

# RIDGE PROGRAM SPOTLIGHT

## Research with administrative data in Colorado and Oregon shows little evidence that SNAP distorts work decisions

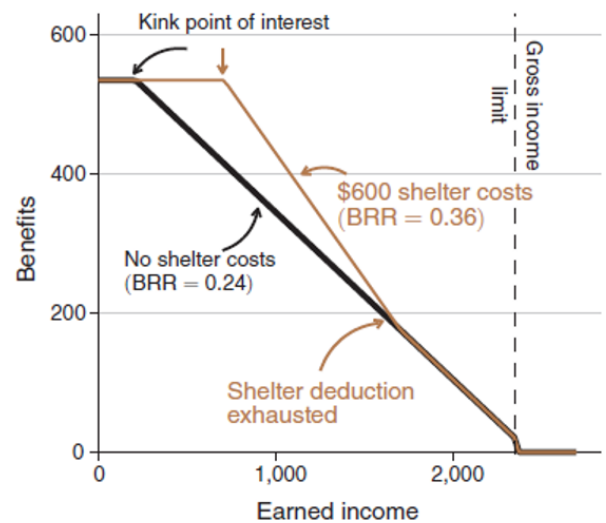


For many years, policy-makers have wondered if safety net programs such as the Supplemental Nutrition Assistance Program (SNAP) might motivate low-income Americans to work less in the labor market. In new research, [Dr. Jason Cook](#), a 2019 RIDGE grantee, and colleagues found little evidence that SNAP participants reduced their work effort in this way.

The research focused on particular technical features of the SNAP benefit formula, the equation that determines the benefit amount for each applicant household. SNAP benefits are higher for participants with the least earned income, to target the benefits toward those with the greatest need. In addition, certain living costs such as excess shelter expenses beyond a specified threshold are deducted from applicants' income when the benefits are computed. Dr. Marianne Bitler, Dr. Jason Cook, and Dr. Jonathan Rothbaum investigated whether the resulting "kink" in the benefit formula motivated people to hold back on working, so that their income would be low enough to earn the maximum benefit (Figure 1). Authors used administrative data to build on previous qualitative evidence that some SNAP recipients understand how earnings impact benefit levels. For example, one participant reported:

If I take [a job with a \$2/hour raise] with me spending basically as much money as I'm making, *my SNAP benefits are going to be lowered as well*. So it basically would've been me working backwards (Caspi et al. 2020; emphasis added).

Figure 1. Benefit formula by shelter cost amounts



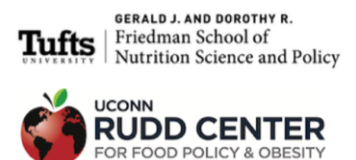
Source: Bitler, Cook, and Rothbaum, 2021.

By studying large samples of administrative records from Colorado and Oregon, Dr. Cook and colleagues found little evidence that the distribution of income was "bunched" as one would expect under this type of strategic behavior. In Oregon, for example, many participants could have earned up to \$150 per month more in earned income and still remained eligible for the maximum benefit.

"Support by RIDGE made it possible to study whether SNAP benefit rules reduce work among very low-income households," Dr. Cook said. "The evidence supports the notion that work decisions are largely not distorted at the point of the benefits schedule where SNAP dollars begin to fall off."

Bitler, M., Cook, J., and Rothbaum, J. (2021). Working for Your Bread: The Labor Supply Effects of SNAP. *American Economic Review, Papers & Proceedings*. doi: [10.1257/pandp.20211094](https://doi.org/10.1257/pandp.20211094)

Caspi, C.E., De Marco, M., Welle, E., Sadeghzadeh, C., Chapman, L., Harnack, L., and Pratt, R. (2020). SNAP and Work-Related Policies: An In-Depth Analysis of Work Perceptions and Behaviors.



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