

May 29, 2018

The Honorable Neomi Rao, Administrator
Office of Information & Regulatory Affairs
Office of Management and Budget
725 17th St. NW
Washington, DC 20503
Caroline.E.Moore@omb.eop.gov

RE: Public Charge Notice of Proposed Rulemaking (RIN 1615-AA22)

Dear Administrator Rao:

We are leading economists who study income support programs, and we write to express our concerns about the significant economic impact that the public charge NPRM (RIN 1615-AA22) would have on the U.S. economy. We request a meeting with you to discuss our concerns about this proposed rule, which is currently under your review.

The agency has stated that the proposed changes are not economically significant. However, rigorous academic research suggests that this is not the case. In particular, if enrollment in the Supplemental Nutrition Assistance Program (SNAP) were to be included as a factor in a public charge determination, research suggests that many people—including eligible U.S. citizen children of immigrant parents—who are legally eligible to participate in SNAP—would disenroll or refrain from applying. These changes have a direct impact on the economy by reducing economic activity, by increasing food insecurity and poor health outcomes, and by harming children's future economic potential.

We know that SNAP benefits are quickly spent by recipients in their local community, which benefits not only the participants themselves, but also the retail, wholesale and transportation systems that deliver the food purchased. The USDA estimates that every \$5 in new SNAP benefits generates \$9 in economic activity. The *loss* of benefits to the community can thus be expected to have the same type of broad economic impact. According to USDA reports, in 2016 a total of over \$8 billion in SNAP benefits went to noncitizens, or to citizen children living with noncitizen adults. If all of these benefits were lost, the total cost to the economy after including the economic multiplier effect would total over \$14 billion.

It may be the case that participation in SNAP among noncitizens and their families could decline by a more modest amount. Research by Professor Chloe East estimates that when legal immigrants were temporarily barred from the program in 1996, participation rates among immigrant households containing citizen children declined by 8 percentage points.¹ Assuming that the impact on citizen children's participation rates were the same today (and that no other

¹ Chloe N. East (2017). "The Effect of Food Stamps on Children's Health: Evidence from Immigrants' Changing Eligibility." University of Colorado Denver Working Paper.

individuals changed their enrollment, which is an unlikely assumption), we estimate that the conservative estimate of the economic impact would still be well in excess of \$1 billion per year for the decline in children's participation alone.

This is only one direct effect of the reduced benefits resulting from this proposal. There would also be significant indirect effects on the economy. The proposed changes would increase food insecurity and poor health outcomes in the short- and medium-run. Research indicates that reductions in participation in SNAP among eligible families will also be predicted to increase food insecurity and diminish both the quantity and the quality of foods purchased. When families receive SNAP, they are able to buy more nutritious foods they otherwise could not afford. A recent study found that a \$30 increase in monthly SNAP benefits would increase participants' consumption of nutritious foods such as vegetables and healthy proteins, while reducing food insecurity and consumption of fast food.² Another recent study found that children's health outcomes were reduced when immigrants were barred from the program in 1996.³

Furthermore, research has documented important benefits of SNAP beyond short-term "in the moment" reductions in health, poverty and food insecurity. Compelling academic research has shown that access to SNAP during childhood improves a host of adult economic and health outcomes. In particular, adult health—measured as an index comprising obesity, high blood pressure, diabetes, and other measures associated with metabolic syndrome—was markedly improved if the individual had access to the safety net during childhood. Access to SNAP in childhood increased the high school graduation rate by 18 percentage points. Looking at a broader range of economic and education outcomes, SNAP access improved an index of adult economic outcomes among women—including higher earnings and educational attainment, and a reduced likelihood of being themselves reliant on the safety net during adulthood.⁴

In sum, the direct and indirect costs of the proposed changes are quite significant (well in excess of \$100 million per year), and these economic impacts should be taken into consideration. Note that these estimates are limited to SNAP, and when other potentially impacted programs are also considered, the economic cost will be even larger. We would welcome the opportunity to discuss this more with you.

Thank you for your consideration of this meeting request. We look forward to hearing from you.

² Anderson, P. M., & Butcher, K. F. (2016). The Relationships Among SNAP Benefits, Grocery Spending, Diet Quality, and the Adequacy of Low-Income Families' Resources. *Center on Budget and Policy Priorities*, June.

³ Chloe N. East (2017). "The Effect of Food Stamps on Children's Health: Evidence from Immigrants' Changing Eligibility." University of Colorado Denver Working Paper.

⁴ Hoynes, H. W., Schanzenbach, D. W., & Almond, D. (2016). Long Run Economic and Health Impacts of Participation in the Food Stamp Program. *American Economic Review*, 106, 903-934.

Sincerely,

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CC: Mabel Echols, OMB; Richard Theroux, OMB