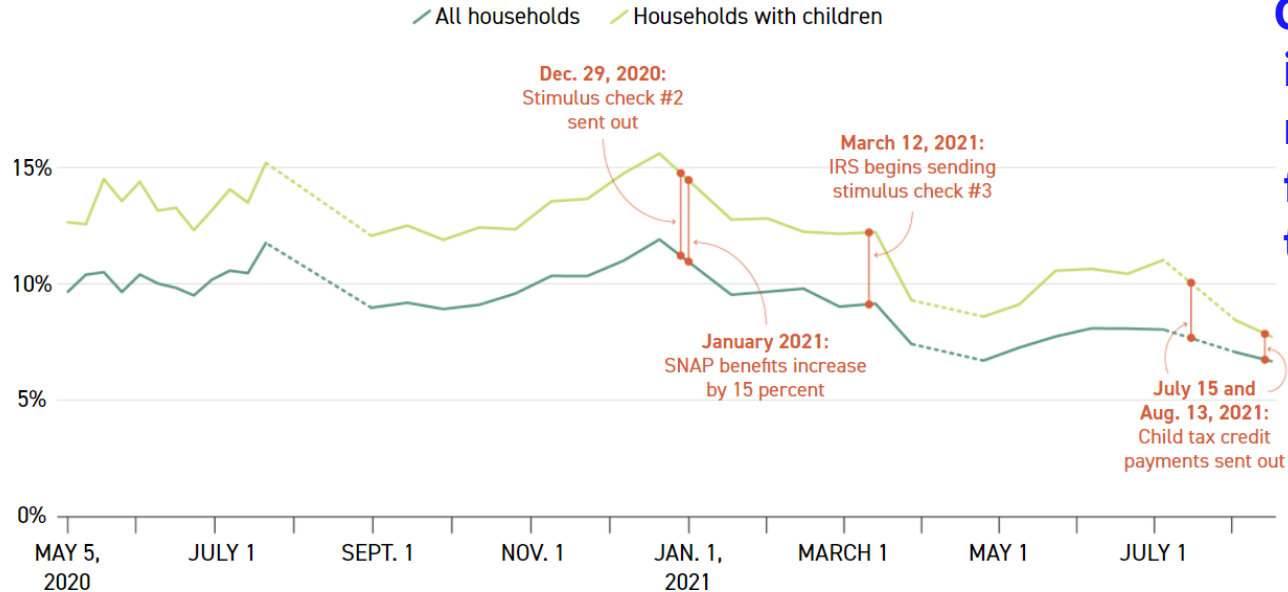
- More than [three-quarters of households](#) exhaust their benefits in the first half of the monthly SNAP cycle, and researchers have linked subsequent food shortages to problems as diverse as [increased hospital admissions](#), [more school suspensions](#), [lower SAT scores](#)
- DOA revised the Thrifty Food Plan, the list of two dozen food groups the government has used to estimate the cost of an economical, minimally nutritious, diet since 1962 (updated for inflation only post 1962)
- **New standards reflects the true cost of a basic healthy diet, *not* what poor people could afford to spend; that is *the new standards were not done by estimating the cost of an adequate diet with data from people who could not afford one !***

And so--

- The good news is that SNAP will last longer (the older maximum aid could not buy a modest diet in 96 percent of American counties)
- **But--** unlike the CTC, SNAP is administered by the states & hence is 50 or more programs; administrative burden varies greatly
- Consider WI history: from 1 in 7 being fed without question during the Great Recession, to Walker era cuts, especially for adults without kids; work requirements; asset tests, drug tests, home value tests & more were suspended when Evers was elected

4. Importance of Keeping the CTC and the Expanded SNAP beyond 2021

PERCENTAGE OF HOUSEHOLDS THAT SOMETIMES OR OFTEN DIDN'T HAVE ENOUGH TO EAT



**So far so good
October 21 SNAP
increases and
more CTC
families will push
the line even lower**



Note: Data is plotted as of the end of the two-week survey collection period. Dotted lines represent breaks in survey collection.
Source: Biweekly Census Bureau Household Pulse Survey of an average of 250,000 Americans
By: Annette Choi/POLITICO

What's next ?

- **Extending** the refundable CTC&CDCTC beyond 2021, now in Biden budget and to be decided within the next few weeks
 - **Paying** for this investment with higher taxes
 - **Getting** more of the poor signed up by years end and beyond
 - **Bottom Line: refundable CTC is good for kids and larger society**
1. USA has failed at universal health care for all
 2. USA was first with universal K-12 education for all
 3. Now USA has (almost) universal income support for kids, and we need to keep it

Why now ?

- NAS & Columbia U. : benefits of CTC outweigh costs 8 to 1
- Packages of benefits including the CTC and CDCTC can reduce poverty and increase market work effort at the same time
- Less upward mobility & opportunity for kids now vs. past
- **Covid shows insecurity rises for the 'working class' (White, Latino and Black; rural and urban) as well as for the poor**
- Libertarians like the CTC : cash is attractive, flexible, and trusts parents ; & possibly pro-natal (good for us all)
- 77 percent of the public approved of the ARP


Final thoughts

- WCC, UW Extension, CHWs, many public libraries, and county WISCAP coordinators are also trying to help here— and people need help even *after* they get the CTC !! For example , 2 Q&As
 - “Will I have to repay?” **NO!**
 - “Why did I get this check/deposit, was it a mistake ?” **NO !**
- Ask if you need any help and I will try to connect you , so email me at smeeding@wisc.edu if I can help
- Questions Please ?

Thanks

Addenda slides follow

- More on Who Benefits (5 slides)
- CTC as helper for needy and good investment for the nation (2)



Alleviating poverty and hunger improves kids' outcomes

Courtesy and credit to [Diane Schanzenbach](#)

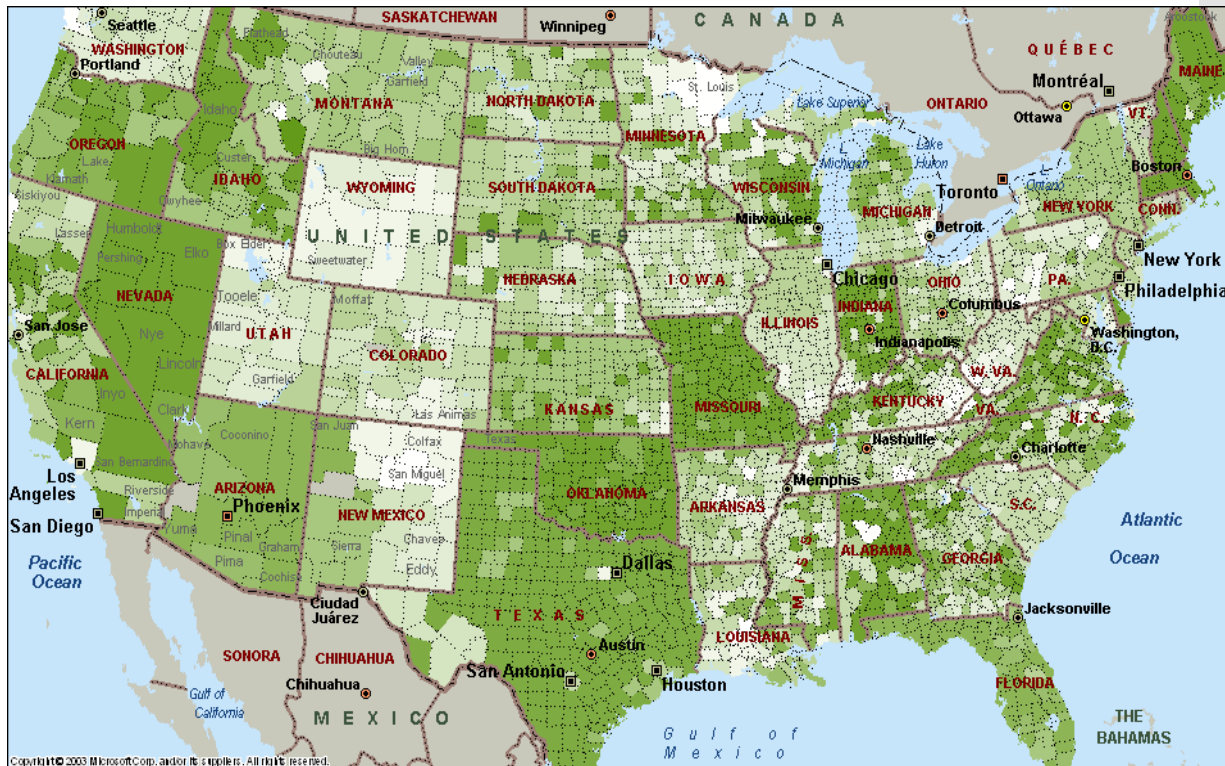


Impacts of Food Stamp Program

Original introduction 1963-1975

Use cross-county variation in access at different ages

Use design to look at variety of outcomes: spending, labor supply, birth outcomes, and long-term health & economic outcomes



Food Stamps during Pregnancy Improve Birth Outcomes

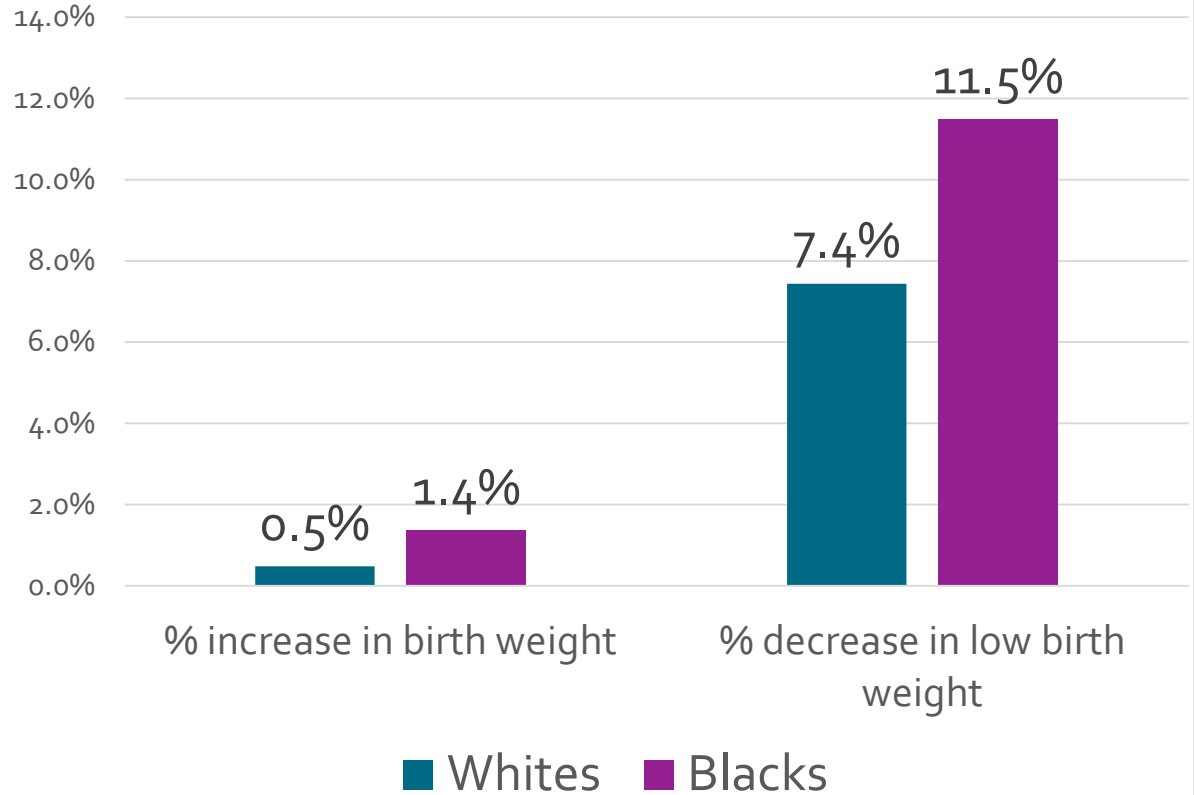
Availability of food stamps in the county leads to an increase in birth weight and a reduction in the incidence of low birth weight

Larger effects on children born to African American mothers

Effects concentrated at the bottom of the birth weight distribution

Figure shows reduction in likelihood born with birth weight < X

Impacts of Food Stamps on Birth Outcomes



-> Large improvements in adult health, economic outcomes – especially for women

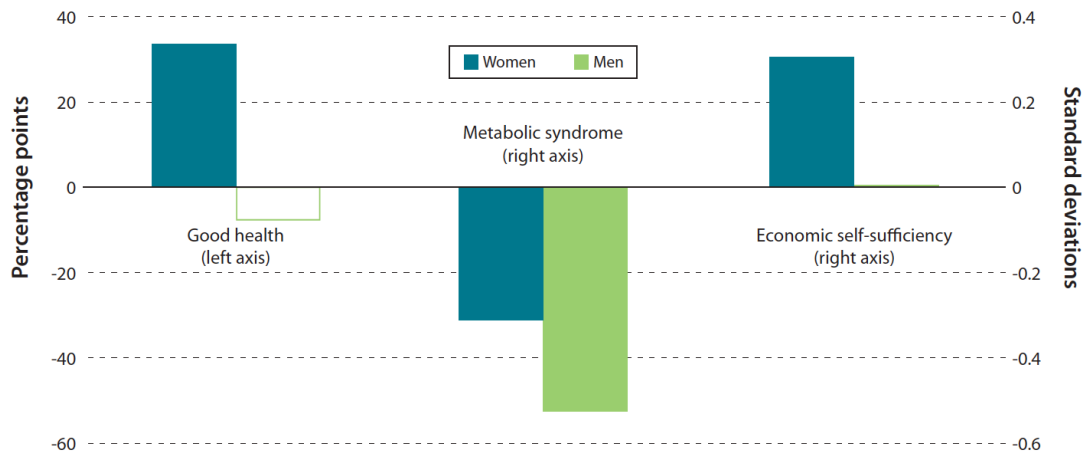
More good health (women)

Fewer biomarkers of bad health

More economic self-sufficiency (women)

Impact of access to food stamps during early life on adult health and economic outcomes

Access to food stamps in early life improves health outcomes in men and women and economic self-sufficiency in women later in life.



Sources: Hoynes, Schanzenbach, and Almond 2016.

Note: HOLLOWED bars are not statistically significant.

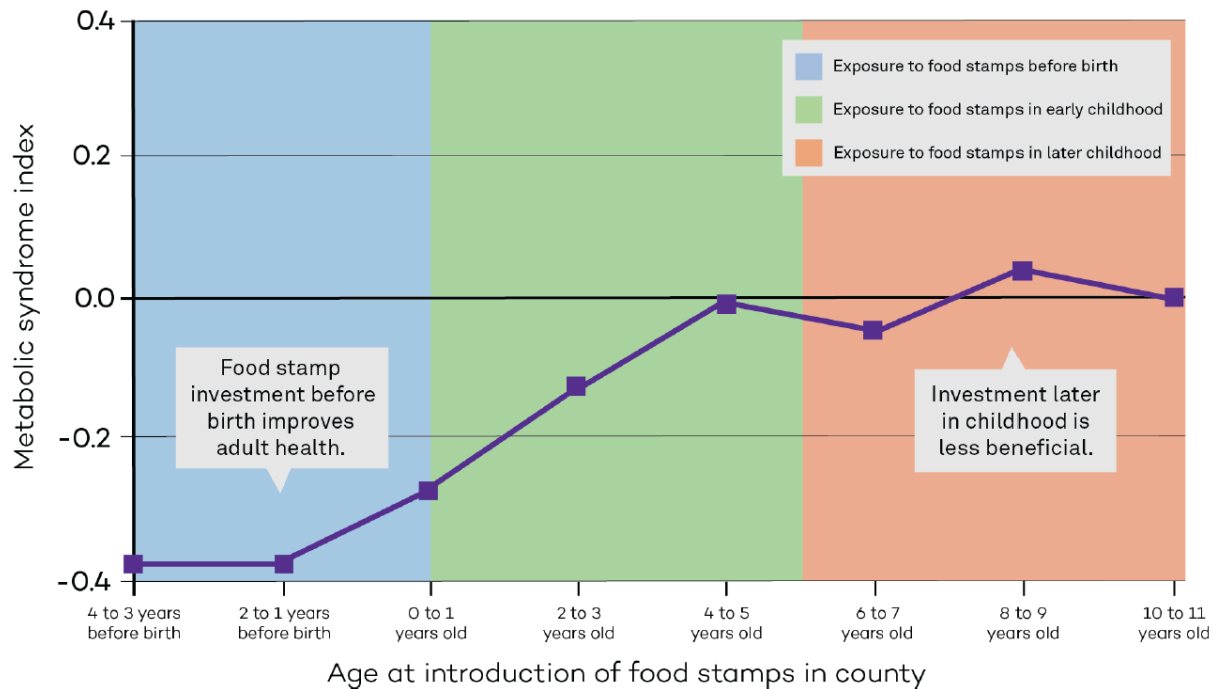
Timing matters: Early investments have larger health payoff

Largest impacts when had
resources prior to birth

Important impacts during first 4
years of life

Economic impacts: positive at all
ages, but largest from conception
through age 1

Exposure to Food Stamps and Long-Term Health



Who is helped by the CTC and SNAP expansions and why they are important for poor kids

- **Childhood poverty** is a huge problem in the United States, affecting approximately [one-in-seven](#) children, and [one-in-five children of color](#); and childhood poverty costs the country between [\\$800 billion and \\$1.1 trillion](#) each year
- **Children growing up in poverty begin life at a disadvantage: they attain less education, face greater health challenges, and are more likely to have difficulty obtaining steady, well-paying employment in adulthood.**
- **Poverty reduction benefits for kids** . Research shows that reducing child poverty improves educational attainment, as reflected in [fewer school absences](#), [higher standardized test scores](#), plus more [high school completion](#) and [college attainment](#). It also improves health in [infancy](#), [during childhood](#), and in [adulthood](#), as well as [reducing mortality](#) and [crime](#).

CTC is a good *investment* for poor kids

- The **financial gains from reducing childhood poverty persist long past childhood**: low-income children who benefit from safety net programs are more likely to be employed, earn more as adults and less likely to be poor.
- **Long-term investment gain** . Expanding the CTC leads to **a long-term fiscal payoff**. Because reducing child poverty has a positive effect on earnings in adulthood, expanding the CTC would bring in more tax revenue later.
- By **improving low-income families' health**, it would reduce government medical expenditures for this group.
- In sum, once the full effects of the CTC expansion are counted, **the net cost to taxpayers of the expansion has been estimated to be as little as 16 cents for every \$1** and social benefits exceed cost by 8 to 1