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Study Title: Understanding the Rates, Causes, and Costs of Churning in the Supplemental Nutrition Assistance Program

Term of IRB Approval: January 31, 2013 – January 30, 2014 (with continuation into 2015)

Study Completed: November 2014

Executive Summary/Abstract:

This study examines the rates, causes, and costs of participant churn in the Supplemental Nutrition Assistance Program (SNAP). Churn occurs when a SNAP case exits the program and then reenters within four months or less, as currently defined by the Food and Nutrition Service (FNS). Churn is a policy concern for several reasons: the forgone benefits among households who were eligible while off the program, the client time and expense involved in reentering the program, and the added federal and State administrative costs associated with case closings and re-openings.

The study combines quantitative and qualitative research to achieve the following four objectives posed by FNS:

- determine the rates and patterns of churning, overall and by demographic characteristics;
- examine the causes of churning;
- determine the process of churner reentry; and
- calculate the cost of churning.

Six States participated in the study: Florida, Idaho, Illinois, Maryland, Texas, and Virginia. To enable a systematic analysis of churn rates and patterns and the associated forgone benefits among churners, each State provided administrative datasets with detailed information on cases participating in SNAP over the period December 2009 through December 2012. Additionally, data from States' unemployment insurance wage records were used to examine the role of earnings fluctuations as a factor leading to churn. To explore in greater detail the process of churn and its possible causes, the research team conducted site visits to one local office in each State. Team members interviewed SNAP administrators and caseworkers and representatives of community-based organizations (CBOs); members also conducted focus groups with SNAP clients who had recently churned. To support an analysis of the costs associated with churn, the team obtained from FNS the quarterly SF-269 forms that the six States had submitted in reporting their program administrative costs.

The major findings from this research are as follows, drawn from the indicated chapters:

Rates and patterns of churn (from Chapter 3)

- Across the six study States, the estimated rate of churn for fiscal year (FY) 2011 ranged from 17 to 28 percent, based on analysis of State-provided case-level SNAP participation data. The annual rate of churn is the number of households experiencing a churn spell that occurred wholly or partly within the year as a percentage of all households receiving benefits at any time during the year.
- For a very high proportion of churning cases (ranging by State from 66 to 90 percent), the precipitating exit occurs at the time of a scheduled recertification or a required interim report.
- Most churners (from 62 to 79 percent) are off the program for one month or less. More detailed analysis in three of these States indicates that one-third or more of all churners are off the program for *less than* one month.
- Compared to non-churning cases, churning cases tend to have case heads that are younger (less than 45 years old), are nonelderly/nondisabled with children, are employed (or are unemployed with no other unearned income), and are black non-Hispanic.
- Pre- and post-churn earnings patterns as shown in SNAP case records and as reported by employers in quarterly unemployment insurance (UI) wage data, provide little indication that additional earnings is a significant cause of churn, particularly among those who churn for one month or less.

Agency, client, and community perspectives on SNAP churn (from Chapter 4)

- SNAP clients who have recently churned indicated in focus groups that they experienced a great deal of anxiety when they lost their SNAP benefits, even if for a short period, as the benefit loss was unexpected. Some clients first became aware that their benefits had been stopped when they were attempting to purchase groceries.
- In addition to experiencing food insecurity, the loss of benefits led to broader financial insecurity for SNAP churners. In having to commit more of their scarce income for food, churners were less able to pay important bills such as their utilities or rent.
- Churn sometimes occurred when SNAP clients got a new job that was lost quickly owing to illness or lack of child care. In related instances, churn occurred when the household's income went up for short period because of seasonal employment or overtime pay.
- Procedural issues often led to churn. The most frequently cited example was non-response to a recertification notice. Sometimes a SNAP client simply did not receive the notice because it was sent to the wrong address or the client never informed the agency of an address change. Other times, clients never responded because they were experiencing personal difficulties, they could not read the notice, they were unable to use the online resources, or they were unable to respond in person because of transportation issues.
- SNAP workers and CBO representatives described changes in policy or procedure that they believed could reduce churn. These included reducing the client burden at recertification, providing a 30-day grace period for recertification (under a "reinstatement of eligibility waiver"), and providing more responsive customer service.

Household and locational factors associated with churning (from Chapter 5)

- Based on multivariate models, the types of SNAP households more likely to churn within the coming year are those with case heads who are younger or black, with more members, and with neither elderly, disabled, nor child members, all other things equal.
- Regarding the presence of income, the cases at greatest risk of churn are those with gross income above 100 percent of the poverty level and those with no earned or unearned income at all. These two distinct high-risk groups suggest very different storylines for churners: one that involves gaining more income and leaving SNAP because of benefit ineligibility (or perceived ineligibility) and one that involves leaving SNAP given challenging household circumstances and difficulty with the recertification process.
- Although locational characteristics appear to have small effects on churn, households are more likely to churn if their area has more per-capita community food providers (such as food pantries). These may be high-poverty areas where both clients and agencies are challenged to keep pace with required reporting, notices, and casework.
- Compared to non-churners, households that churn experience far more changes in circumstances that could affect their ability to recertify. For instance, churners are much more likely than non-churners to have moved within State to a new ZIP code before a recertification. (Out-of-State moves were not observable in the data.) The disruption of moving may make it more difficult to comply with recertification procedures. Or, participants who move may be less likely to receive notice of an upcoming recertification, as they may not have reported their address change to the SNAP office (or did so, but the agency did not act on the change).
- Other changes associated with churn at recertification include changes in household composition, employment, and earnings. All these factors could affect benefit eligibility, but the low gross earnings amounts indicated in the SNAP case records suggest that household instability (versus ineligibility) plays a key role in churn. With respect to household composition, any change (upward or downward) in household size (number of adults or children) increases the likelihood of churn.
- Households with elderly or disabled members are less likely than others to churn within the ensuing year, as their longer certification periods make them less likely than others to face a recertification or required interim report in the upcoming 12 months. When one focuses specifically on cases coming due for recertification, households with elderly or disabled members are more likely than others to churn. This pattern suggests that the longer certification periods typically assigned to the elderly and disabled may simply forestall the problem, extending the period on SNAP before churn occurs. If so, improvements to the recertification process (rather than longer certification periods) may be the more critical factor in reducing churn.

Costs associated with churn (from Chapter 6)

- Churn imposes costs both to program clients and to agencies administering the program. For agencies, churn increases costs by requiring agencies to process additional applications from households reentering the program. For clients, costs include the loss of benefits that they otherwise would have received, the administrative burdens involved in the steps taken to reenter the program, and other burdens related to coping during the period without benefits.

- Churn imposes added certification costs because reapplications for households returning to the program take more staff time than re-certifications. Staff interview responses suggest that the application procedures for churners at reentry, and time taken to process those applications, are essentially the same as for an initial application for benefits. In contrast, re-certifications or interim reports typically require only one-third to one-half as much staff time as initial applications. One thus expects that churn would lead to a net increase in the staff time spent on certifications.
- On average among the six States, the certification costs associated with churn are approximately $80 for each instance of churn that requires a full reapplication. This amount varies widely among States, from less than $30 to more than $130. These estimates are based on analysis of statewide administrative cost data and churn spells identified using administrative datasets, and they reflect the assumption that re-certifications have one-half the cost of initial applications. Higher estimates of the added costs of churn result if one assumes that re-certifications have one-third the cost of initial applications.
- The added annual certification costs associated with churn range from $0.1 million in Idaho to $6.0 million in Illinois, equaling an estimated 1 to 4 percent of total certification costs in the States studied. To derive these estimates, we applied the certification cost per instance of churn to the number of instances of churn in each State for cases considered likely benefit-eligible and where churn appears to have led to a full reapplication.
- Churn also leads to a partial cost offset through a reduction in case maintenance costs. This is associated with the time spent off the program by churning households classified as likely benefit eligible. When combined with the added certification costs, the estimated net administrative costs of churn for States range annually from $0.1 million in Idaho to $3.9 million in Illinois.
- The annual amount of SNAP benefits forgone by cases that churn ranges from $2.2 million in Idaho to $108.2 million in Florida. These estimates assign a benefit loss only to those cases considered likely benefit-eligible during their churn spell.
- Other notable costs to churning households are not included in the above estimate of forgone benefits. Households who churn must devote time and effort to reapply for SNAP benefits or otherwise rectify the situation that led to their case closure. They also face material hardship when they do not receive SNAP benefits, relating not only to shortages of food but also to housing insecurity, an inability to meet other basic expenses, and a general increase in anxiety and stress. In addition, some of the steps that they take to cope with the loss of benefits involve out-of-pocket costs, such as the travel cost to food pantries.

Conclusions (from Chapter 7)

- *Implications for ongoing measurement of SNAP churn:* This report has estimated an annual rate of SNAP churn for each participating State using program participation data of the type that States routinely maintain. The measure is based on the current four-month maximum duration of a churn spell. The numerator is the number of such cases who have experienced a churn spell, some or all of which occurs within the 12-month measurement period. The denominator is the number of cases that have participated in SNAP at any time during the

12 months. Other issues to consider pertain to specifying the unit of analysis at the case level (as done here) or at the individual level and to specifying the assumptions under which churners should be classified as benefit-eligible and thus regarded as having forgone benefits during their churn spell.

- *Common quantitative-qualitative evidence on household factors related to churn:* A number of consistent themes emerge from the analyses conducted in this study, regarding the household circumstances and individual attributes that appear to contribute to churn. The contributing factors for which both the quantitative and qualitative research provided supporting evidence are as follows: changes in address; changes in earnings or employment status; changes in other program benefits, other unearned income, or assets; changes in household size or composition; and issues of language, literacy, age, and disability.
- *Implications for program policy and administrative procedure:* The quantitative and qualitative evidence presented in this report suggests that SNAP churn has adverse consequences to agencies and clients that are sufficient to warrant consideration of actions to reduce churn. One should recognize that some amount of churn is unavoidable in light of fluctuating circumstances among low-income households. Decisions on whether to adopt changes in policy or procedure will involve trade-offs among multiple objectives. A lower rate of churn is clearly a desirable goal; it represents an improvement in benefit access and service quality for program clients. A lower churn rate may be very difficult to achieve, however, without some risk of compromising other objectives, such as maintaining low error rates and keeping total program costs within budget constraints. The information in this study is a first step in providing the systematic evidence needed to inform such choices.

The full published report is on the U.S.D.A Food and Nutrition Service web page:
http://www.fns.usda.gov/sites/default/files/ops/SNAPChurning.pdf