



October 17, 2024

Honorable Jodey Arrington  
Chairman  
Committee on the Budget  
U.S. House of Representatives  
Washington, DC 20515

Re: How Changes to the Thrifty Food Plan Have Affected Labor Force Participation

Dear Mr. Chairman:

You asked the Congressional Budget Office to indicate whether the 2021 increase in the value of the Thrifty Food Plan (TFP), which increased Supplemental Nutrition Assistance Program (SNAP) benefits, had a positive or negative impact on labor force participation. In CBO's assessment, the TFP increase likely reduced the fraction of people participating in the labor force as a response to the higher transfer income that people received when not working.<sup>1</sup> The reduction in labor supply is likely concentrated among the minority of SNAP recipients who are of working age. The agency has not quantified the size of that effect.

Research about SNAP has shown some evidence of reductions in hours of work stemming from SNAP receipt and some evidence of insignificant effects.<sup>2</sup> Receiving SNAP benefits reduces the incentive to work because decreased compensation for an additional hour of work—from a reduction in the associated SNAP benefit—makes work less valuable than other uses of a person's time and because increased income from the benefit allows people to maintain the same standard of living while working fewer hours.

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<sup>1</sup> For a discussion of how stylized changes to SNAP affect incentives to supply labor, see Congressional Budget Office, *The Effects of Potential Cuts in SNAP Spending on Households With Different Amounts of Income* (March 2015), [www.cbo.gov/publication/49978](http://www.cbo.gov/publication/49978).

<sup>2</sup> See Hilary Hoynes and Diane Whitmore Schanzenbach, "US Food and Nutrition Programs," in Robert A. Moffitt, ed., *Economics of Means-Tested Transfer Programs in the United States, Volume I* (University of Chicago Press, November 2016), p. 279, [www.nber.org/chapters/c13488](http://www.nber.org/chapters/c13488).

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Using estimates of those effects on incentives, researchers in one study analyzed changes in the TFP's value and projected a reduction in the total hours of work.<sup>3</sup>

For background, the TFP is a basket of foods selected by the Department of Agriculture to provide a nutritious diet for a household of a particular size. The maximum benefit under SNAP is based on the number of people in the household and the cost of the TFP for a group of that size. The reevaluation of the TFP published in 2021, combined with the annual adjustment for inflation, increased the TFP's cost by about 23 percent over the year before, leading to an increase in benefits beginning in fiscal year 2022. The increase in benefits from 2021 to 2022 was smaller than the increase in the TFP because two laws enacted in response to the 2020–2021 coronavirus pandemic temporarily boosted benefits in 2021.

Please contact me directly if you would like more information.

Sincerely,

A handwritten signature in black ink, appearing to read "Phillip L. Swagel", with a long, sweeping horizontal flourish extending to the right.

Phillip L. Swagel  
Director

cc: Honorable Brendan Boyle  
Ranking Member  
House Committee on the Budget

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<sup>3</sup> See Marcos Dinerstein and Austin Herrick, “Macroeconomic and Distributional Effects of the Scheduled October 2021 Expansion of the Supplemental Nutrition Assistance Program (SNAP)” (Penn Wharton Budget Model, September 2, 2021), <https://tinyurl.com/bp8pmt7z>.