

THE BIDEN ADMINISTRATION'S UNLAWFUL FOOD STAMP INCREASE INCENTIVIZED PEOPLE TO CHOOSE WELFARE OVER WORK



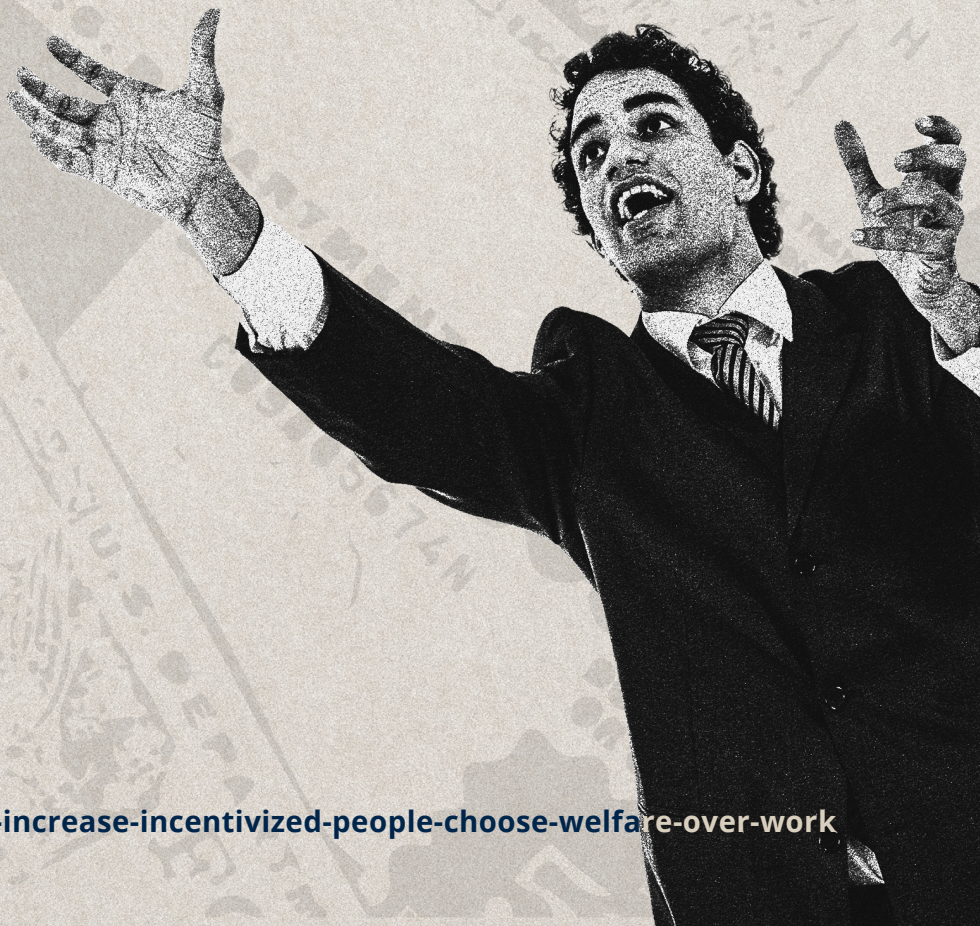
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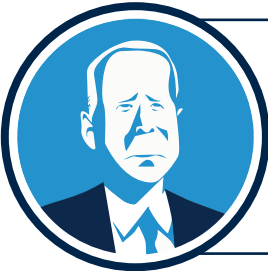
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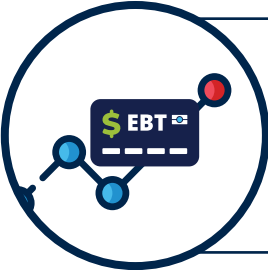
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KEY FINDINGS



THE BIDEN ADMINISTRATION UNILATERALLY INCREASED FOOD STAMP BENEFITS BY ADJUSTING THE THRIFTY FOOD PLAN.



THIS RESULTED IN THE LARGEST PERMANENT FOOD STAMP INCREASE IN PROGRAM HISTORY.



AN ESTIMATED 2.4 MILLION AMERICANS HAVE DECLINED EMPLOYMENT BECAUSE OF PRESIDENT BIDEN'S UNLAWFUL FOOD STAMP EXPANSION.



IF THESE ABLE-BODIED ADULTS JOINED THE WORKFORCE, THEY WOULD FILL NEARLY A QUARTER OF OPEN JOBS.



CONGRESS HAS THREE OPTIONS TO REVERSE COURSE ON THE BIDEN ADMINISTRATION'S FOOD STAMP INCREASE.


THE BOTTOM LINE:

THE BIDEN ADMINISTRATION'S UNLAWFUL INCREASE IN FOOD STAMPS ENTICED MILLIONS OF AMERICANS TO CHOOSE WELFARE OVER WORK. CONGRESS SHOULD PASS REFORMS TO INSTEAD ENCOURAGE WORK OVER WELFARE.

Overview

The Biden administration unilaterally and unlawfully pushed through the largest permanent food stamp increase in the history of the program by adjusting the Thrifty Food Plan.¹ This increase did not happen in a vacuum—it affects the decisions of Americans across the country. People have been disincentivized to work by being paid more to remain on welfare.

In response to the dramatic increase in food stamps, an estimated 2.4 million Americans opted out of joining the workforce.² All told, these Americans on the sidelines account for a quarter of all job openings across the country.³

An illustration of a red hand with a white glove pointing upwards. To its right is a blue circular icon containing a white document with the word 'JOB' at the top and some text below.


IN RESPONSE TO THE DRAMATIC INCREASE IN FOOD STAMPS, AN ESTIMATED 2.4 MILLION AMERICANS OPTED OUT OF JOINING THE WORKFORCE.

Congress should encourage able-bodied adults to work instead of draining resources from the truly needy. Lawmakers can limit the damage caused by the Biden administration by rolling back the Thrifty Food Plan increase, freezing benefits until inflation catches up with the increase, or requiring all future reevaluations to be cost-neutral.

The Biden administration unilaterally and unlawfully increased food stamp benefits by adjusting the Thrifty Food Plan

The Thrifty Food Plan is one of four plans developed by the United States Department of Agriculture (USDA) to estimate the average cost of meals.⁴ Of the four plans, the Thrifty Food Plan is supposed to be the lowest cost.⁵

The 2018 Farm Bill required USDA to reevaluate the Thrifty Food Plan on a set schedule instead of at USDA's discretion.⁶ This reevaluation is meant to update the Thrifty Food Plan based on food prices, food composition data, consumption patterns, and dietary guidance.⁷⁻⁸ Essentially, this process is supposed to update plans based on what is considered a balanced diet and the costs to purchase these foods, not lead to wholesale changes in the Thrifty Food Plan.

An illustration of a green hand with a white glove giving a thumbs up. To its right are three stylized figures of people wearing yellow hard hats and blue or white work clothes.

CONGRESS SHOULD ENCOURAGE ABLE-BODIED ADULTS TO WORK INSTEAD OF DRAINING RESOURCES FROM THE TRULY NEEDY.

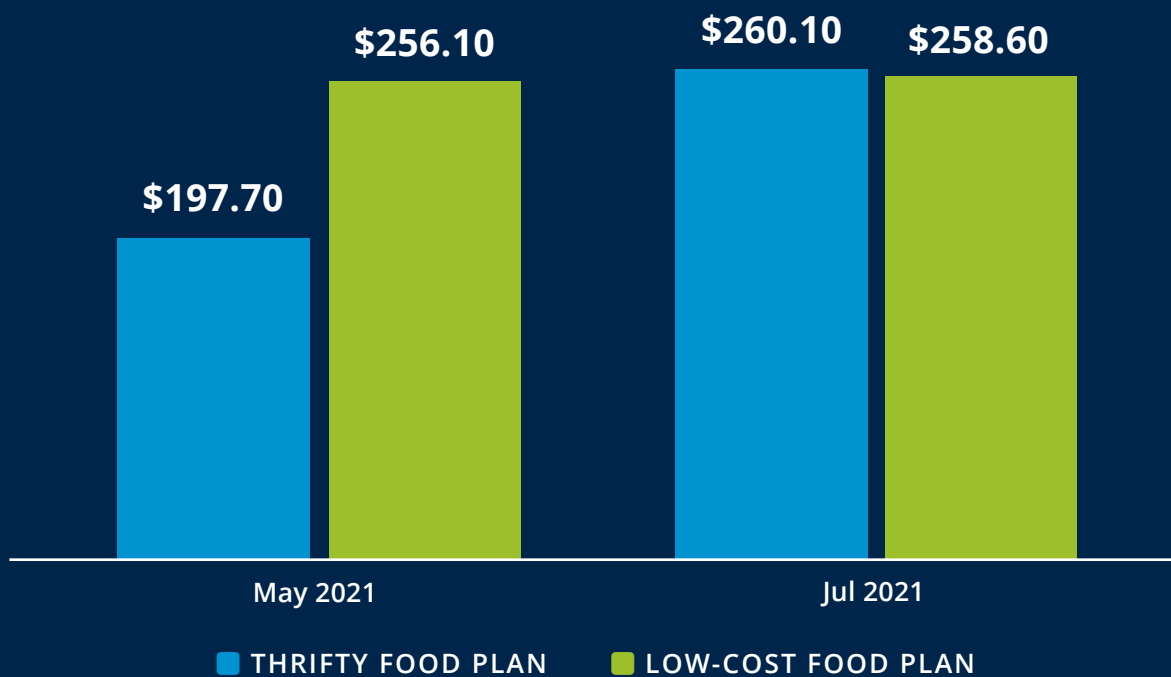
This reality is shown by scorings done by the Congressional Budget Office (CBO). When Congress was considering the 2018 Farm Bill, the CBO scored the updating of the Thrifty Food Plan to cost nothing.⁹⁻¹² Just days before the updated Thrifty Food Plan was announced, the CBO estimated only small changes based entirely on inflationary adjustments.¹³

But instead of minor updates and increases, in 2021 USDA pushed through the largest food stamp expansion in program history, expanding benefits by an average of 27 percent.¹⁴ This increase is set to cost up to \$250 billion over the next decade, and taxpayers are already feeling the effects.¹⁵ Estimates for fiscal year 2022 expected food stamp spending to decline, instead spending spiked by nearly \$120 billion.¹⁶

USDA has effectively turned the Thrifty Food Plan into the Low-Cost Food Plan, a step up in USDA's four food plans. This is a move that Congress had rejected.¹⁷ But after the people's representatives turned it down, unelected bureaucrats unilaterally implemented the proposal.

THRIFTY FOOD PLAN COSTS NOW EXCEED LOW-COST FOOD PLAN FOR ABLE-BODIED MEN

Monthly cost of Thrifty Food Plan and Low-Cost Food Plan for men ages 20-50 between May and July 2021



Source: U.S. Department of Agriculture

To make matters worse, USDA cut corners and violated procedures when making their adjustments. Auditors discovered that to increase food stamp benefits, USDA adjusted data inputs, violated multiple guidelines, and shrouded their work in secrecy so that their models could not be replicated.¹⁸ These deceptive actions have led to harmful effects, especially in the labor market.

Biden's food stamp increase is keeping Americans from working

Increases to welfare benefits do not occur in a vacuum—they affect the decisions of millions of recipients. Because of the 27 percent increase in food stamp benefits, an estimated 2.4 million able-bodied Americans chose welfare over work.¹⁹ That is 2.4 million Americans who but for the food stamp increase would be gainfully employed right now.

These individuals are not clustered in a couple of states or a single region but are spread throughout all 50 states. Every state has at least 4,000 individuals who chose welfare over work because of the increased food stamp benefits. States like California, Florida, Illinois, New York, Pennsylvania, and Texas have at least 90,000 fewer workers because of the unlawful food stamp expansion.

All this came at an awful time for employers, especially small businesses. Businesses that survived the pandemic were faced with a labor shortage and an increased cost of labor.²⁰ Job openings rose above 10 million for the first time ever and stayed there for a significant period of time.²¹⁻²³ The 2.4 million able-bodied individuals that turned to welfare instead of work could have filled nearly a quarter of these openings.

Thrifty Food Plan Increases Reduced Employment in Every State

STATE/AREA	FEWER WORKERS BECAUSE OF TFP	JOB OPENINGS (JUNE 2023)
Alabama	33,494	140,000
Alaska	5,145	28,000
Arizona	52,844	193,000
Arkansas	20,023	95,000
California	276,384	1,039,000
Colorado	47,008	190,000
Connecticut	27,219	91,000
Delaware	7,132	34,000
D.C.	5,545	44,000
Florida	159,621	643,000
Georgia	76,312	372,000
Hawaii	9,797	33,000
Idaho	13,970	55,000
Illinois	92,549	377,000
Indiana	49,477	172,000
Iowa	25,163	91,000
Kansas	22,020	84,000
Kentucky	29,434	130,000
Louisiana	30,392	157,000
Maine	9,860	37,000

STATE/AREA	FEWER WORKERS BECAUSE OF TFP	JOB OPENINGS (JUNE 2023)
Maryland	46,502	200,000
Massachusetts	53,986	243,000
Michigan	70,281	237,000
Minnesota	44,814	197,000
Mississippi	17,985	88,000
Missouri	45,190	163,000
Montana	8,374	37,000
Nebraska	15,526	62,000
Nevada	22,272	99,000
New Hampshire	11,166	45,000
New Jersey	69,682	223,000
New Mexico	13,783	64,000
New York	138,908	460,000
North Carolina	75,005	363,000
North Dakota	6,118	28,000
Ohio	83,455	362,000
Oklahoma	27,757	122,000
Oregon	30,947	112,000
Pennsylvania	93,155	360,000
Rhode Island	8,221	30,000
South Carolina	34,944	175,000
South Dakota	7,029	29,000
Tennessee	48,432	233,000
Texas	214,486	799,000
Utah	26,086	103,000
Vermont	5,048	19,000
Virginia	66,166	309,000
Washington	58,122	173,000
West Virginia	11,278	56,000
Wisconsin	45,096	165,000
Wyoming	4,301	20,000
U.S. Total	2,397,506	9,582,000

Source: U.S. Bureau of Labor Statistics

Turning down employment not only hurts employers, but it also harms the individuals staying home collecting food stamps. Able-bodied adults who return to work see their incomes more than double within a year and triple within two years.²⁴⁻²⁷ Those returning to work also quickly move out of low-wage industries to better-paying jobs.²⁸



If just a quarter of those sitting on the sidelines found work and increased their incomes to levels where they were ineligible for benefits, it would save taxpayers more than \$1.6 billion annually.



Encouraging able-bodied adults on food stamps to seek employment can also give relief to taxpayers and protect the truly needy. Spending on the food stamp program has increased from \$17 billion in 2000 to \$60 billion in 2019, to a record \$119 billion in 2022.²⁹⁻³⁰ **If just a quarter of those sitting on the sidelines found work and increased their incomes to levels where they were ineligible for benefits, it would save taxpayers more than \$1.6 billion annually.**³¹ These savings would help ensure that funds remain available for the truly needy without further increasing the program's bottom line.

Annual Savings by People Moving from Welfare to Work

PERCENTAGE OF NEW WORKERS LEAVING FOOD STAMPS	NUMBER OF PEOPLE LEAVING FOOD STAMPS	TAXPAYER SAVINGS (IN MILLIONS)
10%	240,000	\$664
20%	480,000	\$1,328
25%	600,000	\$1,659
30%	720,000	\$1,991
40%	960,000	\$2,655

Source: U.S. Bureau of Labor Statistics

Congress has three options to reverse course on Biden's unlawful food stamp expansion

Congress has three choices to right the Biden administration's wrong and undo the harm done to employers, taxpayers, and people on food stamps alike.

The first option is to roll back food stamp benefits to their 2020 levels. This would essentially repeal the 27 percent increase that was implemented by the Biden administration by adjusting the Thrifty Food Plan. This would create the best incentive for Americans to get back to work while protecting taxpayer money and funds for the truly needy.

Congress could also freeze food stamp benefits until they match 2020 inflation-adjusted levels. This would avoid the difficulty of reducing benefits but has the drawback of taking years to bring benefits back to their pre-Thrifty Food Plan adjustment levels.

Finally, Congress could require that all future reevaluations of food stamp benefits be cost-neutral. This would ensure that any future increases to benefits only account for inflation and do not entice more Americans to leave the workforce. While this would not remove the increase already put in place, Congress could use this option with one of the other two.

THE BOTTOM LINE: The Biden administration's unlawful increase in food stamps enticed millions of Americans to choose welfare over work. Congress should pass reforms to instead encourage work over welfare.

The Biden administration implemented the largest permanent increase in the history of food stamps by adjusting the Thrifty Food Plan.³² This giveaway incentivized able-bodied adults to pass on work to take the full benefit amount. Pandemic policies like emergency allotments and pausing work requirements for able-bodied adults without dependents further heightened this problem.³³⁻³⁴

The USDA's 27 percent boost in food stamps convinced an astounding number of Americans to forgo work, and with it, the positive that come from having a job.³⁵⁻³⁸ An estimated 2.4 million people across the country chose welfare over work. Without this increase, these individuals would have found jobs across industries, filling nearly a quarter of the country's open jobs.³⁹



An estimated 2.4 million people across the country chose welfare over work. Without this increase, these individuals would have found jobs across industries, filling nearly a quarter of the country's open jobs.



It is now up to Congress to flip the switch and push incentives toward work over welfare. Congress should roll back the Thrifty Food Plan increase, freeze benefit amounts until inflation catches up with the increase, or require all future benefit reevaluations to be cost-neutral. Any of these would limit the harm that resulted from the Biden administration's unlawful Thrifty Food Plan increase.

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