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ELDERLY PARTICIPATION AND THE MINIMUM BENEFIT

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Central Issue

Many elderly individuals eligible for food stamps do not participate. While there are many possible reasons, one commonly offered explanation is that benefits are often too small to justify the effort needed to apply. This analysis suggests that most elderly are eligible for fairly substantial food stamp benefits, although a significant number are eligible only for a small benefit.

Background

The Food Stamp Program is the foundation of America's national nutrition safety net and the first line of the nation's defense against hunger. It enables participants to improve their diets by increasing food purchasing power at retail grocery stores and farmers markets across the country. Unlike most other assistance, food stamps are available to nearly anyone with little income and few resources. The program served more than 19 million people during the average month of fiscal year 2002.

However, not all those who are eligible for food stamp benefits actually participate. Participation rates among the elderly, in particular, are well below average. Only about one-third of all eligible elderly households have participated in recent years (Table 1). As a result about half of the eligible non-participating households had elderly members (age 60 or older); about one-third of the individual non-participants were elderly.

Previous research has identified a number of possible reasons why eligible households do not participate, including lack of information about the program or potential eligibility, a belief that assistance is

unnecessary or stigmatizing, and reluctance to deal with complicated program rules and requirements (McConnell and Ponza 1999). Wilde and Dagata (forthcoming) suggest that those who face the most serious concerns about their health or food security may be more likely to take the necessary steps to apply for food stamps. The question for some households may be whether the benefit is worth the effort.

Table 1
Food Stamp Participation Rates
(Percent of eligible households)

	All Households	With Elderly Member
1994	69.6	37.2
1995	69.2	38.2
1996	65.1	32.6
1997	57.5	31.3
1998	54.2	33.2
1999	53.0	33.3
2000	53.2	31.5

Source: Cunnyngnam (2002)

Potential elderly participants often cite the perception that benefits are too small to justify the effort to apply (Gabor et al 2002). The amount of the food stamp benefit for any household is determined by its size, income, and deductible expenses. In general, small households will receive less than large households, and households with more income (or fewer deductions) will receive less than households with less income (or more deductions). Eligible households with one or two members are guaranteed a minimum benefit of \$10 per month.

Since elderly participants typically live alone or with their spouse and tend to have relatively high income (compared to households without

elderly members who do not qualify for Social Security or SSI), many elderly qualify for the \$10 minimum. In fiscal year 2000, more than half (57 percent) of the households receiving the minimum benefit were elderly. However, over 70 percent of participating elderly households received more than \$10, and the average elderly household received \$59 a month (see Cunningham 2001).

Little previous work has examined the extent to which elderly non-participants are eligible for the minimum benefit. If a substantial number are eligible only for the minimum, increasing their participation may be relatively difficult. If, however, a substantial number are eligible for larger benefits, improved efforts to reach out to potential participants with information about the program and its benefits may be useful.

This issue brief addresses two questions. First, how many elderly non-participants are eligible for minimum benefits? Second, if a substantial number are eligible for the minimum, how much potential is there to increase participation rates among the elderly?

Findings

Table 2 illustrates the distribution of household participation rates for different benefit amounts. Four key points emerge:

- **Most elderly are eligible for more than the minimum, and many qualify for a substantial amount.** Of the estimated 4.7 million households with elderly eligible for food stamps in September 2000, more than half (56 percent) were eligible for more than \$10, and more than a third (36 percent) were eligible for more than \$50. High benefit households (those with benefits over \$50) are more likely to live with others and less likely to receive Social Security than low benefit households.
- **But many elderly households are eligible for only the minimum benefit.** Over 2 million elderly households (44

percent) qualified for \$10 or less. Half of all elderly non-participants were eligible only for the minimum; more than two-thirds qualified for less than \$50 a month.

Eligible elderly were much more likely to qualify for the minimum than the non-elderly (44 percent compared to 12 percent). All else equal, one would expect a lower participation rate among elderly households given the large number that qualify for the minimum.

- **Elderly households are much less likely to receive food stamps than non-elderly households, even when expected benefits are roughly the same.** The participation rate among elderly eligible for the minimum benefit is low (23 percent), and lower than the rate among non-elderly households (35 percent). For each of the benefit categories shown in Table 2, the participation rate among non-elderly households exceeds the rate among the elderly.
- **Most striking of all, participation rates among elderly households eligible for more than the \$10 minimum decline as benefits increase.** For all other households, participation rates increase with benefits. The reasons for this pattern are not readily apparent. It may reflect differences in living arrangements. It is likely, for example, that elderly who qualify for \$150 or more live with others, and that elderly living with others are less likely to participate than those living alone.

The large number of elderly eligible for \$10 should be expected to depress participation rates among this group relative to the non-elderly. But the observation that participation rates among the elderly are less than those among the non-elderly at every benefit level suggests that there is room for some improvement. One approach to quantifying this potential is to calculate the number of additional participants obtained by adjusting

Table 2
Household Participation Rates by Benefit Amount
 (Number in thousands)

	Eligible		Participants		Non-Participants		Participation Rate
	Number	Percent	Number	Percent	Number	Percent	
Elderly							
\$10 or less	2,096	44.3	479	32.2	1,617	49.9	22.9
\$11 to 50	949	20.0	403	27.1	546	16.9	42.5
\$51 to 150	1,305	27.6	511	34.3	793	24.5	39.2
\$151 or more	377	8.0	96	6.4	282	8.7	25.5
Subtotal	4,727	100.0	1,490	100.0	3,237	100.0	31.5
Non-Elderly							
\$10 or less	1,035	11.9	359	6.3	676	22.1	34.7
\$11 to 50	888	10.2	477	8.4	411	13.4	53.7
\$51 to 150	3,328	38.1	2,035	35.9	1,293	42.3	61.1
\$151 or more	3,475	39.8	2,799	49.4	676	22.1	80.5
Subtotal	8,726	100.0	5,670	100.0	3,056	100.0	65.0
All Households							
\$10 or less	3,131	23.3	838	11.6	2,293	36.4	26.7
\$11 to 50	1,837	13.7	880	12.2	957	15.2	47.9
\$51 to 150	4,633	34.4	2,546	35.6	2,086	33.1	54.9
\$151 or more	3,852	28.6	2,895	40.5	958	15.2	75.2
Total	13,453	100.0	7,160	100.0	6,293	100.0	53.2

elderly participation rates upwards to equal the rates for non-elderly eligible for comparable benefits.

The results, shown in Table 3, suggest that efforts aimed at raising participation rates among elderly eligible for substantial benefits could significantly increase participation. If elderly households with benefits above \$10 participated at the same rate as non-elderly households eligible for comparable benefits, the elderly participation rate would increase from 32 percent to 44 percent—an increase of about 600,000 new cases. Even if the increase were limited to households eligible for \$50 or more, their participation rate would increase to 42 percent, an increase of nearly 500,000 cases. In both cases, the participation rate among all eligible households would increase from 53 percent to about 57 percent.

Method

This analysis examines participation rates for elderly and non-elderly households at different food stamp benefit levels. Estimates of eligible households are derived from the March 2000 Current Population Survey. Estimates of participating households are based on food stamp administrative data for September 2000. The approach used here follows the method used to produce national estimates of overall food stamp participation rates (see Cunyningham (2002) for additional detail).

Two cautions apply to these data. First, the estimated number of non-participants is based on the difference between estimates from two separate sources: the number of people estimated to be eligible from the Current

Population Survey and the number of people estimated to participate from administrative records. Both estimates are subject to error, as

elderly households eligible for the same benefit would raise the elderly participation rate by about 10 percentage points, and the

Table 3
Effect of Raising Participation Rates Among the Elderly
(Number in thousands)

	Baseline	Adjusted to Equal Non-Elderly with Monthly Benefits of More Than:			
		\$10		\$50	
		Number Change		Number Change	
Elderly Households					
Eligible	4,727				
Participants	1,489	2,090	601	1,984	495
Rate	31.5	44.2	12.7	42.0	10.5
All Households					
Eligible	13,453				
Participants	7,159	7,760	601	7,654	495
Rate	53.2	57.7	4.5	56.9	3.7

is the estimated difference between them. Second, the samples in some categories are relatively modest, limiting the precision of the derived estimates.

Summary

The elderly remain one of the largest underserved groups of potential food stamp participants. Increasing participation among this group is an important challenge: about half of all eligible non-participating households have an elderly member, and reducing their number would have a significant effect on overall participation rates. It is also a difficult challenge: half of the elderly non-participants are eligible for a minimum benefit. The potential for increasing participation among households eligible for relatively modest benefits is probably small.

On the other hand, a majority of elderly households are eligible for more than \$10, and one-third are eligible for a substantial benefit (greater than \$50 a month). Bringing the participation rate of elderly eligible for more than the minimum benefit up to that of non-

overall rate by nearly 5 points, adding up to 600,000 low-income elderly households to the Food Stamp Program.

References

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