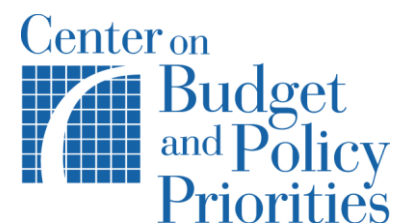


# The Role of SNAP in Smoothing Benefit Cliffs and Reducing Poverty

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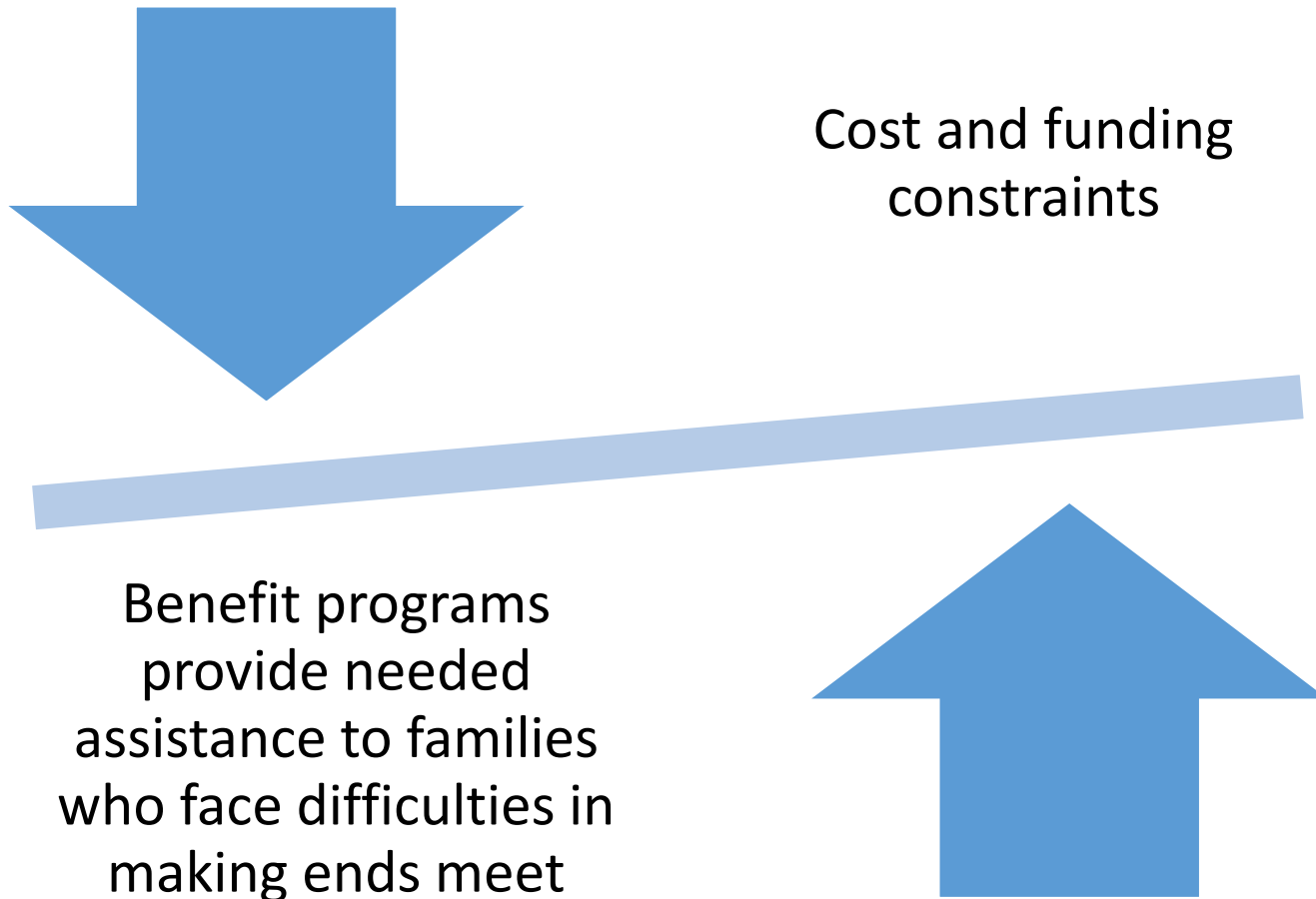


# SNAP Supports Work

- Available for most low-income households while working or between jobs
- Benefits supplement income; lower-income households get higher benefits
- Favors earned income over unearned income through an earned income deduction



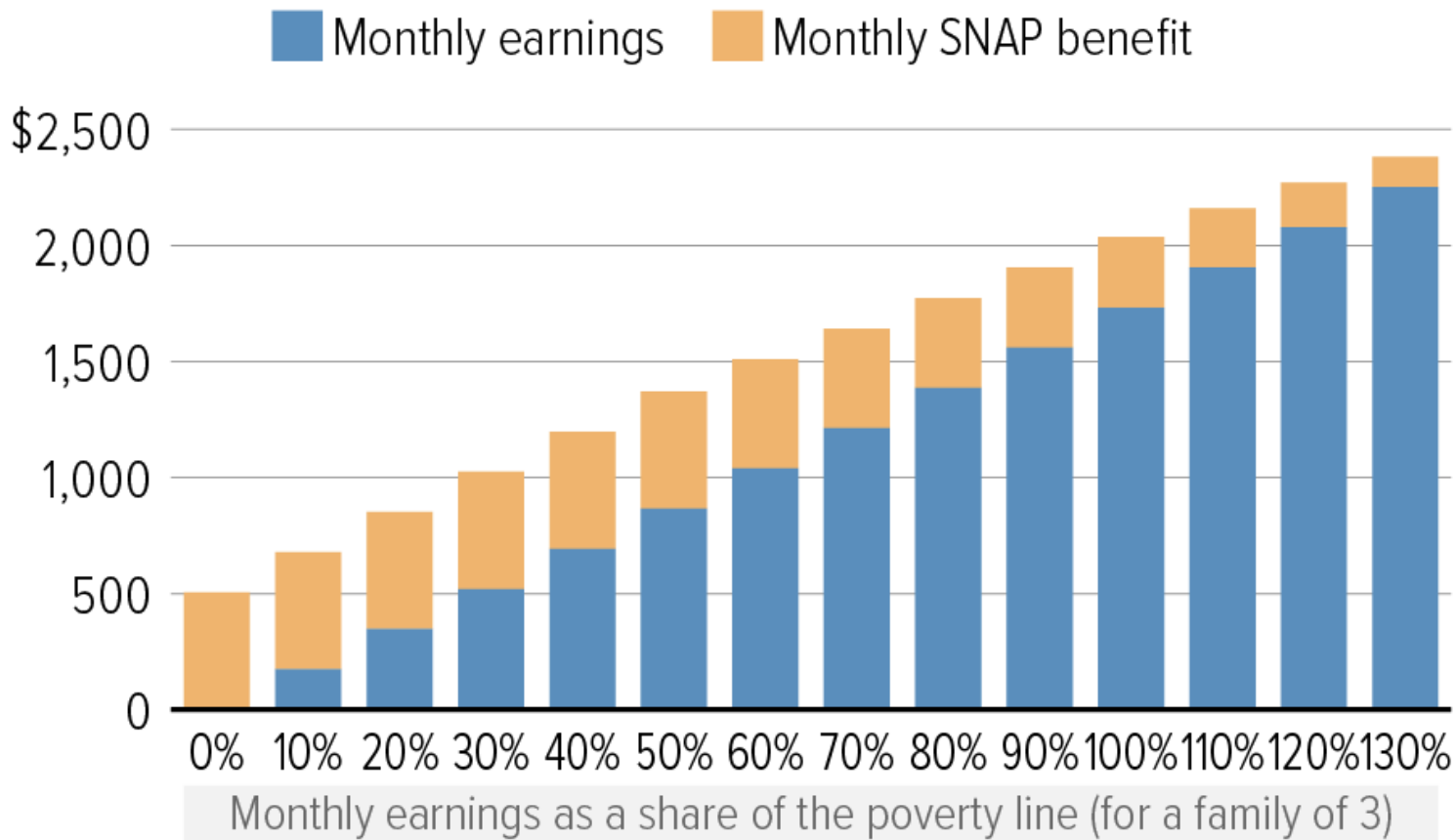
# Why Do Benefit Cliffs Exist?



# Key Issues About Benefit Cliffs

- Most public benefits phase out gradually. Many families don't experience benefit cliffs but they may experience a loss of benefits.
- More like marginal tax rates – the rate at which benefits change when income increases
- Why does this matter? Designing programs and taking options to smooth the slope
- Marginal tax rates are often highest for families with incomes around and slightly above the federal poverty level

# SNAP Benefits Phase Out Gradually

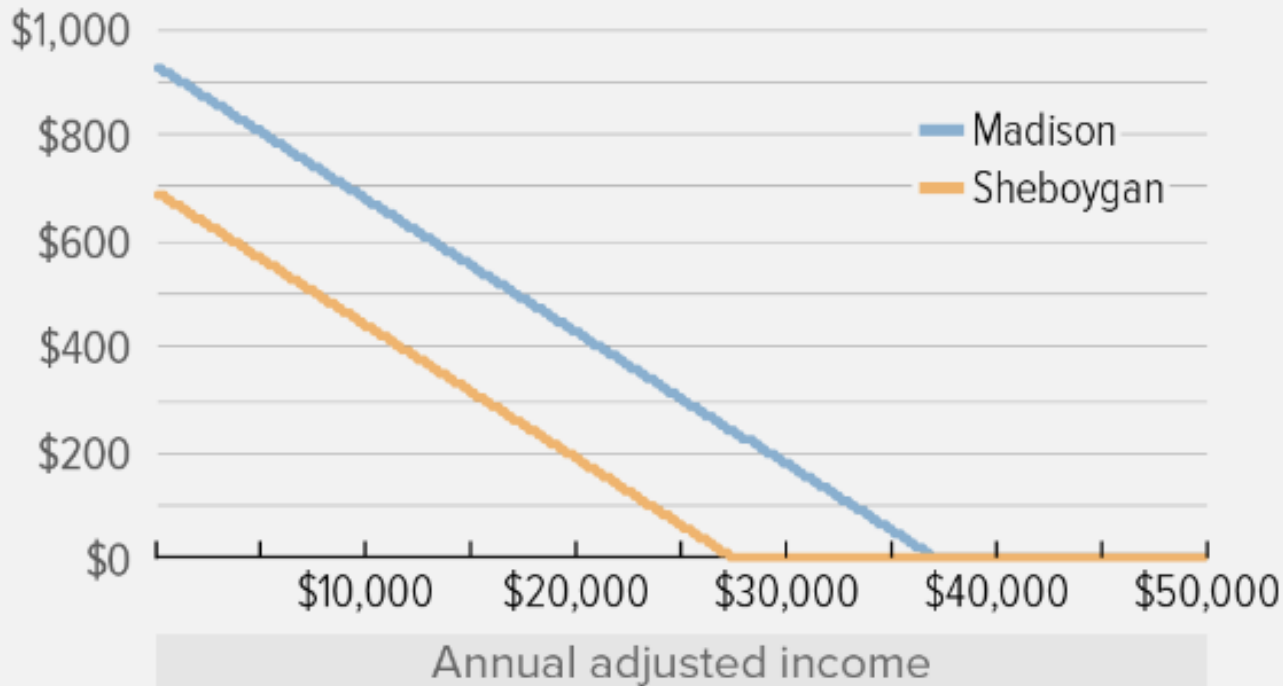


Note: This chart shows the phase out for a family of three with earned income that claims the \$164 standard deduction and the 20 percent earned income deduction, and that has \$1,209 in monthly shelter costs (the median value for working households of three with children that have incomes at or above 125 percent of poverty based on the fiscal year 2017 SNAP household characteristics data, inflated to 2019 dollars).

Source: CBPP calculation based on fiscal year (FY) 2019 SNAP federal benefit parameters and FY 2017 SNAP household characteristics data.

# Housing Vouchers Phase Out Gradually

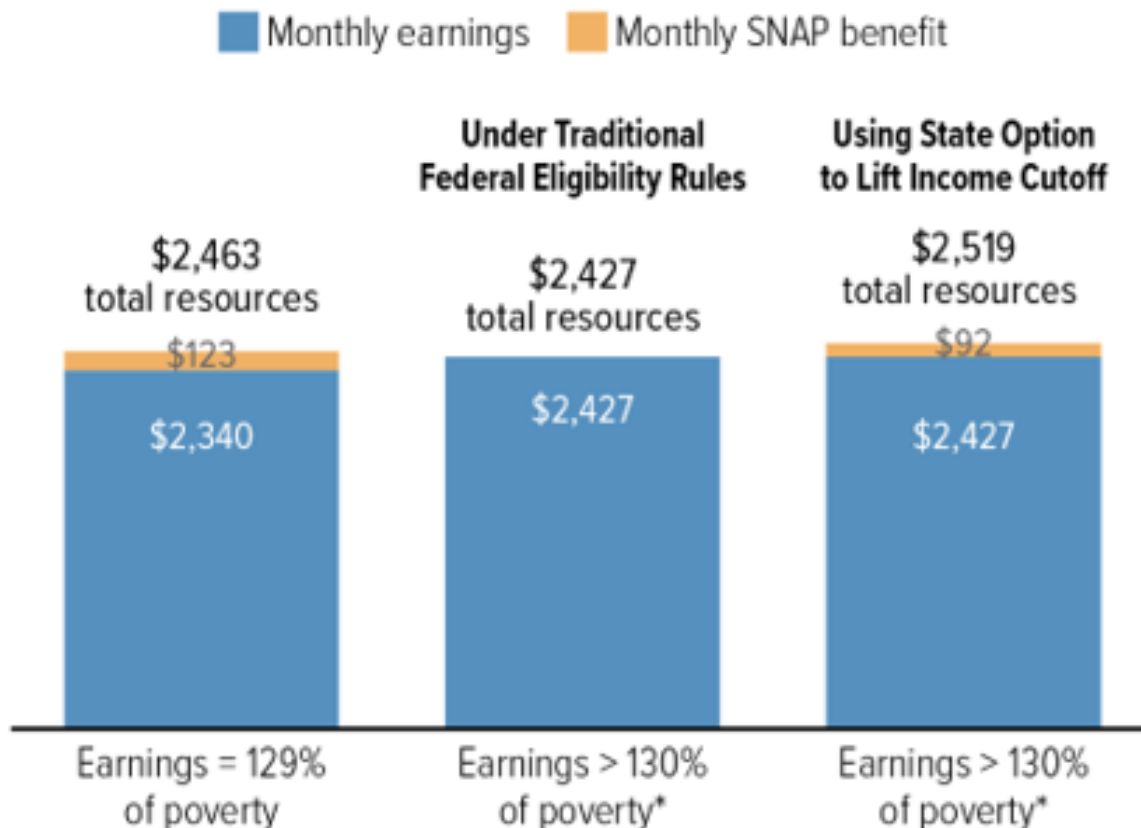
Monthly subsidy for standard two-bedroom unit in Madison and Sheboygan, WI



Note: Madison and Sheboygan represent higher- and lower-cost rental areas, respectively. Graph assumes a maximum subsidy at the Local Fair Market Rent (40th percentile of rents in metro area), a family contribution of at least 30 percent of adjusted income, and unit rent plus utilities at or above the Fair Market Rent.

Source: CBPP calculation based on Housing and Urban Development data

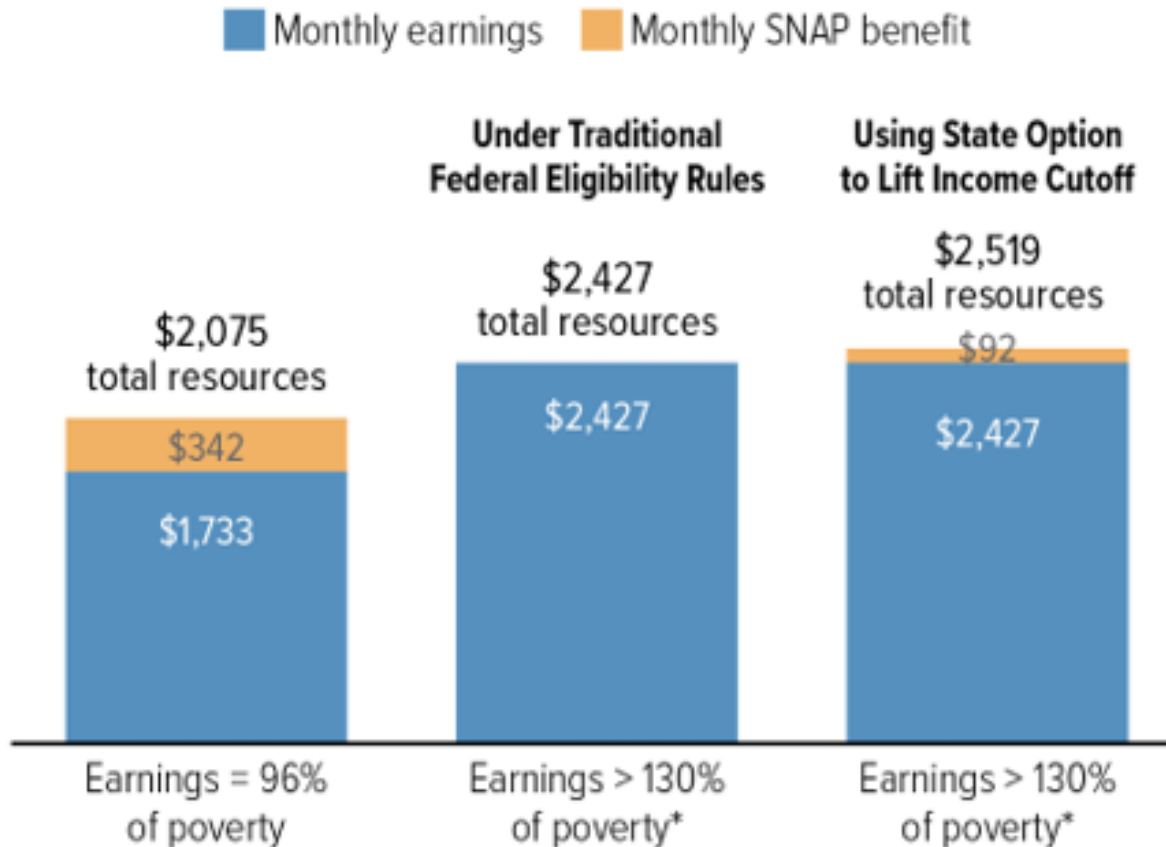
# SNAP Option Smooths the Benefit Phase Out and Encourages Work



\*This example shows a family of three with children with a full-time worker earning \$13.50/hour and getting a raise to \$14/hour (134% of poverty, just above the federal gross income threshold).

# Categorical Eligibility Supports Workers

Increased earnings outweigh lower benefits for many workers in SNAP



\*This example shows a family of three with children with a full-time worker earning \$10/hour and getting a raise to \$14/hour (134% of poverty, just above the federal gross income threshold).



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