Putting the SEBTC Evidence in the Larger Research Context

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We care about how government funds are spent

Policymakers often give cash transfers suggestive names:

- Child Benefits (Kooerman 2000, Blow et al 2010).
- Family Allowance (Ward-Batts 2008).
- Food Stamps / SNAP (Southworth 1945, . . ., Moffitt 1989, . . ., Hoynes & Schanzenbach 2009, . . .).

Theory is clear that a normative label shouldn’t matter.

Empirical evidence is decidedly mixed.

Either way the answer matters.

- Labels may serve policy goals.
- Misplaced labels may have welfare consequences.
We care about how people spend SNAP benefits

The potential impact of Supplemental Nutrition Assistance Program (SNAP) restrictions on expenditures: a systematic review

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We identified 59 studies and 117 distinct estimates of the Marginal Propensity to Spend on Food out of Food Stamps / SNAP benefits.
MPSFS Estimates Vary Widely—Publication Year

Simple regression line

Dose response: cashout

Dose response: non-cashout

Participant/Non-participant

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MPSFS Estimates Vary Widely – Data Year

First year of data collection

Simple regression line

Dose response: cashout

Dose response: non-cashout

Participant/Non-participant
SNAP is not randomly assigned
San Diego Cashout Demonstration data (SP); the Panel Study of Income Dynamics using data for all households (PA), SNAP participants (PP) or other households (PO); the Nationwide Food Consumption Survey Low Income supplement using SNAP-eligible households (NE); the Consumer Expenditure Survey Diary data using all households (CA), SNAP-eligible households (CE) and SNAP participants (CP); and other data set using all households (OA), SNAP-eligible households (OE), SNAP participants (OP) and other households (OO). (MPSFS, marginal propensity to spend on food out of food stamps)
SNAP and Food Insecurity

The evidence that SNAP reduces food insecurity is overwhelming:

- SNAP participants have higher FI than otherwise eligible nonparticipants and early work ignored selection effects.
- Gundersen and Olivera is the first to take causal identification seriously.
- Work by Gundersen, Kraider, Pepper & co-authors shows robust non-parametric evidence.

Evidence on “bang per buck” is limited:

- Gundersen et al papers typically provide wide bounds.
- Van Hook and Ballistreri (2006) find decreasing snap increases food insecurity.
- Nord & Prell (2011) find the ARRA increases reduced food insecurity.
- The SEBTC provides the best evidence to date on estimating the dose response function.

Mechanisms remains difficult to pin down.
Final Thoughts

Much recent work that find a large effects capture an short-run response.

- Do these effects persist over the long run?
- Are these effects symmetric? Are they linear?

Much of the modern work that finds a smaller effect considers the equilibrium response.

Experimental evidence is the typically viewed as the gold standard.

- Pure experiments are infeasible and unethical.
- Randomized interventions of this size are expensive and infrequent.
- USDA should think about budgeting for public use files. Making data widely available to researchers is important.
- USDA should think about coordinating data collection (FoodAPS / ACS) with experiments (SEBTC).