Food Stamps: Subsidized Entertainment, Dining Out, Tobacco, and Donations

Food stamps are “the nation’s first line of defense against hunger and offers a powerful tool to improve nutrition among low-income people.” That is what the Department of Agriculture tells us. An examination of the 2016 Consumer Expenditure Survey, however, reveals that food stamp recipients spend more than what they receive on entertainment, dining out, tobacco, and donations. Instead of providing support just to stave off starvation, food stamps actually subsidize questionable spending choices by the beneficiaries.

This article scrutinizes spending behavior by chronic food stamp (now called the Supplemental Nutrition Assistance Program, or SNAP) recipients who received verified SNAP payments every month in 2016 as reported to the Bureau of Labor Statistics (BLS). This amounts to 9.8 million households, or eight percent of total U.S. households. Many more households receive food stamp payments for just a few months at a time but including these households would complicate the analysis. Besides, households facing short-term difficulties may require temporary food stamps that do not impact their overall discretionary spending.

Chronic food stamp households average $252 monthly in SNAP payments. Spending on these four questionable categories totals $280 monthly (see Figure 1):

- Entertainment: $112
- Food away from home: $105
- Tobacco products and smoking supplies: $48
- Cash contributions (without child support): $15

![Figure 1. Food Stamp Recipients Subsidized Spending](image-url)
Income Sources

It’s important to note that food stamps provide just one of many income sources for the recipients. Chronic SNAP beneficiaries’ average income totals $26,500 annually, or about $2,200 monthly. Food stamps supply 12% of their income (see Figure 2). Wages and salaries produce about half of their income. Other major sources are Social Security and Retirement Income (19%), supplemental security and other public assistance (5%), and the earned income tax credit (5%). Since household money can be used for multiple purposes, food stamps enable recipients to use their other income to buy additional items.

Figure 2. Food Stamp Recipients Monthly Income Sources

Entertainment

Most people would agree that some entertainment is necessary, even for those receiving food stamps. Food stamp households do spend less on entertainment than the households supporting them. They spend $112 per month on entertainment versus $253 per month for other households. As a percentage of income, however, food stamp recipients spend exactly the same 5% of income as non-food stamp households. SNAP recipients expend more cash for home entertainment hardware, like televisions and stereos, radios, speakers, and sound components, than other households. Over five percent of food stamp households purchased a television in 2016 compared to only 3.6% of regular households. It is also worth noting the 57% of households receiving food stamps spent money on cable and satellite television services.
Food Away from Home

Food away from home costs more than food prepared at home, so food stamp regulations limit direct spending to purchase groceries. However, food stamp households manage to spend $105 monthly, or $3.50 per day, on food away from home. This compares with $274 spent monthly by more prosperous households (that also have fewer people). SNAP receivers spend the same percentage of their income, 5%, as other households. 63% of SNAP homes ate meals at restaurants compared with 73% of non-SNAP homes in the two weeks prior to being surveyed.

Tobacco Products and Smoking Supplies

SNAP beneficiaries spend more on tobacco products and smoking supplies than other households. Tobacco represents the major spending category where food stamp households spend more than their counterparts. Food stamp recipients buy $48 of tobacco products monthly compared to $26 for other households. This represents 2% of food stamp households’ income, while other households spend 0% rounded. At least 33% of SNAP beneficiaries spent money on tobacco products, roughly twice the 17% of other households.

Cash Contributions

Ironically, chronic food stamp recipients who are receiving supplemental money from the government also make cash contributions. The BLS classifies legally mandated child support as a cash contribution, so this analysis of discretionary spending removes it. Churches and religious organizations receive $10 monthly from SNAP beneficiaries, and other cash contributions amount to $5 monthly. In total, 24% of food stamp recipients make cash contributions, with 14% giving to churches, and 15% making other cash gifts (with some overlap). While the amounts and percentages are substantially less for food stamp receivers than their counterparts, it is questionable if government money should be indirectly donated to these organizations.
Food at Home and Other Spending

What about food at home, which is the food stamp program’s primary purpose? SNAP recipients average $287 monthly for food at home, about 16% less than households without food stamps (see Figure 3). While food stamps could be supplemented with the recipient’s other income for food purchasing, the average amount they spend just slightly exceeds the amount they receive ($252) monthly. It appears that the recipients view food stamps as their income source for purchasing food that frees their other income for discretionary expenditures. Food at home does consume more than twice the SNAP-households’ percentage of income (13%) than other households (6%) (see Figure 4).

Figure 3. Other Monthly Expenditures by Major Category
For other major spending categories, chronic food stamp recipients typically spend much less than the other households, although the percentage of income may be higher. For example, food stamp households spend $719 less per month on housing, but their percentage of income (41%) is much higher than other households (29%). Three categories where they spend less and a lower percentage of their income are healthcare; education; and personal insurance and pensions.

![Figure 4. Other Monthly Expenditures by Major Category Percentage of Income](image)

**Recipient Profile**

**Demographics**

Who are the chronic food stamp recipients? The age of the head of household averages 49 years old, quite comparable to the 51 years old for non-food stamp households (see Figure 5). Food stamp households typically consist of 2.9 persons, with 1.1 children under age 18. This contrasts with non-SNAP households who have 2.4 persons and 0.6 children. Sixty-nine percent of food stamp households are headed by women, a much higher percentage than food stamp contributors (51%). Whites head 67% of the food stamp households, with African-Americans leading 27%, Asians 3%, and other 3%. The white percentage is much lower than that for non-food stamp households (82%), while the black percentage is more than double the non-food stamp households (12%). Hispanics of any race comprise 24% of food stamp households, twice their representation in non-food stamp households.
Figure 5. Demographic and Assets Data

**Education**

Food stamp recipients received significantly less education than non-food stamp households. About two-thirds of food stamp recipients last attended high school or less. The reverse is true for non-food stamp households, where only one-third stopped attending by high school. A significant percentage of SNAP beneficiaries, one-third, attended at least some college.
Assets
Chronic food stamp recipients often have some assets. While the vast majority (71%) rent their housing, a significant 29% own their home. The 29% of home owners split into 11% with a mortgage and 18% without a mortgage. The 18% who own their home free-and-clear compare to 27% of non-food stamp households who own their home without a mortgage. SNAP homeowners without a mortgage estimate their home’s average worth to be $91,393.

Additionally, 64% of food stamp recipients own at least one vehicle compared with 87% of other households. The food stamp households typically only own one vehicle, while the non-food stamp households own about two.

Since SNAP beneficiaries receive money from other taxpayers, why shouldn’t they liquidate their assets before receiving these handouts? One can argue with some validity they need a car to work. The argument for owning a home, especially one without a mortgage, while receiving food stamps for the entire year seems less persuasive. They could potentially borrow money against their home to feed their family, or they could sell the home, purchase food with the resulting equity, and rent a place to live.

Your Contribution
The 9.8 million chronic SNAP beneficiaries receive food stamps worth $30 billion annually. The BLS study shows federal income tax payments from the 120 million households not receiving food stamps average about $9,000 annually for $1.1 trillion in total. The amount received equals 2.8% of the amount paid, so the average household pays $247 annually in federal income taxes to support chronic food stamp recipients. To compute your specific contribution, multiply your federal tax liability by about 2.8%. This is not for the entire food stamp program, just the part going to households verified to be receiving food stamps for the entire year. The entire food stamp program costs more than twice this amount.