Should Federal Supplemental Nutrition Assistance Program (SNAP) Benefits Pay for Soda and Candy?

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U.S. obesity rates are rising along with related increases in diabetes and other co-existing health problems. Among Americans 15 years old and above, 31% were obese in 2000 compared to 40% in 2016. This trend is expected to continue, with obesity rates projected to reach 47% by 2030. During the same period, the federal Supplemental Nutrition Assistance Program (SNAP, formerly known as the Food Stamp Program) showed unprecedented growth, from 17 million participants in fiscal year 2000 to 45 million in 2016. How do these two seemingly conflicting trends—a growing number of Americans consuming too many calories and a growing number of Americans experiencing food insecurity—coexist, and what are the best paths forward for an informed public policy debate?

THE CURRENT STATUS OF SNAP

Before entering into a policy discussion, it is important to understand the development and current structure of SNAP. SNAP is the nation’s largest federal food assistance program, providing monthly benefits to eligible low-income households for use at grocery stores and other food retailers.

In fiscal year 2018, SNAP provided each of its 40 million participants with an average monthly benefit of $125, at a total annual cost of $65 billion. Recipients can use SNAP funds to buy eligible groceries, which include most food or drink items except alcoholic beverages, hot foods, and prepared foods for immediate consumption. In other words, SNAP adopts a “black list” approach: most foods and beverages are eligible for purchase, with only a few exceptions. To maintain recipients’ food purchasing power, the federal government prohibits states from collecting state or local sales taxes, excise taxes, or fees for the food or beverages purchased with SNAP benefits at the retail point of sale.

In comparison, the other two U.S. food assistance programs, the National School Lunch Program (NSLP) and Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), have a much smaller number of participants and far lower costs. In fiscal year 2018, there were about 7 million WIC participants, each receiving an average monthly payment of $41, for a total annual cost of $3.4 billion. The NSLP provided lunches to 30 million children each school day at an annual cost of $14 billion.

PUBLIC HEALTH ADVOCATES VS. ANTI-HUNGER ADVOCATES

The groups that experience the most instances of obesity and food insecurity greatly overlap; most are in low-income households. Therefore, the critical issue is how best to provide food assistance to low-income communities in need. This discussion is often framed as a fundamental ideological difference between anti-hunger and public health advocates.
advocates and public health advocates regarding the objective of SNAP: is it a program that focuses on food quantity, nutritional value, or both?

In the 1960s, the goal of the Food Stamp Program was to provide low-income Americans with enough calories to maintain life. As a result, food quantity was the predominant focus. Over time, anti-hunger supporters continued to advocate for this historically important objective, and embraced the free-choice approach of allowing recipients to decide how to spend their food supplement dollars.

However, alarmed by rising obesity rates, public health advocates began to argue that providing Americans with enough calories should no longer be the key objective; instead, they said, the federal government should focus on providing sufficient nutrients, improving the nutritional status of participants, and curbing soaring obesity rates among the poor. In other words, they believe the quality of food is equally, if not more, important than providing enough food to avoid hunger. They observe that Congress recognized the importance of nutrition in 2008 by changing the Food Stamp Program’s name to the Supplemental Nutrition Assistance Program (SNAP).

Public health advocates therefore support limiting recipients’ choices; calories with no nutritional value should be removed from the eligible foods list, they say.

A complicating factor is that the food stamp program has historically been linked to the farming industry; its governing legislation is commonly known as the “Farm Bill.” Today, SNAP is integrated with the broader agriculture industry, with stakeholders ranging from farmers, refrigeration equipment manufacturers, food processors, retailers, beverage companies, and banks. Although 76% of projected Farm Bill spending will go toward SNAP, the bill also covers a wide variety of food and farm issues and involves many interest groups—all of which combine to obscure the focus of providing food assistance to low-income households.

SNAP could be a program that focuses on food quantity or nutritional value. These different objectives result in very different policy implications.

PUBLIC POLICY IMPLICATIONS

The different objectives advocated by the two sides result in very different policy implications. At one extreme, those who focus on providing a sufficient number of calories, or on granting freedom of choice, tend to endorse policies similar to today’s SNAP black list approach; this means recipients are free to buy soda, candy, or other items deemed to have limited nutritional value.

At the opposite end of the spectrum is a white list approach that explicitly lists eligible items. This is similar to the current WIC program, which has only 19 eligible food categories. Although this approach preserves diet quality and removes the concern that beneficiaries will spend taxpayer money on empty calories, an extreme application that eliminates all choice by providing recipients with a pre-assembled food basket is generally not desirable. The Trump administration recently proposed the “harvest box” approach, which was not met with much enthusiasm by anti-hunger groups.

Some researchers emphasize that food choice is important; in addition to the goals of food security and nutrition, an important third objective of food assistance programs should be that food-related experiences relate to social identity and cultural expression, they say. In other words, because the food we eat reflects our personal, social, and cultural identities, the ability to make food choices also provides value and comfort. From this perspective, policies that provide nutritious food, without allowing any choice, would likely not be as well-received as a more flexible purchase policy. In addition, because all foods can be incorporated into a healthy diet if consumed in moderation, it stands to reason that no particular food should be banned.
POLICY PROPOSALS BY PUBLIC HEALTH ADVOCATES

To curb the rising U.S. obesity rate, states have applied a sales tax to soft drinks as a way of discouraging consumption; among states that have a sales tax, over three-quarters impose a sales tax on soda.\textsuperscript{16} However, states cannot impose taxes or fees on food purchased with SNAP funds at the retail level. In response, public health advocates offer two policy proposals.

The first policy option calls for a soda tax, or a tax on sugar-sweetened beverages, at the business, instead of retail, level.\textsuperscript{17} Most soda taxes today are excise taxes levied at the distributor level, and distributors can elect to absorb part of the tax. In other words, the tax is applied before the products reach customers. In the case of SNAP, even if distributors pass the tax onto customers at the store, the price increase would be incorporated in the price of the product and not explicitly shown as a tax on the purchase of eligible food.

Critics of the soda tax argue that the tax is regressive because low-income households would pay a larger percentage of their income for the tax than wealthier households. In addition, critics argue that soda taxes do not effectively reduce consumption or improve health outcomes because consumers can maintain their soda intake by buying soft drinks in nearby cities that do not have a soda tax. Opponents are also concerned that soda taxes represent government overreach and interference with consumer choices.

Overall, soda taxes remain a controversial approach to combat the obesity epidemic. Recent polls show that Americans are divided about soda taxes,\textsuperscript{18} and state and local soda tax initiatives to implement them have faced fierce opposition from industry groups and residents alike.

A second policy option is to simply remove sugar-sweetened beverages (SSB) and candy from SNAP’s list of eligible foods. Studies have shown that almost all SNAP households surveyed purchased soda with their benefits,\textsuperscript{19} and they spent $2 billion to $4 billion in SNAP benefits per year for soda.\textsuperscript{20} Advocates of this policy believe federal programs should not allow recipients to use taxpayer money for soda or candy, especially not at subsidized prices (because sodas are tax exempt).\textsuperscript{21}

However, challenges to SNAP’s policies regarding soda and candy purchases have not been successful. To remove candy or soda from the eligible foods list, states must initiate a request and the USDA must approve the changes. Several states have made such requests. During the Obama administration, New York City requested a temporary, two-year removal of soda from SNAP–allowable purchases in 2010 to evaluate the impact of soda consumption on recipients’ health. The USDA denied the request, indicating that such a waiver would compromise the dignity of the poor and the integrity of the SNAP.\textsuperscript{22} There are also concerns that adding restrictions to the eligible foods list will increase the complexity of the program and reduce participation.

More recently, the Trump administration denied requests from Maine in 2017 that would have disallowed the purchase of candy and soda with SNAP benefits. The USDA’s reasons for denial included the administrative costs for retailers, difficulties in deciding which candies and soda to exclude, and lack of evidence that such bans will yield meaningful health outcomes.\textsuperscript{23} Several other states, including Illinois, Minnesota, Florida, and Texas, have either proposed bills in state legislatures or applied with the USDA to prohibit the purchase of certain food and drink items using SNAP funds; none of these initiatives went very far.

Interestingly, survey results have shown that most SNAP participants support excluding sugary drinks from the program.\textsuperscript{24} For instance, a 2012 study found that 54% of SNAP participants surveyed supported the exclusion, while a 2015 study found that 68% of participants supported the exclusion if it were combined with additional money for healthier food purchases.\textsuperscript{25}
ANTI-HUNGER ADVOCATES’ POLICY PROPOSALS

Anti-hunger advocates believe that SNAP has effectively lifted many Americans out of poverty. Most SNAP beneficiaries are children, elderly adults, people with disabilities, and veterans, and about a third of recipients have household members who are employed. The abuse of program benefits, such as through fraud or erroneous claims, is low, and the average length of participation is less than one year.

Advocates also argue that the food choices offered by SNAP make the program appealing to retailers. A key to SNAP’s success is its reliance on the private sector to provide food access through grocery stores and other retailers, which reduces distribution costs to the government. However, because over 80% of SNAP benefits are redeemed at supermarkets or grocery stores, restricting SNAP-eligible items would be an administrative nightmare for retailers due to the large number of products that would need to be classified.

Because SNAP benefits are modest—less than $5 per person per day—almost all households supplement their SNAP purchases with items purchased with their own money. This illustrates SNAP’s intent to extend families’ food purchasing power, not cover 100% of their food bills. Even if soda is on the exclusion list, recipients are unlikely to change their consumption patterns because they can simply use their own funds to pay for soft drinks.

Finally, advocates believe that penalizing SNAP beneficiaries for their food choices is unreasonable because their soda or candy consumption is not significantly higher than that of non-SNAP households. A 2016 USDA report showed both SNAP and non-SNAP households spent about the same percentage of their food budget on sugar-sweetened beverages: 9% for SNAP households and 7% for non-SNAP households. As such, there is no need to single out SNAP recipients and judge their consumption of soft drinks, advocates say.

PROMISING AGREEMENTS

To date, anti-hunger and public health advocates have reached a very limited consensus from a policy perspective; however, two promising agreements provide encouraging future paths.

First, both sides agree there is a lack of sufficient and transparent public data on how SNAP benefits are used, and even less data on how SNAP influences the types of food participants buy. The USDA report won praise among researchers as a step toward providing more transparency. That said, some SNAP supporters also point out that the report asked participants about their SNAP purchases but not their non-SNAP expenditures. Because most participants supplement SNAP purchases with their own money, the USDA report does not provide a comprehensive picture of their food consumption patterns.

In addition, the USDA study relied on data collected at one grocery retailer group, so the ability to generalize the data is limited. Although the USDA report did not show significant differences in food consumption patterns between SNAP and non-SNAP households, some studies suggest that disparities in diet quality have persisted or worsened among U.S. adults. One survey-based study showed that from 1999 to 2014, SNAP recipients’ diet quality was lower than that of income-eligible non-participants, and the disparities persisted or worsened over time.

Other research examined 25 studies that reviewed the diets of SNAP participants and income-eligible non-participants, and concluded the two groups’ overall calorie and nutrient intake was similar; however, scores for the Healthy Eating Index, a system that evaluates how well an individual’s diet aligns with USDA’s recommended guidelines, were lower for SNAP participants. These results could indicate that USDA researchers may not have asked enough questions to paint a complete picture for its report, or they might simply show that household consumption patterns are evolving, and more data is needed to better present the full results.
Second, some studies show that by increasing the resources a family needs to make healthy food choices, SNAP improves both the quantity and quality of groceries purchased. Pilot programs that generate promising results generally involve a “carrot” rather than a “stick” approach. For instance, instead of banning sugary drinks and junk foods from SNAP, one program incentivizes the purchase of healthy foods by offering an immediate 30% rebate on purchases of healthy foods such as fruits, vegetables, nuts, whole grains, and fish. The rebate is credited to their SNAP account so the recipients have more money to spend. Overall, participants in this pilot program consumed about 26% more fruits and vegetables than they did before the rebate.34 This approach preserves choice, alters consumption patterns, and encourages healthy eating.35 However, the program is costly, especially in its early stages. The USDA operated the pilot program in one county, evaluating 7,500 SNAP households over a 13-month period. Although program costs reached $4.4 million, only 6% of the total ($263,043) went to participants. Over half of the costs supported program design, development, testing, and retail system changes. The USDA estimates that if the program were to go nationwide, implementation costs would be $90 million over five years, and the household incentives would reach $800 million to $4.5 billion per year.36

Academic researchers are not alone in demanding more robust data and alternative intervention mechanisms. In 2018, three former secretaries of agriculture advocated for the establishment of diet quality as a core SNAP objective; this would have mandated the USDA to evaluate SNAP on the basis of its ability to improve participants’ diets.37 They also recommended that Congress authorize more pilot nutrition intervention programs at SNAP to evaluate purchasing behaviors and health outcomes. Initiatives like this will equip researchers and government officials with a better understanding of the interventions that can best nudge Americans toward the healthiest food choices.

**CONCLUSION**

Both public health and anti-hunger advocates want the best food assistance programs for low-income Americans. However, these natural allies cannot agree on several fundamental issues, including the objective of SNAP, the range of food choices allowed, and the policy options to implement.

In the 1960s, the Food Stamp Program’s main objective was to ensure that Americans consumed enough calories to sustain life. The rising obesity rate warrants a reconsideration of this objective; it is not good food policy to fill the stomachs of citizens with cheap, empty calories. There is no doubt that diet quality should be an important objective for SNAP; however, preserving a reasonable level of choice is also important, and the key question is how lawmakers can design a policy that encourages healthier food choices.

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The path forward will require clearly defined objectives for SNAP; more diet-related education programs focused on food quality; providing beneficiaries with more nutrition knowledge; improved data transparency; and the initiation of pilot intervention programs. If action is not taken, obesity rates in low-income households will continue to rise, and more money will be spent on diabetes treatments. The population that SNAP intends to help will lose the most.
ENDNOTES


4. USDA, SNAP Data Tables—Participants and Costs.

5. “Point of sale” generally refers to the sale of a product from the store to a customer.

6. U.S. Department of Agriculture, Food and Nutrition Service, WIC Data Tables—National Level Annual Summary, September 6, 2019, https://fns-prod.azureedge.net/sites/default/files/resource-files/wisummary-9.pdf. There were separate nutrition service and administrative costs of about $2 billion in fiscal year 2018. The nutrition services include nutrition education, preventative and coordination services, and promotion of breastfeeding and immunization. The USDA data did not provide separate per-participant costs for nutrition services.


8. Andrew Fisher, “The Identity Crisis of America’s Largest Anti-Hunger Program,” MIT Press, August 1, 2019, https://thereader.mitpress.mit.edu/snap-identity-crisis/. The Food Stamp Program was created during the Great Depression to expand farmers’ income by connecting farmers with federal food assistance. It was a relatively small program until the Kennedy administration expanded it in 1961, but the goal has changed from revitalizing the farm economy to reducing hunger.


14. The harvest box provides low-income households packages of nonperishable, shelf-stable foods selected by the government to replace most current SNAP benefits. Items in the box include, for example, shelf-stable milk, peanut butter, canned fruits and meats, and cereal.


17. For details, see Joyce Beebe, “Should We Have a Soda Tax?” Rice University’s Baker Institute for Public Policy, 10.07.19, October 7, 2019.


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