The Economics of Food Insecurity in the United States

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Abstract  Food insecurity is experienced by millions of Americans and has increased dramatically in recent years. Due to its prevalence and many demonstrated negative health consequences, food insecurity is one of the most important nutrition-related public health issues in the U.S. In this article, we address three questions where economic insights and models have made important contributions: What are the determinants of food insecurity?; What are the causal effects of food insecurity on health outcomes?; and What is the impact of food assistance programs on food insecurity? We conclude with a discussion of the policy implications of the answers to these questions and future research opportunities in this research venue.

Key words: Food insecurity, hunger, poverty, Supplemental Nutrition Assistance Program, Food Stamp Program, National School Lunch Program, program evaluation.

JEL Codes: I1, I3, D12.

Introduction

Food insecurity is a serious challenge facing millions of Americans. In 2009, more than 50 million persons in the United States lived in households classified as food insecure, with over one-third of these households experiencing a more serious level of food insecurity termed “very low food security.” These rates have soared to unprecedented levels, having increased by more than one-third since 2007. The prevalence of food insecurity is of great concern to policy-makers and program administrators, a concern heightened by its many demonstrated negative health consequences. The alleviation of food insecurity is a central goal of the Supplemental Nutrition Assistance Program (SNAP, formerly known as the Food Stamp Program), the largest food assistance program in the United States (USDA, 1999).
Due in large part to food insecurity’s status as one of the most important and high profile nutrition-related public health issues in the United States today, a vast body of literature has emerged on the topic. This literature has developed across several fields, with especially large contributions coming from the areas of nutrition and public health. In recent years, economists have made key contributions across two main dimensions. First, economists have provided a more cogent perspective on how resources and budget constraints impact food insecurity. Second, by highlighting and addressing key selection issues, economists have generated new insights for policy-makers, with an emphasis on identifying the causal impacts of food assistance programs on food insecurity. Of particular concern from a methodological perspective, households are not randomly assigned to food assistance programs, but instead choose whether to participate based in part on characteristics unobserved in the data, including their anticipated food insecurity status. If not carefully addressed, such endogenous selection issues can seriously compromise our understanding of the efficacy of such programs.

We begin with a description of how food insecurity is measured, followed by an overview of the extent of food insecurity in the United States. We then turn to three key questions where economists have made contributions:

(1) *What are the determinants of food insecurity?* After covering the central non-income determinants of food insecurity, we consider the role of economic shocks, the importance of assets, and the role of the macro-economy.

(2) *What are the causal effects of food insecurity on health outcomes?* While there is intense concern about the direct implications of food insecurity (for example, that children may be skipping meals), increasing attention is also being paid to associated negative health outcomes. We review the existing literature along with a discussion of the identification problem that arises in the likely case where unobserved factors are associated with food insecurity and also associated with health outcomes. This issue is referred to as the endogeneity or selection problem, and if not addressed, limits the policy usefulness of these findings.

(3) *What is the impact of food assistance programs on food insecurity?* A central objective of food assistance programs in the United States is to alleviate food insecurity. After an overview of such programs, we summarize the research on the effects of the largest program, SNAP, on food insecurity. We then discuss what has been learned about the effects of the National School Lunch Program (NSLP).

Economists have made contributions to the food insecurity literature for roughly a decade. This work has generated some concrete policy recommendations that we highlight in the conclusion. We follow up with several new areas of research in which economists’ perspectives and methods have the potential to yield new, policy-relevant insights.

**Defining Food Insecurity**

A series of questions designed to measure food insecurity debuted in the Current Population Survey in 1996. After some modifications, the
official set of 18 questions used to measure food insecurity in the United States was established as the Core Food Security Module (CFSM). The measure is based on a set of 18 questions for households with children and a subset of 10 of these 18 questions for households without children. Some of the conditions people are asked about include: “I worried whether our food would run out before we got money to buy more,” (the least severe item); “Did you or the other adults in your household ever cut the size of your meals or skip meals because there wasn’t enough money for food?”; “Were you ever hungry but did not eat because you couldn’t afford enough food?”; and “Did a child in the household ever not eat for a full day because you couldn’t afford enough food?” (the most severe item for households with children). A complete list of questions is provided in table 1.1

Each of the questions on the CFSM is qualified by the proviso that the conditions are due to financial constraints. As a consequence, persons who have reduced food intakes due to, say, fasting for religious purposes or dieting, should not respond affirmatively to these questions.

Using the 18 questions, the USDA delineates households into food insecurity categories. The idea underlying the use of multiple questions is that no single question can accurately portray the concept of food insecurity. The number of affirmative responses is held to reflect the level of food hardship experienced by the family. Based on the number of affirmative responses, the following thresholds are established: (a) food security (defined as cases in which all household members had access at all times to enough food for an active, healthy life); (b) low food security (cases in which at least some household members were uncertain of having, or unable to acquire, enough food because they had insufficient money and other resources for food); and (c) very low food security (cases in which one or more household members were hungry, at least some time during the year, because they couldn’t afford enough food).2

Categories (b) and (c) are often combined into the category of “food insecure.” Households responding affirmatively to two or fewer questions are classified as food secure, those responding affirmatively to three to seven questions are classified as low food secure (three to five questions for households without children), and those responding affirmatively to eight or more questions are classified as very low food secure (six or more for households without children). Consistent with the language employed in the literature, a household responding affirmatively to three or more questions is identified as food insecure. One should note that all households defined as very low food secure are also food insecure, but the converse is not true.

Two other sets of food security categories have been established by researchers. The first is “marginal food insecure”, which includes all households that respond affirmatively to one or more of the questions. This is in contrast to the usual definition of food security described above, whereby households responding affirmatively to one or two questions are

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1 For more on the development of the CFSM, see Hamilton, Cook, Thompson, et al., 1997, especially chapter 2.
2 In some surveys, a six-item scale is used in lieu of the 18-item scale. When this scale is used, a household is said to be food secure if one or zero questions are affirmed, low food secure if 2 to 4 questions are affirmed, and very low food secure if 5 or 6 questions are affirmed.
defined as food secure. One justification for this measure is that marginally food insecure households often appear more similar to food insecure households with respect to health outcomes and other characteristics (for example, income) than to food secure households further from the margin.

The second set of food insecurity questions is defined with respect to children in a household. As a consequence, only the eight child-specific questions (that is, those of the set of 18 questions that refer to the children in the household) are used. Under this set, a household is said to be “child food insecure” if two or more questions are answered affirmatively and “very low child food secure” if five or more questions are answered affirmatively. It is not surprising that this measure is more sensitive, as it is defined with respect to children.

Table 1 Food insecurity questions in the Core Food Security Module

<table>
<thead>
<tr>
<th>Question</th>
<th>Response Options</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. “We worried whether our food would run out before we got money to buy more.”</td>
<td>often, sometimes, or never true</td>
</tr>
<tr>
<td>2. “The food that we bought just didn’t last and we didn’t have money to get more.”</td>
<td>often, sometimes, or never true</td>
</tr>
<tr>
<td>3. “We couldn’t afford to eat balanced meals.”</td>
<td>often, sometimes, or never true</td>
</tr>
<tr>
<td>4. “We relied on only a few kinds of low-cost food to feed our children because we were running out of money to buy food.”</td>
<td>often, sometimes, or never true</td>
</tr>
<tr>
<td>5. In the last 12 months, did you or other adults in the household ever cut the size of your meals or skip meals because there wasn’t enough money for food?</td>
<td>Yes/No</td>
</tr>
<tr>
<td>6. “We couldn’t feed our children a balanced meal, because we couldn’t afford that.”</td>
<td>often, sometimes, or never true</td>
</tr>
<tr>
<td>7. In the last 12 months, did you ever eat less than you felt you should because there wasn’t enough money for food?</td>
<td>Yes/No</td>
</tr>
<tr>
<td>8. (If yes to Question 5) How often did this happen—almost every month, some months but not every month, or in only 1 or 2 months?</td>
<td></td>
</tr>
<tr>
<td>9. “The children were not eating enough because we just couldn’t afford enough food.”</td>
<td>often, sometimes, or never true</td>
</tr>
<tr>
<td>10. In the last 12 months, were you ever hungry, but didn’t eat, because you couldn’t afford enough food?</td>
<td>Yes/No</td>
</tr>
<tr>
<td>11. In the last 12 months, did you lose weight because you didn’t have enough money for food?</td>
<td>Yes/No</td>
</tr>
<tr>
<td>12. In the last 12 months, did you ever cut the size of any of the children’s meals because there wasn’t enough money for food?</td>
<td>Yes/No</td>
</tr>
<tr>
<td>13. In the last 12 months did you or other adults in your household ever not eat for a whole day because there wasn’t enough money for food?</td>
<td>Yes/No</td>
</tr>
<tr>
<td>14. In the last 12 months, were the children ever hungry but you just couldn’t afford more food?</td>
<td>Yes/No</td>
</tr>
<tr>
<td>15. (If yes to Question 13) How often did this happen—almost every month, some months but not every month, or in only 1 or 2 months?</td>
<td></td>
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<tr>
<td>16. In the last 12 months, did any of the children ever skip a meal because there wasn’t enough money for food?</td>
<td>Yes/No</td>
</tr>
<tr>
<td>17. (If yes to Question 16) How often did this happen—almost every month, some months but not every month, or in only 1 or 2 months?</td>
<td></td>
</tr>
<tr>
<td>18. In the last 12 months did any of the children ever not eat for a whole day because there wasn’t enough money for food?</td>
<td>Yes/No</td>
</tr>
</tbody>
</table>

Note: Responses in bold indicate an affirmative response. This table is taken from Gundersen and Kreider, 2008.
affirmatively. (For a discussion of the child food insecurity measures see, for example, Nord and Hopwood, 2007.)

In this review, we concentrate on binary measures of food insecurity, since nearly all research has focused on such indicators (for example, food insecure versus food secure). These comparisons are clear and straightforward, and they are relatively easy to implement in treatment effect models. Still, considerable information is being suppressed in such cases. In particular, information is not being utilized when broad categories are created from the 18 questions on the CFSM. Consider, for example, two households with one responding affirmatively to eight questions and the other responding affirmatively to 18 questions. Both households are classified as very low food secure yet, arguably, the latter household has a higher level of food insecurity. In response, a series of food insecurity measures based on the Foster Greer Thorbecke class of poverty measures was developed in Dutta and Gundersen (2007) and applied empirically in, e.g., Gundersen (2008). While we focus on binary indicators in this review, we encourage researchers to consider more refined measures when feasible.

The Extent of Food Insecurity

In this section, we describe food insecurity trends for the United States from 2001 to 2009 based on the most recent available data from the CPS. Specifically, these data come from the 2001-2009 December supplements, a monthly survey of approximately 50,000 households. The CPS represents the official data source for official poverty and unemployment rates, and official food insecurity rates for the United States are calculated using the CFSM component. The CFSM has been included in the CPS in at least one month every year since 1995.

Figure 1 displays the proportion of all persons living in households that are (a) food insecure and (b) very low food secure. As discussed above, those who are very low food secure comprise a subset of the food insecure group. The figures only use data since 2001 to avoid issues of seasonality and changes in the screening questions. From 2001 to 2007, the food insecurity rate remained relatively steady at about 12%, with very low food security rates ranging from 3-4%. These rates increased dramatically in 2008. For the food insecurity category, there was an almost 35% increase (from 12.2% to 16.4%), and for the very low food security category, rates rose by almost 50% (from 4.0% to 5.8%). These unprecedented increases probably reflect the economic recession during this time period. The rates continued to stay high in 2009, increasing slightly for both categories.

In figure 2, the results for the proportions of children living in food insecure households, food insecure children, and the very low food secure children are displayed. As in figure 1, the rates remained relatively static from 2001 to 2007. The proportion of children in food insecure households ranged from 16.9% to 19.0%, the proportion of food insecure children from 9.1% to 10.7%, and the proportion of very low food secure children

3These can be described as follows: \( d^0 = q/n \) (food insecurity rate), \( d^1 = \sum_{i=1}^{q} d_i/n \) (food insecurity gap), and \( d^2 = \sum_{i=1}^{q} d_i^2/n \) (squared food insecurity gap), where \( q \) is the number of food insecure households, \( n \) is the total number of households, and \( d_i \) is the level of food insecurity for a household \( i \).

4The numbers are drawn from tables 1A and 1B in Nord et al., 2010.
was always under 1%. Consistent with what occurred for the full population, in 2008 there were increases of over 30% in children living in food insecure households and food insecure children, and an over 60% increase in the number of very low food secure children. The levels remained high in 2009.

**The determinants of food insecurity**

The literature has established socioeconomic and demographic factors associated with food insecurity in the United States. For example, as seen in Nord et al. (2010), households headed by an African American,
Hispanic, a never married person, a divorced or separated person, a renter, younger persons, and less educated persons are all more likely to be food insecure than their respective counterparts. In addition, households with children are more likely to be food insecure than households without children. Research using multivariate methods has generally found that, even after controlling for other factors, these characteristics are either positively associated with food insecurity or are statistically insignificant. This general set of findings holds whether the sample is all households, households with children, or households without children. These findings have used data from each of the nationally representative data sets, which include the CFSM (or the full or portions of the six-item scale), namely the CPS, Panel Study of Income Dynamics (PSID), the Early Childhood Longitudinal Study – Birth Cohort (ECLS-B), the Early Childhood Longitudinal Study – Kindergarten Cohort (ECLS-K), the Survey of Income and Program Participation (SIPP), the Three City Study (TCS), and the National Health and Nutrition Examination Survey (NHANES). Along with these datasets, a series of other smaller-scale datasets that are based on limited geographic areas have been used in these studies.

Along with all these factors, perhaps the most important are the resources available to a household; this is the research area where economists have especially advanced the food insecurity literature. The relationship between food insecurity and income (normalized by the poverty line) can be found in figure 3. (This is a nonparametric representation with a bandwidth of 0.6. See Fox (2000) for details on the estimation methods.) The figure is based on all observations in the 2009 December Supplement of the CPS with incomes between 0 and 400% of the poverty line. We emphasize three things from this figure. First, the probability of food insecurity declines with income and the decline is more marked for food insecurity and marginal food insecurity than for very low food security. Second, that poverty is not synonymous with food insecurity is reflected in the high proportions of households that are food secure and poor. For example, about 65% of households close to the poverty line are food secure. Third, conversely, a non-trivial portion of households with incomes above the poverty line are food insecure: as the income-to-poverty ratio approaches two, food insecurity rates are slightly over 20%, and, even as the ratio approaches three, food insecurity rates hover around 10%.

The inverse relationship between income and food insecurity is not surprising. What is surprising, perhaps, is the large number of poor households that are food secure and the large number of non-poor households that are food insecure.

One conjecture for why these households are food insecure is that current income (that is, what is observed in datasets like the CPS) does not adequately portray the ability of families to avoid food insecurity. Using a sample of households from the Survey of Income and Program Participation with current incomes below 200% of the poverty line taken, Gundersen and Gruber (2001) find that average household income over a two-year period is a better predictor of whether a household is food

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5We have not seen any research demonstrating that these characteristics are negatively associated with food insecurity. For example, we have not seen research that has found African-Americans, after controlling for other factors, have statistically significantly lower probabilities of food insecurity.
insecure than current income. In addition, they found that households without any liquid assets are substantially more likely to be food insecure than those with liquid assets. Using a larger number of years and combining information from the SIPP with the Survey of Program Dynamics (SPD), Ribar and Hamrick (2003) analyzed the dynamics of poverty and food insecurity. These authors found that assets were protective against food insecurity for poor households and that income volatility is associated with food insecurity. Finally, using data from the 2001 SIPP, Leete and Bania (2010) demonstrate that liquidity-constrained households are more likely to be food insecure than unconstrained households. They also found that negative income shocks, but not positive income shocks, lead to increased probabilities of food insecurity.

Using food insecurity (FI) data aggregated to the state level, Gundersen, Engelhard, Brown, and Waxman (2011) use the following model to examine the role of economic factors beyond poverty status:

\[
FI_{st} = \alpha + \beta_{UN} UN_{st} + \beta_{POV} POV_{st} + \beta_{MI} MI_{st} + \beta_{HISP} HISP_{st} \\
+ \beta_{BLACK} BLACK_{st} + \mu_t + \nu_s + \epsilon_{st}
\]  

where \( s \) is a state, \( t \) is year, \( UN \) is the unemployment rate, \( POV \) is the poverty rate, \( MI \) is median income, \( HISP \) is the percentage Hispanic, \( BLACK \) is the percentage African-American, \( \mu_t \) is a year fixed effect, \( \nu_s \) is a state fixed effect, and \( \epsilon_{st} \) is an error term. Estimating equation (1) with data from combined cross sections from the 2001-2009 CPS, the authors find that the elasticity of the food insecurity rate with respect to the unemployment rate is greater than the elasticity with respect to the poverty rate. Since many unemployed persons are not poor, this is further evidence of why information beyond poverty status is relevant for understanding food insecurity. Earlier work looking at state-level determinants using different methods and a shorter time horizon includes Bartfeld and Dunifon, 2006.
Consequences of food insecurity

The consequences of food insecurity are numerous and occur across the age spectrum. An extensive body of literature that has focused on correlation rather than casual relationships has found that food insecurity is associated with a wide range of health outcomes. Food insecurity during pregnancy is associated with higher risks of some birth defects (Carmichael et al., 2007), and households suffering from food insecurity are more likely to have children who suffer from anemia (Eicher-Miller et al., 2009; Skalicky et al. 2006), lower nutrient intakes (Cook et al., 2004), greater cognitive problems (Howard, 2011), higher levels of aggression and anxiety (Whitaker et al., 2006), higher probabilities of being hospitalized (Cook et al., 2006), poorer general health (Cook et al., 2006), higher probabilities of dysthymia and other mental health issues (Alaimo, Olson, and Frongillo, 2002), higher probabilities of asthma (Kirpatrick et al., 2010), higher probabilities of behavioral problems (Huang, Matta Oshima, and Kim, 2010), and more instances of oral health problems (Muirhead et al., 2009). Households suffering from food insecurity are more likely to have adults who have lower nutrient intakes (Kirkpatrick and Tarasuk, 2007; McIntyre et al., 2003), greater probabilities of mental health problems (Hefflin, Siefert, and Williams, 2005), long-term physical health problems (Tarasuk, 2001), higher levels of depression (Whitaker et al., 2006), diabetes (Seligman et al., 2007), higher levels of chronic disease (Seligman et al., 2009), and lower scores on physical and mental health exams (Stuff et al., 2004). Food insecure seniors have lower nutrient intakes (Lee and Frongillo, 2001a; Ziliak, Gundersen, and Haist, 2008), are more likely to be in poor or fair health (Lee and Frongillo, 2001a; Ziliak, Gundersen, and Haist, 2008), and are more likely to have limitations in activities of daily living (ADL) (Ziliak, Gundersen, and Haist, 2008). Some studies, however, have emphasized that food insecurity is not always associated with poor health outcomes. For example, Bhattacharya, Currie, and Haider (2004) find that while poverty is associated with nutritional outcomes, food insecurity is not. As another example, Gundersen and Ribar (forthcoming) find that while subjective measures of additional food expenditures required to be food secure are associated with food insecurity, self-reports of food expenditures are not.

As noted above, this literature has focused on examining whether food insecurity is correlated with a range of health-related outcomes. While food insecurity may cause health problems, there may also exist unobserved factors that jointly influence whether a person is food insecure and in poor health. Thus, any observed relationships between food insecurity and poor health could be spurious. A selection problem results from the fact that the data alone cannot reveal the health outcomes of a person who is food insecure if instead that person were to have not been food insecure.

To formalize this identification problem, consider drawing inferences on the average treatment effect:

\[
\text{ATE}(1, 0) = P[H(FI=1)] - P[H(FI = 0)]
\]

where \(H(FI=1)\) denotes a “bad health” outcome if a person were to be in a food insecure household, and \(H(FI=0)\) denotes a “bad health” outcome if a person were to be in a food secure household. Thus, the average
treatment effect reveals how the probability of a bad health outcome would differ if all persons were food insecure, \( P[H(FI=1)] \), versus the probability if all persons were food secure. Even if FI were accurately observed (that is, there is construct validity such that there were no conceptual or practical measurement issues), the outcome \( H(FI=1) \) is counterfactual for all persons who were food secure. Similarly, the outcome \( H(FI=0) \) is counterfactual for all persons who were food insecure. A statistical “selection” problem arises in that households become food secure or food insecure based in part on factors unobserved to the researcher. As a consequence, the mean health outcomes of the currently food insecure, should they become food secure, may not reflect the mean health outcomes of the currently food secure.

To address this selection issue, Gundersen and Kreider (2009) estimate equation (2) for children health outcomes through the use of three assumptions. The first is the Monotone Treatment Response (MTR) assumption (Manski, 1997). In the present context, MTR requires that a child’s health status would not decline by becoming food secure. This seems relatively innocuous for most health outcomes in that most scenarios in which becoming food secure leads to worse health outcomes do not seem plausible. The second is the Monotone Treatment Selection (MTS) assumption (Manski and Pepper, 2000). This assumption has been used to place restrictions on the selection mechanism through which children become food secure or insecure. Under the MTS assumption, food insecure children under the status quo would tend to remain less healthy than their food secure counterparts under the status quo under a policy that made all households food secure or all households food insecure. This assumption is based on well-established documentation that food insecure children are disadvantaged over other dimensions (for example, they have lower incomes), and these disadvantages are associated with worse health outcomes (see, for example, Currie, Shields, and Wheatley Price, 2007).

Third, as in Kreider, Pepper, Gundersen, and Jolliffe (2011), they impose a Monotone Instrumental Variable (MIV) assumption introduced by Manski and Pepper (2000). In this context, children residing in lower-income households, on average, are assumed to have no better health outcomes than children residing in higher-income households. The MIV assumption is weaker than the standard mean independence instrumental variable (IV) assumption in that the MIV assumption does not imply any exclusion restriction. In particular, the mean health outcome is allowed to vary (monotonically) with income through avenues distinct from the impact of income on food security. The difficulty in finding credible standard instruments for food insecurity status that satisfy mean independence makes the MIV assumption an appealing alternative.

Data from the 2001-2006 NHANES, when analyzed under the unrealistic assumption of exogenous selection into food insecurity, indicate that children who are food insecure are 6.1 percentage points less likely to be in good, very good, or excellent health than those who are food secure.7

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6There are cases, though, where this assumption is not as readily acceptable. As an example, persons who become food secure may subsequently gain weight, and this has the potential to lead to problems with obesity. For a discussion of this issue, see Gundersen and Kreider (2009).

7This parental report of a child’s general health is based on a five-level scale – poor, fair, good, very good, and excellent. It is a widely used measure, in part due to its close correlation with other measures of health (for example, Case, Lubotsky, and Paxson, 2002).
When these three assumptions above are imposed, Gundersen and Kreider (2009) find that food insecure children are between 1.4 percentage points and 3.5 percentage points less likely to be in good or better health.

Alleviating food insecurity

The United States has a wide variety of food assistance programs designed to address numerous health and nutrition outcomes. One outcome in particular is food insecurity. A great deal of work by economists has examined the impact of SNAP on food insecurity; we review this work after providing some background on the program. We then review some recent work that has examined the impact of the second largest food assistance program, the National School Lunch Program (NSLP).

Background on the Supplemental Nutrition Assistance Program

The Supplemental Nutrition Assistance Program (SNAP, formerly known as the Food Stamp Program) is by far the largest U.S. food assistance program. Participants receive benefits for the purchase of food in authorized retail food outlets. Benefits are distributed via an Electronic Benefit Transfer (EBT) card. Recipients can use these benefits at approved retail food outlets. The level of benefits received by a household is determined by income level and family size. SNAP, with a few exceptions, is available to all families and individuals who meet income and, in some states, asset tests.

The program is large, both in terms of benefit size and in number of people served. In 2010, the average monthly benefit was $288/month for a family of four, with the maximum benefit for a family of this size being $668. These benefits can represent a substantial component of low-income households’ total income. In terms of number of people served, the program reached about 40.3 million individuals in each month in 2010, with an annual benefit distribution of about $68.3 billion. A recent study demonstrated that almost half of all American children will have resided in a household that received food stamps by the time they reach 20 years of age (Rank and Hirschl, 2009).

To receive SNAP, households must meet a gross-income test, a net-income test, and, in about 20% of states, an asset test. In the majority of cases, the eligibility criteria are as follows. First, a household’s gross income before taxes in the previous month cannot exceed 130% of the poverty line. Second, net monthly income must be below the poverty line. Net income is calculated by subtracting a standard deduction from a household’s gross income. In addition to this standard deduction, households with labor earnings deduct 20% of those earnings from their gross income. Deductions are also taken for child care and/or care for disabled dependents, medical expenses, and excessive shelter expenses. Third, the federal guidelines stipulate that assets must be less than $2,000. In many states, though, the gross income criterion is higher than 130% of the poverty line (up to 200% in some cases) and even more states waive the asset criteria.

The amount of SNAP benefits received depends on net income. Households with a net income of zero receive the maximum benefit. As
noted above, for a family of four in 2011, this amounted to $668. As income increases, the benefit declines: for every additional dollar of income, the amount of SNAP benefits is reduced by 30 cents (except income that comes in the form of earnings, in which case the reduction is 24 cents).

Despite the potentially large benefit levels, a large fraction of households eligible for SNAP do not participate. The most recently calculated food stamp participation data show that about 67% of eligible people in the United States received SNAP in 2008 (USDA, 2009). The decision to not participate is often ascribed to three main factors. First, there may be stigma associated with receiving SNAP, ranging from a person’s own distaste for receiving food stamps to the fear of disapproval from others when redeeming food stamps, to the possible negative reaction of case-workers (Ranney and Kushman, 1987; Moffitt, 1983). Recent initiatives such as fingerprinting can also increase the stigma associated with SNAP participation. Second, transaction costs can diminish the attractiveness of SNAP participation. Examples of such costs include travel time to a SNAP office and time spent in the office, the burden of transporting children to the office or paying for childcare services, and the direct costs of transportation. A household faces these costs on a repeated basis when it must recertify its eligibility. Information costs – including overcoming language barriers and gaining understanding about the validity of immigration consequences – are included under transaction costs. Third, the benefit level can be quite small—for some families as low as $17 a month.

Effect of SNAP on Food Insecurity

As noted above, the central goal of SNAP is the reduction in food insecurity. Of concern, then, is that rates of food insecurity among recipients are about double the rates among eligible non-recipients (Nord et al., 2010), and these higher rates remain even after controlling for observed factors (for example, Gundersen, Jolliffe, and Tiehen, 2009). This is a counterintuitive result, both from a theoretical standpoint (it is difficult to see how shifting out the budget constraint can lead to an increase in food insecurity), from an empirical standpoint (see figure 3 above), and from the perspective of what policy-makers and program administrators expect the program to do.

Not surprisingly, economists have suggested that participation in SNAP is likely to be endogenous, arguing that SNAP recipients are likely to differ from non-recipients across unobserved factors. In response, a series of papers have considered this selection effect. The first paper on this topic was Gundersen and Oliveira (2001). Using data from the Survey of Income and Program Participation (SIPP) and a simultaneous equation model, they found that SNAP participants were no more likely to be food insecure than non-participants once they control for selection into SNAP and selection into food insecurity. As instruments for SNAP participation, Gundersen and Oliveira used imputed information on recipient’s perceptions of stigma associated with SNAP receipt. Another identification approach exploits variation over time and across states in the implementation of restrictions on the eligibility of immigrants for SNAP. Such restrictions were put into place through the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996. This work (for example, Van Hook and Balistreri, 2006) has generally found that
immigrants not facing restrictions on SNAP participation were less likely to be food insecure than immigrants facing restrictions. Van Hook and Ballistreri (2006) therefore conclude that SNAP leads to reductions in food insecurity for the general population as well. Other work has also exploited variation in SNAP policy. A recent example is Nord and Prell (2011), who showed that the temporary increase in SNAP benefits due to the passage of the American Recovery and Reinvestment Act (ARRA) of 2009 led to reductions in food insecurity among those in the SNAP-eligible population, but not among the SNAP-ineligible population.\footnote{Other work examining selection issues in the context of SNAP include, e.g., Jensen, 2002; Kreider, Pepper, Gundersen, and Jolliffe, 2011; Nord and Golla, 2009; Yen, Andrews, Chen, and Eastwood, 2008.}

This previous work addressed selection issues in the context of SNAP. Non-random classification errors in SNAP participation can also confound identification of the program’s effects. SNAP participation is systematically under-reported in major surveys, with errors of omission (that is, responding that one doesn’t receive SNAP when one really does) being substantially more likely than errors of commission (Bollinger and David, 1997; 2001). As a result, a positive estimated sign of the effect of SNAP on food insecurity should be viewed as valid only if the researcher is willing to place a great deal of confidence in the reporting of SNAP participation within the dataset being used. As shown in Gundersen and Kreider (2008), even when one imposes strong assumptions restricting the patterns of classification errors, SNAP participation error rates much smaller than 12% (a lower bound on the extent of SNAP misreporting derived from the literature) are sufficient to prevent one from being able to draw firm conclusions about the relationship between SNAP participation and food insecurity.

Background on the National School Lunch Program

The National School Lunch Program (NSLP) is a federally-assisted meal program that operates in over 101,000 public and non-profit private schools and residential child care institutions, and provides nutritionally-balanced, low-cost, or free lunches to children each school day. In 2010, over 31 million students participated in NSLP. Of these, over half received free lunches and about one-tenth received reduced price lunches. In addition to any commodities the schools received, cash payments to schools for the NSLP in 2010 exceeded $10 billion.

Generally, public or non-profit private schools and residential childcare institutions may participate in the NSLP. School districts and independent schools that choose to participate in the lunch program receive cash subsidies and donated commodities from the USDA for each meal they serve. In return, the districts must serve lunches that meet federal requirements: providing no more than 30% of a student’s calories from fat, less than 10% from saturated fat, and at least one-third of the Recommended Dietary Allowances of protein, vitamin A, vitamin C, iron, calcium, and calories. School districts must offer free or reduced-price lunches to eligible children. In addition, school food authorities can also be reimbursed for snacks served to children through the age of 18 years in after-school educational or enrichment programs.
Eligibility for the NSLP begins at the individual level. Any child at a participating school may purchase a meal through the NSLP. Children who are home-schooled or no longer attend school are not eligible. Among children in these schools, families with incomes at or below 130% of the poverty level are eligible for free meals. Children living in a household with an income between 130% and 185% of the poverty level are eligible for reduced-price meals, which are not allowed to cost more than 40 cents.

Effect of NSLP on Food Insecurity

Relatively few studies examine the impact of the NSLP on food insecurity. Nord and Kantor (2006), for example, provide indirect evidence of the importance of NSLP in alleviating food insecurity. A central difference between the summer and the rest of the school year is that children do not participate in school meal programs. Prior to 2001, the month in which the CFSM was placed in the CPS varied from year to year. Using this variation, they established that food insecurity rates are higher for school-aged children during the summer months.

Gundersen, Kreider, and Pepper (forthcoming) directly estimate the effect of NSLP. Like SNAP, food insecurity rates are substantially higher among participants than among nonparticipants - 39.9% versus 26.3%. Also like SNAP, it seems implausible that providing children an extra meal each day would lead to higher probabilities of food insecurity. Assessing the true effect of NSLP is made difficult, however, due to two fundamental identification problems. First, children receiving free or reduced-price meals are likely to differ from eligible non-participants in ways that are not observed in the data. Second, the association between participation in the NSLP and food insecurity may be, at least partly, an artifact of household misreporting of program participation. Meyer, Mok, and Sullivan (2009), for example, find evidence of aggregate underreporting rates of 45% in the CPS and 27% in the PSID.

The authors impose the MTS, MTR, and MIV assumptions to address the selection problem. The MTS formalizes the notion that the unobserved factors positively associated with participation in the NSLP are also positively associated with food insecurity, while MTR posits that receiving NSLP cannot increase the probability of food insecurity. An Income MIV assumption posits that children residing in higher income households have no higher probabilities of food insecurity than children residing in lower income households. An Ineligible Comparison Group MIV assumption posits that: (a) income-ineligible children have no higher probabilities of food insecurity than income-eligible children; (b) children attending schools without a school lunch program (which tend to be private, well-off schools) have no higher probabilities of food insecurity than children attending schools with a school lunch program; and (c) children who have dropped out of school (and, hence, cannot participate in the NSLP) have at least as high probabilities of food insecurity. The Ineligible

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9This study uses data from the 2001 to 2004 NHANES. Over other dimensions of well-being, there are not statistically significant differences between recipients and eligible non-recipients. For example, obesity rates are statistically significantly the same in the two categories.

10Consistent with this intuition, Long (1991) finds that each additional dollar of benefits leads to about a 50 cent increase in total food expenditures.
Comparison Group MIV approach is conceptually similar to the regression discontinuity approaches that have been used elsewhere in evaluations of school meal programs (for example, Schanzenbach, 2009; Bhattacharya, Currie, and Haider, 2006; Gleason and Suitors, 2003), albeit not for analyses of the effect of these programs on food insecurity.

To address the problem of misreporting NSLP participation, the authors impose restrictions on the extent of reporting error using information on the difference between the self-reported participation rate and estimated true participation rate. This method, which was developed in Kreider, Pepper, Gundersen, and Jolliffe (2011), uses auxiliary administrative data on the size of the NSLP caseload to restrict the magnitudes and patterns of NSLP reporting errors. The true participation rate is calculated by taking the ratio of the number of children receiving NSLP as reported in administrative data to the number of eligible children in the relevant age ranges in the NHANES. The latter is calculated by taking the ratio of the number of children receiving NSLP as reported in the NHANES to the number of eligible children in the relevant age ranges in the NHANES. Combining the classification error restrictions with the MTS, MTR, and MIV monotonicity assumptions, the authors find that the NSLP alleviates food insecurity. If the data are treated as perfectly accurate, the program is estimated to decrease the prevalence of food insecurity between 2.3 and 9.0 percentage points. In the presence of participation classification errors, the estimated impacts range from 3.2 to 15.8 percentage point declines. Thus, after controlling for selection and measurement error problems, Gundersen, Kreider, and Pepper (forthcoming) find persuasive evidence that the NSLP leads to substantial reductions in food insecurity.

Conclusions

The extensive literature on food insecurity in the United States has given policy-makers and program administrators numerous insights into the causes and consequences of food insecurity, and some approaches that seem to be effective in alleviating food insecurity. Here, we emphasize four key insights that can be drawn from this literature. First, there is a small but growing body of evidence that the Supplemental Nutrition Assistance Program reduces the prevalence of food insecurity. This should be kept in mind as reconstructions of SNAP are being proposed. In particular, some have proposed changes to the structure of SNAP with respect to what types of food should be available for purchase. While these proposals have the goal of enhancing nutrition among SNAP participants, the effectiveness of the program on the whole could be compromised if more restricted food options discourage participation and lead to subsequent increases in food insecurity. Since SNAP has an explicit goal of alleviating food insecurity and is considered the leading program in the fight against hunger, proposals to modify the program should carefully consider the possibility of unintended consequences.

Second, recent evidence suggests that the National School Lunch Program may also reduce food insecurity, even though it is not explicitly designed for that purpose. While the program focuses on specific nutritional objectives, policy-makers contemplating proposals to modify the program should keep in mind its potential to alleviate food insecurity. As
for the case of SNAP, proposals to modify the NSLP should consider the possibility that changes in the program could have the unintended effect of increasing the prevalence of food insecurity by discouraging participation in the program. As always, policy-makers should carefully weigh all anticipated benefits and costs.

Third, the negative health outcomes associated with food insecurity have been well-established. Alongside the direct benefits associated with reducing food insecurity (for example, as a society, we may wish to avoid having children go to bed hungry due to economic constraints), potential reductions in medical expenditures should be incorporated into relevant benefit-cost considerations of programs like SNAP and NSLP.

Fourth, millions of food insecure households in the United States have sufficiently high incomes to render them ineligible for food assistance programs. Research findings regarding the role of assets and income shocks can provide some guidance for what types of policies might most effectively impact food insecurity among middle-income households.

While the existing literature has provided a solid foundation for policymakers and program administrators, there are numerous avenues for future research. We concentrate on several questions we believe to be especially well-suited to economic analyses:

How is food insecurity distributed within a household? As discussed above, food insecurity measures are generally defined at the household level rather than for each individual in the household. At least based on evidence derived from studies of intra-household allocation developing countries, there are likely to be differences in the distribution of food insecurity within households (see, for example, Hadley, Lindstrom, Tessema, and Belachew, 2008; Kuku, Gundersen, and Garasky, 2011). At a minimum, these differences are apparent in the aggregate, where food insecurity rates among children in a household are observed to be substantially lower than food insecurity rates for households with children (see figure 2). Some recent work has utilized measures that include questions about food insecurity specifically for children (Framm et al., 2011; Connell, Lofton, Yadrick, and Rehner, 2005). Child-specific responses can lead to new insights into how families distribute food security status or, at the very least, how individuals within a household perceive this distribution.

How do food prices influence food insecurity? As discussed above, analyses of the determinants of food insecurity have generally concentrated on factors defined at the individual or household level. With the exception of analyses studying the role of social capital (for example, Martin, Rogers, Cook, and Joseph, 2004) and the effects of broader macroeconomic conditions discussed above, there appears to be a gap in the literature regarding the environment facing low-income consumers. In particular, there appears to be no research on the effects of food prices. In the development economics literature, there has been extensive research on the influence of food prices on well-being (see, for example, Ivanic and Martin, 2008). While the proportion of total expenditures spent on food among low-income Americans is substantially lower, on average, than in developing countries, food prices may still make a significant difference. There exists

The exception is for one-person households and for child-specific measures when there is one child in the household.
an enormous amount of variation in food prices across the United States. (For a description of this variation at the county level, see the maps at http://feedingamerica.org/hunger-in-america/hunger-studies/map-the-meal-gap.aspx.). A report by Feeding America (2011) shows at least some correlation between food prices and food insecurity at a county level: 44 counties in the United States are in the top 10% of food prices and food insecurity rates. In addition, research by, e.g., Beatty (2010) and Broda, Leibtag, and Weinstein (2009) has found that food prices have an influence on the well-being of low-income consumers in developed countries. Based on the Feeding America report, and work done in other areas, future work may wish to more fully consider the effects of food prices over time and across areas on food insecurity.

How does food access influence food insecurity? The ability to purchase sufficient amounts of food to avoid food insecurity depends on the prices faced by consumers. Prices faced by consumers, though, do not take into consideration the transactions costs consumers may incur in obtaining food. As summarized in Bitler and Haider (2010), there is some evidence that so-called “food deserts” (that is, geographic areas with more limited numbers of food outlets) may influence the food consumption patterns of low-income households. The extent to which they matter is an open question. It is perhaps worth exploring the impact of the availability of food on food insecurity status, net of food prices and other factors. The effects of food deserts may be especially significant for three groups that may face mobility restrictions and/or live in remote areas: seniors, persons with disabilities, and American Indians living on reservations.

What types of coping mechanisms do low-income food secure families utilize, and what are the effects of these mechanisms? As seen in figure 3, a large proportion of poor households are able to avoid food insecurity and even avoid marginal food insecurity. Similarly, a large proportion of those households with incomes below 50% of the poverty line are able to avoid food insecurity. The construction of the poverty line in the United States is such that the presumption is that income-poor households will have to forego at least some necessities. In other words, to be food secure, they may be deprived in some other dimension of well-being. Two main issues could be explored in this context. The first is with respect to what commodities food secure families are giving up to be food secure. For example, seniors may be foregoing prescription drugs to feed themselves and other members of the household. In such contexts, food security combined with poverty should signal to policy-makers and program administrators that assistance may be needed; in other words, food security does not indicate an absence of need. The second issue regards the coping strategies used by food secure families. These coping strategies can, in essence, lower the probability of being food insecure at any given income level. There has been some qualitative work based on small-scale datasets that illuminates how low-income families maintain food security (see, for example, Olson et al., 2004; Swanson, Olson, Miller, Lawrence, 2008).

12 Several studies have shown that difficulties over other dimensions of well-being are correlated with food insecurity. See, for example, Cook et al., 2008; Gundersen, Weinreb, Wehler, and Hosmer, 2003; Sullivan, Clark, Palline, and C. Camargo, 2010. These analyses are concerned with the determinants of food insecurity. The proposed topic of interest here is how the choices of food secure households along a similar budget constraint differ from food insecure households.
Conducting similar research using a broader sample with an economic lens could provide further insights into the effectiveness of various coping mechanisms. A related and important question is whether these coping mechanisms have unintended effects on health and well-being. For example, families concerned about the possible onset of food insecurity might cope by purchasing storable, high-calorie foods that are potentially associated with increased weight. As another example, a family might engage in illegal activities to avoid food insecurity.

Besides SNAP and NSLP, what are the effects of social safety net programs on food insecurity? As discussed above, recent evidence suggests that SNAP and NSLP lead to reductions in food insecurity. Less understood is how other food assistance programs – especially WIC and the School Breakfast Program (SBP) – affect food insecurity. While these programs are significantly smaller than SNAP, their impacts could be comparable per recipient. There has also not been much research on the effects of other social safety net programs such as unemployment insurance and in-kind programs such as Medicaid and housing assistance.13

How do the experiences of food insecurity in other countries differ from the United States? To date, the vast majority of studies on food insecurity in developed countries have concentrated on the United States. The only other country with multiple studies of which we are aware is Canada (in addition to the papers cited above, see, for example, Kirkpatrick and Tarasuk, 2011; McIntyre, Connor, and Warren, 2000.) Given the differences across countries in demographics, food prices, geography, assistance programs, etc., cross-country comparison may yield new insights akin to the new insights that have been drawn from cross-country comparisons of poverty (for example, Rainwater and Smeeding, 2003). The possibility of engaging in these cross-country comparisons is enabled by the increasing usage of either the full CFSM, or questions taken from the CFSM on nationally-representative surveys in other countries.

How do health limitations affect food insecurity? In the main, the literature on the effects of food insecurity on health outcomes has implicitly assumed that food insecurity has an influence on health outcomes, rather than the other way around. In some instances, this assumption seems valid. For example, it is not obvious how nutrient intakes would affect food insecurity. In other cases, this assumption may be untenable. For example, one would anticipate that ADL limitations lead to food insecurity rather than the other way around. (Work that does consider reverse causation includes Lee and Frongillo (2001b) and Casey, Goolsby, Berkowitz, et al., (2004).) Causality might often run in both directions. For example, the limited food intakes associated with food insecurity could lead to diabetes, while having diabetes and its concordant medical costs might make someone more likely to be food insecure. Research on the impact of health care limitations on food insecurity would be of interest, especially when the causal direction is mixed, both in terms of improved estimates of the impact of food insecurity and in terms of further delineating the causes of food insecurity.

13DePolt, Moffitt, and Ribar (2009) is an example of a study examining the impact of TANF, a cash assistance program. The authors find that while SNAP leads to reductions in food insecurity, TANF does not have an impact.
What are the effects of private food assistance programs on food insecurity? Alongside public food assistance programs like SNAP, there is a substantial private food assistance network in the United States. This network is overseen by Feeding America, which is comprised of 202 food banks (approximately 80% of all the food banks in the United States) and the tens of thousands of agencies they serve. These food banks receive food directly from major food companies, grocery stores, restaurants, commodity exchanges, individual donors, and food purchased with donations. Food is distributed through emergency food pantries that distribute non-prepared foods and other grocery products, emergency soup kitchens that provide prepared meals and are served on-site, and emergency shelters that provide residential shelter on a short-term basis and serve one or more meals per day. The Feeding America system served an estimated 37 million people in 2009 (Mabli, Cohen, Potter, & Zhao, 2010). Given the size of this program, research on the impact of these private food assistance programs on food insecurity would be of interest, especially to donors to these programs. Such research could further consider how these programs interact with public food assistance programs.

Research on food insecurity will play an important role for policymakers and program administrators in the United States for many years. Food insecurity rates are likely to remain high for some time, and the consequences of food insecurity will concurrently remain. Moreover, substantial public and private sector resources are aimed at reducing the incidence of food insecurity. Thus, there is a critical need for credible research into the causes and consequences of food insecurity and the efficacy of different approaches for alleviating food insecurity. As reviewed in this paper, we believe that this relatively new but growing body of literature has begun to answer many key questions, and economists have played several important roles in developing this literature. There is also much more to learn. The research we have reviewed in this paper and the further questions we have posed demonstrate the many ways economists will continue to inform our understanding of the food insecurity landscape and the myriad efforts to address the problem and its consequences.

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