

### **Background**

The Supplemental Nutrition Assistance Program (SNAP) allows low-income households to obtain a more nutritious diet by increasing the dollars they have to buy food. With the economic recession in 2008, food prices and unemployment increased, putting a substantial strain on low-income households' ability to purchase food. In response, the American Recovery and Reinvestment Act (ARRA) raised the maximum SNAP benefit by 13.6 percent, effective April 2009. This study identifies how spending patterns, such as the rate at which households spend their benefit, changed following the ARRA benefit increase and analyzes how spending patterns differed across household characteristics, time and States.

This study relies primarily on records of Electronic Benefit Transfer (EBT) transactions from the Anti-Fraud Locator for EBT Redemption Transaction (ALERT), authorized retailer information from the Store Tracking and Redemption Subsystem (STARS), and household characteristics from the SNAP Quality Control (QC) system.

### **Findings**

- **Over all of FY 2009, participating households made several (just over nine on average) relatively small purchases (\$30 on average) with SNAP benefits each month.** In comparing the pre-ARRA to post-ARRA period in FY 2009, households made an additional 1.6 transactions per month (increasing from 8.5 to 10.1); the value of the average transaction was slightly lower (decreasing from \$30 to \$29).
- **On average, households have less than one-quarter of their benefits left by the middle of the month.** More than half redeemed all or nearly all of their benefits in the first 2 weeks after issuance. The average household redeemed more than a fifth of its

benefits on the day of issuance and ultimately redeemed 97 percent by the end of the month. Households saved slightly more of their benefit for use later in the month following the ARRA increase.

- **Households most often redeemed their benefits at supermarkets and supercenters.** Purchases at supermarkets and supercenters accounted for nearly two-thirds of all transactions and more than 80 percent of all benefits redeemed. About 40 percent of households redeemed benefits only in supermarkets and supercenters; only 4 percent of all households never shopped in a supermarket, and they tended to receive relatively small benefits. Although supermarkets and supercenters continued to be the most common place to redeem benefits following the ARRA increase, their share of all transactions fell slightly (from 64 percent to 62 percent).
- **Households redeemed benefits at many (four on average) different stores.** About 25 percent redeemed benefits at six or more stores, while 16 percent redeemed benefits at only one store. Following the ARRA increase, households shopped at more stores and became less exclusive in the types of stores used. The average number of stores in which benefits were redeemed increased from 3.8 to 4.4, and the percentage of households redeeming in six or more stores increased from 23 percent to 30 percent.

### **For More Information**

Castner, L., and Henke J. *Benefit Redemption Patterns in the Supplemental Nutrition Assistance Program*, prepared for the Food and Nutrition Service by Mathematica Policy Research, February 2011 ([www.fns.usda.gov/fns/research.htm](http://www.fns.usda.gov/fns/research.htm)).

## A Profile of SNAP Redemption Patterns

	FY 2003	FY 2009	
		October–March (Before ARRA)	April–September (After ARRA)
Average monthly transactions per household	7.6	8.5	10.1
Average monthly of stores per household	3.4	3.8	4.4
Average purchase amount (in 2009 \$)	\$31.42	\$30.03	\$29.10
Percent of transactions in supermarkets	64.4 %	64.2%	62.2%
Percent of redemptions in supermarkets	83.0 %	84.9%	83.8%
Percent of households:			
Only shopping in supermarkets	46.5%	42.0%	37.2%
Never shopping in supermarkets	5.7 %	4.2%	3.4%
Cumulative monthly benefits redeemed by:			
Day 1	20.4 %	21.9%	20.9%
Day 7	59.5 %	59.6%	57.8%
Day 14	79.8 %	79.7%	78.1%
End of the Month	97.3 %	97.4%	97.2%
Average monthly issuance carryover (nominal)	\$5.38	\$6.82	\$8.37
Average monthly ending balance (nominal) <sup>1</sup>	\$12.82	\$16.56	\$21.54

<sup>1</sup> Average ending balance is the accumulated unspent issuance from all prior months

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