

Introduction

The Participant Access Rate (PAR) is one of the measures FNS uses to reward States for high performance in the administration of the Food Stamp Program. Performance awards were authorized by the Farm Security and Rural Investment Act of 2002 (also known as the Farm Bill). The PAR is designed to indicate the degree to which low-income people have access to food stamp benefits.

The PAR is not, strictly speaking, a measure of participation among people eligible for benefits. For most purposes, the participation rate among people eligible for benefits is a better measure of program performance.¹ FNS uses the poverty-based PAR because it is the best measure available in time to meet the law's requirements. The 2002 Farm Bill that authorizes the State performance awards requires payment by the end of the fiscal year following the period of performance – by September 2004 for performance during fiscal year 2003, for example. The timing of the release of the official poverty statistics each year enables calculation of a PAR in time to meet the law's requirements. There is not enough time to complete the more precise estimates of the number of people eligible for food stamp benefits. Waiting for the more precise estimates is inconsistent with the law and would also delay payments to States.

The purpose of this step-by-step guide is to describe the calculation of the PAR in detail. It includes all of the data, adjustments, and calculations used in determining the PAR for every State in 2003.

¹ See for example *Reaching Those in Need: State Food Stamp Participation Rates in 2001* by Laura Castner and Allen Schirm, available on-line at www.fns.usda.gov/oane.

Calculating the PAR

In general, the PAR is the simple ratio of the average monthly number of food stamp participants over the course of a calendar year to the number of people with income below the official poverty line in each State.² FNS computes average monthly participation over a calendar year – rather than the Federal fiscal year – to better align the participation count with the annual poverty measure.

FNS makes two adjustments to the counts of participants, the numerator of this ratio, to better reflect State performance in the administration of the Food Stamp Program. First, FNS adds in participants in the Food Distribution Program on Indian Reservations (FDPIR). These participants would qualify for food stamps, but have opted to take the FDPIR commodity package instead. This adjustment ensures that States with relatively large numbers of FDPIR participants are not disadvantaged in the competition for performance bonuses. In addition, FNS subtracts out estimates of the number of people who received food stamp disaster assistance. Disaster assistance is approved in limited circumstances and operates under special rules that differ from those of the regular Food Stamp Program. The adjustment is intended to account for only those disaster assistance recipients who are new to the program – not existing participants who are issued

² This description is based on the guidelines governing award of the 2003 and 2004 performance bonus. FNS issued a proposed rule for public comment on December 17, 2003 to codify the procedures for calculating and awarding performance bonuses. The proposed rule would modify the calculation of the PAR for fiscal year 2005 and beyond. Any changes to these procedures made in response to comments received will be described in a final rule published in the Federal Register.

replacement benefits. The quality of this adjustment depends in part on the accuracy of data reported by States to FNS on the operations of disaster assistance programs.

FNS makes one adjustment to the poverty counts, the denominator of the ratio, removing poor SSI recipients in California. By law, SSI recipients in California are ineligible for food stamps because they receive a State-funded cash supplement for food. This adjustment – which

increases the PAR in California – helps level the playing field between California and all other States.

FNS awards performance bonuses to the four States with the highest PAR and to the four States with the most improved PAR. If a State qualifies under both the best and most improved criteria, it is awarded the bonus for most improved, and the State with the next highest PAR is awarded a bonus for best performance.

Step-By-Step Guide

The description that follows provides a step-by-step description of the calculation of the PAR, using the calculation of the 2003 PAR for Maine as an example. The column references in the Maine example as well as the calculations for all States can be found in the accompanying Excel Workbook.

Description	Example (Maine)
<p>Step 1: Determine number of food stamp participants (CY 2003)</p> <p>The number of annual food stamp participants is the sum of the monthly counts from January to December 2003. The monthly counts are extracted from the Food and Nutrition Service National Data Bank and displayed in the <i>FSP Participants</i> worksheet. The annual total is calculated in the last column of <i>FSP Participants</i>, and carried into Column B of <i>PAR Calculation</i>.</p>	<p>Column B:</p> <p>1,637,490</p>
<p>Step 2: Determine number of FDPIR participants (CY 2003)</p> <p>The number of annual FDPIR participants is the sum of the monthly counts from January to December 2003. The monthly counts are extracted from the Food and Nutrition Service National Data Bank and displayed in the <i>FDPIR Participants</i> worksheet. The annual total is calculated in the last column of <i>FDPIR Participants</i>, and carried into Column C of <i>PAR Calculation</i>.</p>	<p>Column C:</p> <p>0</p>
<p>Step 3: Determine number of disaster assistance participants (CY 2003)</p> <p>The number of disaster assistance participants is calculated in the <i>Disaster Assistance</i> worksheet. Column B displays the number of State-reported households receiving disaster assistance. Column C displays the number of State-reported individuals receiving disaster assistance. Column D calculates the average number of persons per household among those States that reported both household and individual participants. Column E calculates an estimate of the number of new individuals receiving disaster assistance in those States that did not report an individual count. The estimate is equal to the State-reported count of households multiplied by the average household size shown in at the bottom of Column D. The annual total for all States is displayed in Column E of <i>Disaster Assistance</i>, and carried into Column D of <i>PAR Calculation</i>.</p>	<p>Column D:</p> <p>0</p>

<p>Step 4: Calculate adjusted number of annual participants (CY 2003)</p> <p>The adjusted annual number of participants is the annual number of FSP participants (Column B) plus the annual number of FDPIR participants (Column C) minus the number of disaster assistance recipients (Column D).</p>	<p>Column E:</p> <p>1,637,490 + 0 - 0 =1,637,490</p>
<p>Step 5: Calculate adjusted average monthly participants (CY 2003)</p> <p>The adjusted monthly average number of participants is equal to the annual number (Column E) divided by 12.</p>	<p>Column F:</p> <p>1,637,490 ÷ 12 = 136,458</p>
<p>Step 6: Determine the number of individuals with income below poverty</p> <p>Estimates of the number of people in poverty are published annually by the Bureau of the Census. The Census Bureau estimates for 2003 are available here and are displayed in Column G.</p>	<p>Column G:</p> <p>149,000</p>
<p>Step 7: Calculate adjustment for SSI recipients in California</p> <p>This adjustment is based on the percentage of SSI recipients among the population with income below the official poverty threshold in California. To meet the statutory deadline for making the performance awards, FNS uses poverty data from the prior year to make this estimate. In 2002, 3.6 percent of poor individuals in California received SSI. Column H calculates 3.6 percent of the poverty count in California in 2003.</p>	<p>Column H:</p> <p>N/A</p>
<p>Step 8: Calculate adjusted number of people with income below poverty</p> <p>For California, the adjusted number of people in poverty (Column I) is equal to the official poverty count (Column G) minus the SSI Adjustment (Column H). The adjustment is not applied in any other State.</p>	<p>Column I:</p> <p>149,000</p>
<p>Step 9: Calculate the Participant Access Rate for 2003</p> <p>The final PAR is the ratio of the adjusted count of participants to the adjusted estimate of persons living below the official poverty line, Column F divided by Column I.</p>	<p>Column J:</p> <p>136,458 ÷149,000 = 0.916</p>
<p>Step 10: Rank Order States by Participant Access Rate</p> <p>State rankings are determined in descending order, from highest to lowest. The four (4) States with the highest ranks qualify for a performance award for best performance.</p>	<p>Column K:</p> <p>3</p>

<p>Step 11: Determine the Participant Access Rate for 2002</p> <p>The 2002 PAR was calculated in the same fashion, using prior year data.</p>	<p>Column L:</p> <p>0.676</p>
<p>Step 12: Calculate the difference between 2003 and 2002 PARs</p> <p>The difference is equal to the 2003 PAR (Column J) minus the 2002 PAR (Column L). This provides the percentage point difference between 2003 and 2002. A positive difference indicates improvement; a negative difference indicates a reduction.</p>	<p>Column M:</p> <p>0.916 - 0.676 = 0.240</p>
<p>Step 13: Rank Order States by the difference in 2003 and 2002 PARs</p> <p>State rankings are determined in descending order, from highest to lowest. The four (4) States with the highest ranks qualify for a performance award for most improved.</p>	<p>Column N:</p> <p>1</p>

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