



ISSUE BRIEF
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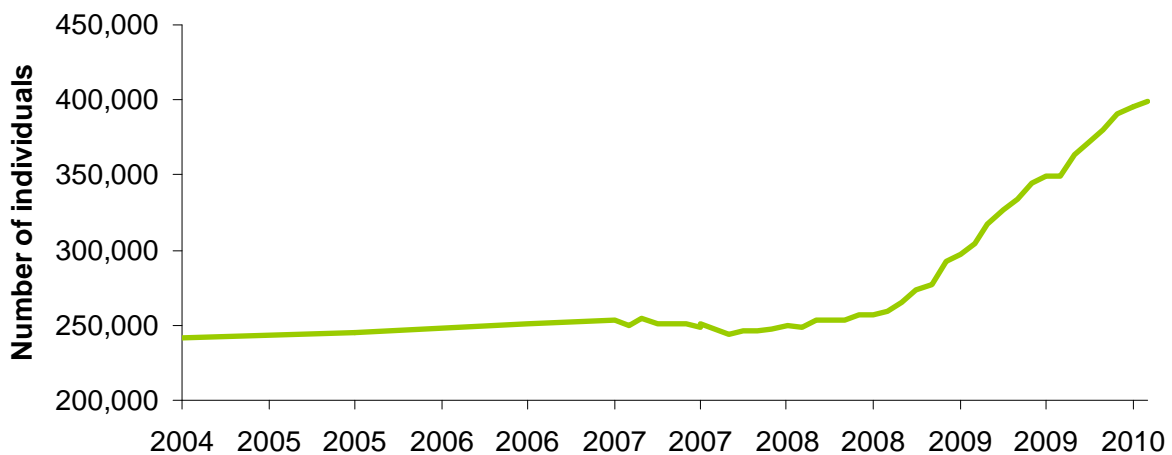
Increased money for food stamps has helped Colorado families and boosted the economy

In the throes of the Great Recession, the federal Recovery Act of 2009 bolstered food stamps in Colorado with a two-year, \$180 million increase in funding. That additional money provides much-needed food to families, as well as a healthy economic boost to local economies. Once spent, the additional \$180 million for food will generate an estimated \$221 million in economic activity and some 1,508 jobs statewide as dollars spent in grocery stores work their way through other parts of the economy. All this is in addition to normal food stamp benefits.

Food stamps in Colorado

The food stamps program is the nation's largest and most comprehensive nutrition program. Officially known as the Supplemental Nutritional Assistance Program or SNAP, it helps low-income people buy food. Nationally, SNAP helps almost 40 million people every month. In Colorado, some 400,000 people use food stamps.ⁱ That number has increased by 61 percent, or 151,000 people since the national recession began in December 2007.ⁱⁱ (Figure 1.)

Figure 1
Colorado food stamp enrollment up dramatically during recession



Source: Analysis of U.S. Department of Agriculture SNAP program data

The American Reinvestment and Recovery Act

The American Reinvestment and Recovery Act, often called the Recovery Act or Stimulus Package, was designed to bolster the economy and insulate families from the recession. Signed in February 2009, the Recovery Act will bring \$7.1 billion to Colorado by the end of 2010. Those funds come in the form of tax relief for working families and businesses, direct aid to struggling families, and loans and grants for more than 140 programs.ⁱⁱⁱ

From the total stimulus money for Colorado, \$180 million will bolster SNAP,^{iv} a 13.6 percent increase. The additional money will be distributed from April 2009 to December 2010, and amounts to an average monthly increase of \$40 in the food budget of a Coloradan using food stamps.^v

SNAP stimulus

The additional money for SNAP included in the federal Recovery Act was designed to ease the pain of the recession by providing additional help buying food to families in need and by creating a local economic boost. As the money is spent, dollars circulate through the economy, generating the jobs and output. That or multiplier effect can be estimated using information about the composition and dynamics of a local economy. (See methodology.)

The Colorado Fiscal Policy Institute analyzed the economic effect of additional SNAP funding for the state as a whole and for several Colorado counties. Overall, the Recovery Act's boost to SNAP will generate an estimated \$221 million in economic activity in Colorado and 1,508 jobs. In other words, the additional \$180 million for families to buy food translates into \$221 million in commerce and an additional 1,580 jobs; first as that food is produced, distributed, and sold, and second as proceeds from sales are re-spent in other areas of the economy. Not surprisingly, the employment generated is concentrated around food supply industries. (Figure 2.)

Figure 2

TOP COLORADO INDUSTRIES AFFECTED		
Colorado industry	Estimated revenue gain	Estimated employment gain
Retail Stores - Food and beverage	\$38,163,152	493
Wholesale trade businesses	\$27,414,242	128
Animal slaughtering, rendering, and processing	\$16,989,268	35
Retail Stores - Gasoline stations	\$10,723,488	110
Bread and bakery product manufacturing	\$6,420,479	37
Cattle ranching and farming	\$6,246,680	34
Real estate establishments	\$5,843,873	31
Rental activity for owner-occupied dwellings	\$5,729,389	0
Fluid milk and butter manufacturing	\$5,499,805	7
Transport by truck	\$5,115,161	38

Source: Colorado Fiscal Policy Institute

The Recovery Act boost to SNAP in select Colorado counties

SNAP funding goes to county programs for distribution to individuals and families who need help buying food. As such, the food assistance program has a truly local effect. Naturally, Recovery Act funding levels vary with the size and need of counties. However, the local

employment resulting from additional SNAP funding is notable, even in the smaller counties. (Figure 3.) The top industries affected in each county are largely similar to those listed for the state as a whole, so are not shown. Again, the economic impacts listed are for the Recovery Act's added funding for SNAP only, and are in addition to the economic activity generated in the normal operation of the program.

Figure 3

SNAP STIMULUS IN SELECTED COLORADO COUNTIES		
County	Total Recovery Act food stamp funds ^{vi}	Estimated employment gain
<i>Adams County</i>	\$18,233,706	127
<i>Denver County</i>	\$34,974,707	213
<i>El Paso County</i>	\$22,076,722	125
<i>Mesa County</i>	\$6,068,602	40
<i>Pueblo County</i>	\$13,517,957	78
<i>Weld County</i>	\$7,626,267	58

Source: Colorado Fiscal Policy Institute

SNAP in Colorado by the numbers

- Colorado food stamp households receive, on average, \$1.46 per person per meal in SNAP benefits.^{vii}
- About 80 percent of food stamp benefits go to households with children. Most of the rest go to households with elderly people or people with disabilities.^{viii}
- Almost 90 percent of food stamp households have income of less than the federal poverty level. The rest have income slightly above the poverty level, but their basic expenses are high enough to make them eligible for a small SNAP benefit.^{ix}
- 398,862 Coloradans used food stamps to buy food in February 2010. That amounts to 7.9 percent of the people in Colorado.^x
- During the current, Great Recession, SNAP participation in Colorado increased dramatically. Since the onset of the recession in December 2007, enrollment has grown by 151,087 people, or 61 percent.
- The Recovery Act allocated an additional \$180 million for SNAP in Colorado, to be distributed from April 2009 through December 2010. That translates into an average monthly increase of \$40 for the food budgets of Colorado families enrolled in SNAP.
- This \$180 million will also generate an estimated \$221 million in economic activity and 1,508 jobs in Colorado, as food purchases infuse dollars into local economies.

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Methodology

Estimates for economic output and employment gains from increased SNAP funding are created using IMPLAN (IMpacts for PLANning) economic impact modeling software. The software uses empirically-derived regional input-output accounting to enable modeling of local industry changes. For more information on this software, see the IMPLAN website: <http://implan.com/v3/>.

Recovery Act funding for SNAP is modeled as an increase in personal consumption expenditures and an increase in state and local government administration. To model these changes, programmatic and administrative funding levels are established for each geography. In cases where complete funding levels are not reported, estimates are derived using to-date consumption of funding. (See note iv.) Results are shown in 2010 dollars.

ⁱ Enrollment figures listed are for February 2010. *U.S. Department of Agriculture SNAP program data.* <http://www.fns.usda.gov/>

ⁱⁱ Analysis of *U.S. Department of Agriculture SNAP program data.* <http://www.fns.usda.gov/>

ⁱⁱⁱ “*The American Recovery and Reinvestment Act: The Colorado Story.*” *Colorado Governor’s Economic Recovery Team.* April 30, 2010. www.colorado.gov/recovery

^{iv} Specifically \$179,750,468 for food stamps, and \$2,446,293 for food stamp administration. *U.S. Department of Agriculture Food and Nutrition Services.* <http://www.fns.usda.gov/fns/recovery/recovery-snap.htm>

^v “*The Colorado Story,*” *Colorado Governor’s Economic Recovery Team.*

^{vi} Total ARRA SNAP funds represent the sum of programmatic and administrative funds. In each county and in the state as a whole, administrative funds represent less than 2 percent total funding. *County Reports, Colorado Governor’s Economic Recovery Team, May 2010.* Also: *Personal Communication, Colorado Governor’s Economic Recovery Team, May 26, 2010.*

^{vii} USDA posts the average monthly benefit by state at: [http://www.fns.usda.gov/pd/18SNAPavg\\$PP.htm](http://www.fns.usda.gov/pd/18SNAPavg$PP.htm). The benefit per meal is arrived at by dividing this number by 90 (90 meals per month).

^{viii} “*Characteristics of Food Stamp Households, Fiscal Year 2004,*” *Table A-1, United States Department of Agriculture, Office of Analysis, Nutrition, and Evaluation, August 2005.* <http://www.fns.usda.gov/oane/MENU/Published/FSP/FILES/Participation/2004Characteristics.pdf>.

^{ix} *Ibid.*

^x “*Nearly 39.7 Million Americans Received SNAP/Food Stamps in February 2010.*” *Current News and Analyses, Food Research and Action Center. February 2010.* http://www.frac.org/html/news/fsp/2010.02_FSP.htm.