

**Do Specific State Policies entice individuals to migrate between areas to obtain
SNAP?**

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Introduction and Motivations

Background Information

- ◆ Welfare as calculated in 2012 cost the United States Government an estimated 1 trillion dollars.
- ◆ Supplemental Nutrition Assistance Program (SNAP) benefits' total cost was 68 million for the 2010 fiscal year.



- ◆ The welfare payments associated with this program are made by the state in which they are requested and subject to state rules and legislation, although the money is distributed by federal regulation (Farm Bill 2008 Title IV: Nutrition).
- ◆ **The requirements vary by state and even sometimes by locality, in terms of the accessibility of SNAP.**
- ◆ The minimum requirements lay out how each individual state is to calculate welfare benefits, from income levels, job searches, and asset values. Each state can lower the level at which people become eligible for each of the categories.
- ◆ In general, the income of people who are eligible for SNAP falls at or below **130%** of the poverty line after allowable deductions, although many states have increased this requirement, making it easier for families to qualify for benefits.
 - ◆ This resulting variance could lead to migration between different areas to receive benefits.

For example if the federal minimum is 130% of the FPL than a state could choose to make the requirement 200%. If FPL= \$10,000 and the limit is 130%, then you qualify with \$13,000 in income or less. If the requirement is 200%, you qualify at \$20,000 income or less. Making it easier in some states to obtain benefits. The focus of this research will be based on variation in income requirements.

Research Objectives

This research focuses on SNAP, formerly called food stamps to determine migration effects due to specific state policies. We analyze how variation in minimum requirements in different localities affects migration, and test for spatial convergence of requirements over time. Given the large expenditures involved with SNAP, this analysis provides important policy implications.

Methodology

- ◆ This problem can be defined by a simple utility maximization problem, where utility is a function of the benefit of moving minus the cost of moving.
- ◆ This random utility concept formulates the basis for migration; an individual chooses where to move based on the benefits and makes a decision to migrate or not based on their utility.
- ◆ The decisions are made simultaneously.
 - ◆ An individual may have higher benefits in one area but this does not guarantee an act of migration if the benefits do not outweigh the cost.

Data

- ◆ We used secondary data from the American Community Survey and Census Bureau Data.

Methodology

The following equation was used to determine migration probability

$$Y_{ijt} = \begin{cases} 1 & \text{if } Y_{ijt}^* \geq 0 \\ 0 & \text{if } Y_{ijt}^* \leq 0 \end{cases}$$
$$Y_{i,j,t}^* = \beta_1 B_{ijt} + \beta_2 I_{ijt} + \beta_3 P_{ijt} + \beta_4 D_{ijt} + \beta_5 R + \beta_6 T + \beta_7 POV_{ijt} + \mu_{ijt}$$

where:

- Y_{ijt}^* is the latent variable that indicates probability of migration from state i to state j in time period t .
- Y_{ijt} is the observed value of the latent variable, where a value of 1 indicates that the individual moved from state i to state j
- B_{ijt} is the difference in SNAP benefits, the real AFDC monthly guarantee for a family of four, between state i and j
- I_{ijt} is the difference in real state per capita income between states i and j
- P_{ijt} is the difference in poverty rate at time t in state i and j
- D_{ijt} is the difference in democratic strength, or index of Democratic control of state political institutions, between states i and j at time t
- R is the recipient's ethnicity, as defined by the Census data
- T is a vector of time period dummy variables
- POV_{ijt} is the difference in the percent of the poverty line below which the family can apply for benefits between states i and j at time t
- i is equal to 1 through 48 for each of the continental states in the analysis
- t ranges from 2007-2010

Conclusions

Results

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