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***The Decline in Food Stamp  
Participation: A Report to Congress***



United States  
Department of  
Agriculture

Food and  
Nutrition  
Service

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## EXECUTIVE SUMMARY

Over the last decade, food stamp participation rose more sharply than expected following the relatively short and mild recession in the early 1990s and fell more sharply than expected after 1994 during the sustained period of economic growth. Changes in the number of individuals receiving food stamp benefits are closely watched for several reasons. The number of participants – 19 million individuals in 1989, rising to 28 million in March 1994, falling to 17 million by September 2000 – is large. In addition, the level of food stamp participation affects billions of dollars each year in federal and state expenditures. Those expenditures in turn have a small but visible impact on the revenues of agricultural businesses and over 150,000 food retailers. The reasons that lie behind a change in food stamp participation hold implications for the well being of low-income families and the success of welfare policies.

Report language accompanying the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act of 2001 directed the Food and Nutrition Service to study the decline in participation in the Food Stamp Program. This report presents the findings from our study in response to the Congressional directive.

### *Findings*

Slightly less than half the decline (44%) occurred because fewer people were eligible to participate in the Food Stamp Program.

- ***About a third of the total decline (35%) occurred because rising income and assets lifted people above the program's eligibility limits.*** This is almost certainly a reflection of the combination of a strong economy and welfare reform's success in placing welfare recipients – most of whom also received food stamps – into jobs.
- ***Another 8% of the decline reflects the direct effect of welfare reform's changes to Food Stamp Program eligibility rules,*** which restricted eligibility for non-citizens and limited the time during which able-bodied adults without dependents could receive benefits.

The remainder of the decline – just over half (56%) – occurred because fewer eligible individuals participated in the program.

- ***The way in which welfare reform was implemented likely played a role in the fall in food stamp participation among eligibles:*** Two-thirds of the total post-1994 decline involved a food stamp participant who also received either AFDC or TANF. Numerous studies of families exiting TANF have found a consistent pattern of declining participation in the Food Stamp Program after TANF despite low monthly earnings that qualified them for food stamps. Some TANF administrative policies may unintentionally lower food stamp participation rates: in offices where the application processes for TANF and food stamps are linked, studies have found that the Food Stamp Program application might be incorrectly denied based on more stringent TANF requirements or delayed pending completion of TANF requirements.
- ***Confusion and a lack of awareness about program rules also are likely to have played a role in the fall in food stamp participation among eligibles.*** A study of women exiting TANF found that a majority did not know the current rules for continued food stamp receipt. Citizen children living with non-citizen adults did not lose eligibility when the adults did. Yet the fall in participation among these eligible children was dramatic.
- ***Individual choices about the need for food stamp benefits also may have contributed to the fall in participation among eligibles.*** Up to 18 percent of the decline involves individuals not obviously affected by the economy or welfare reform. Some of these individuals may have made new assessments of their need for food stamp benefits either because the strengthened economy brightened their outlook or because of the increased perceptions of stigma and heightened motivation to seek work that followed welfare reform.



It appears that the majority of those no longer participating in the Food Stamp Program fare about the same or somewhat better, but some encounter continued difficulty in meeting basic needs.

- ***Over half (55%) of food stamp leavers and three out of five former TANF recipients are working, and employment rates are higher among former welfare recipients than among other low-income families.*** At some point during the first year after moving from welfare to work, about half of all leavers had difficulty providing food, housing, and medical care for their families.
- ***About a quarter of food stamp leavers say they turned to a food pantry or soup kitchen in the past year for assistance.*** Nearly a quarter of all leavers experienced hunger in the first year after leaving the Food Stamp Program. Although most leavers appear to still be eligible for food stamps, only one-third received them.

Demand on food pantries and soup kitchens has risen modestly. Most providers say they can cope with current demand and meet a small increase in future demand.

- ***A nationally-representative survey indicates that demand on emergency food providers has risen by four to five percent each year since 1997.***
- ***Most providers in the emergency food assistance system are meeting current demand for their services and feel they could cope with an increase of up to ten percent.***  
However, a smaller group of providers is either unable to meet current demand or perceives unmet need for other services in their communities.

It is still unclear whether this increased demand for emergency food assistance is related to recent declines in food stamp participation.

A quarter of food stamp leavers report turning to emergency food sources in the last year. However, data are not yet available on how many food stamp leavers used emergency food assistance before leaving food stamps. Available data do not tell whether rising incomes and assets leave these individuals ineligible for program benefits (yet still needy), or if these individuals would

have qualified for benefits and received them except for administrative policies that unintentionally lower food stamp participation. In addition, data do not show whether food stamp leavers use emergency food assistance as a temporary measure during a period of transition to self-sufficiency or as a continuing substitute for food stamp benefits. Finally, existing data do not address how much of the rising demand on emergency food sources comes from individuals who would never have chosen to participate in food stamps.

Government food assistance programs and the private food assistance network complement, rather than duplicate, each other.

- ***The emergency food assistance system is about one-tenth the size of the major federal nutrition programs.***
- ***The Food Stamp Program is available for anyone who meets financial eligibility criteria.*** Food stamp benefits are delivered through a partnership with about 150,000 food retailing businesses so that they cover all geographic areas, are available most days of the week, and enable recipients to choose the foods they need. ***Local emergency food providers have varied program structures and innovative practices that allow them to meet the specific needs of their communities.*** At the same time, these providers rely heavily on volunteers, are rarely available every day of the week, may limit service to certain groups, are more present in urban areas than rural, and often give recipients little or no choice about the foods they receive. For individuals with immediate or one-time needs for assistance, emergency food providers may be a less burdensome alternative than government assistance. Emergency food providers are available for individuals who are unwilling or unable to receive government assistance and are able to supplement food resources in situations where public benefits are insufficient.

### ***Conclusions***

The most recent program administrative data show that food stamp participation has remained level since fiscal year 2000. The decline after 1994, while large and sharp, followed a

large rise in participation in the early 1990s. The decline leaves participation levels where they were in the late 1970s and participation rates where they were in the late 1980s.

Both a strong economy and welfare reform contributed to the participation decline. At the same time, the impact of these factors was not uniform: individuals were affected differently by different aspects of the economy, welfare policy, and the vision implicit in the message “work first.”

At the broadest level, the picture that emerges from this report is that food security has been increasing in the United States in recent years, yet some individuals still have difficulty meeting their basic needs. Some of the factors that affect food stamp participation can be influenced by government action, if policy makers so choose. In particular, closer examination of both TANF and food stamp administrative practices may be warranted to ensure that food stamps can effectively support families making the transition to work.

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## **CHAPTER ONE**

### **INTRODUCTION**

For over 30 years, the Food Stamp Program has served as the foundation of America's national nutrition safety net. Historically, the Food Stamp Program has expanded to meet increased need when the economy is in recession and contracted when the economy is growing. Food stamp benefits automatically flow to communities, States, or regions that face rising unemployment or poverty. When the economy strengthens, food stamp participation declines. However, over the last decade, food stamp participation rose more sharply than expected following the relatively short and mild recession in the early 1990s and fell more sharply than expected after 1994 during the sustained period of economic growth.

Changes in the number of individuals receiving food stamp benefits are closely watched for several reasons. The number of participants – 19 million individuals in 1989, rising to 28 million in March 1994, falling to 17 million by September 2000 – is large. In addition, the level of food stamp participation affects billions of dollars each year in federal and state expenditures. These expenditures in turn have a small but visible impact on the revenues of agricultural businesses and over 150,000 food retailers.

The reasons behind a change in the number of individuals receiving food stamps are also of interest. A change in the number of food stamp participants can provide an indicator of the success of social policy, as well as an alert to issues that may need attention. In particular, declining food stamp participation may be a sign that more people are working and able to feed their families without government assistance. On the other hand, if people who qualify for food stamp benefits are neither participating nor able to meet minimum food needs, declining participation may be a source of concern. For all these reasons, there is substantial interest in understanding the recent decline in food stamp participation.

Report language accompanying the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act of 2001 directed the Food and Nutrition Service to study the decline in participation in the Food Stamp Program. The conferees noted that

previous studies neither accounted for a large segment of the participation decline nor fully accounted for reports of a corresponding rise in demand among community food banks. This report presents the findings from our study in response to the Congressional directive.

### ***Methodology***

Approach. The short deadline included in the Congressional directive prevented development of substantial *new* data for this report. Many researchers, however, have given substantial attention to welfare reform, food security and related issues in the last few years. Some of these studies provide insight into one or more causes of the decline, others address the reasons why eligible individuals may not participate in food stamps, a growing body of work assesses the well-being of former food stamp participants, and a just-released study provides the first nationally representative survey of emergency food providers. This report provides a comprehensive synthesis of these studies. In addition, it includes new analyses of food stamp participation levels and rates.

To respond to the Congressional interest in the rapid decline in food stamp participation, these analyses focus on 1994 to 1999. This period starts with the year in which food stamp participation reached its all-time peak and ends with the most recent year for which data on a wide range of measures are available.

Framework. We review four broad categories of explanation that have been advanced for the decline in food stamp participation. These are:

- ***The economy***, which has always affected food stamp participation levels.
- ***The transformation of welfare policy***. The 1990s witnessed a profound shift in social welfare policy to emphasize “work first.” The Personal Responsibility and Work Opportunities Reconciliation Act of 1996 replaced an open-ended entitlement to cash assistance with a time-limited benefit contingent on work or preparation for work. The greater emphasis given to job placement in welfare offices in most states, as well as policies intended to divert applicants from

the welfare rolls with other forms of assistance, may have reduced TANF participation. Since substantial number of food stamp participants are single mothers and their children, TANF policies may also have led many of them to leave the Food Stamp Program as well. Welfare reform also had a direct effect on food stamp participation through the specific restrictions on the eligibility of immigrants and time limits on the period during which able-bodied adults without dependents may receive food stamp benefits.

- ***Administrative practices.*** Because eligibility rules for TANF and food stamps are both complicated and different from each other, it has been suggested that office practices in determining food stamp eligibility contributed to the decline in food stamp participation. Administrative rules, procedures, and practices may make it difficult for working families to participate. Some cite examples in which former TANF clients are not informed of their continued eligibility for food stamps. Finally, there are numerous anecdotal accounts that the style and attitudes of frontline caseworkers changed as they responded to the heightened emphasis on encouraging work before assistance. Some explanations for the decline speculate that these new worker attitudes motivated some individuals to seek and find work but also discouraged others from seeking needed program assistance.
- ***The behavior of low-income individuals.*** At least three aspects of individual behavior may have decreased participation among potential participants:

Knowledge. The new food stamp and cash welfare rules were potentially confusing. Some eligible individuals may not have known they were eligible.

Concern. Some suggest that working individuals may have worried that they would lose their job if they took off time to apply for food stamp benefits. While citizen children of immigrants retained eligibility for food stamps, their parents may have experienced heightened concern about the consequences of the public charge law if they applied for benefits for their children.<sup>1</sup>

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<sup>1</sup> A non-citizen who becomes a public charge, or primarily dependent on the government for assistance, may be deported. Even though the law does not apply to food stamps, it has been reported that many non-citizens believed it did.

Choice. There have always been individuals who are eligible for food stamps that choose not to participate. Some speculate that more people made this choice, either because the strengthening economy brightened their outlook of future prospects or because the rhetoric of welfare reform changed their attitudes about seeking help from the government.

These factors are sufficiently comprehensive to provide a compelling explanation for the decline in food stamp participation. The more difficult task is determining the relative importance of the different factors. The remainder of this chapter provides essential background that places the participation decline in the context of changes in the economy, poverty, food security and previous research.

## **BACKGROUND**

This report starts with three assertions: first, that changes in the number of food stamp participants are influenced by economic conditions; second, that changes over the last decade were unusually large in comparison to earlier economic cycles; and third, that the economy alone cannot explain the magnitude of the changes. This section and the next make the case for these claims, present an overview of trends in participation over the history of the Food Stamp Program, and document in detail the figures for the most recent economic expansion.



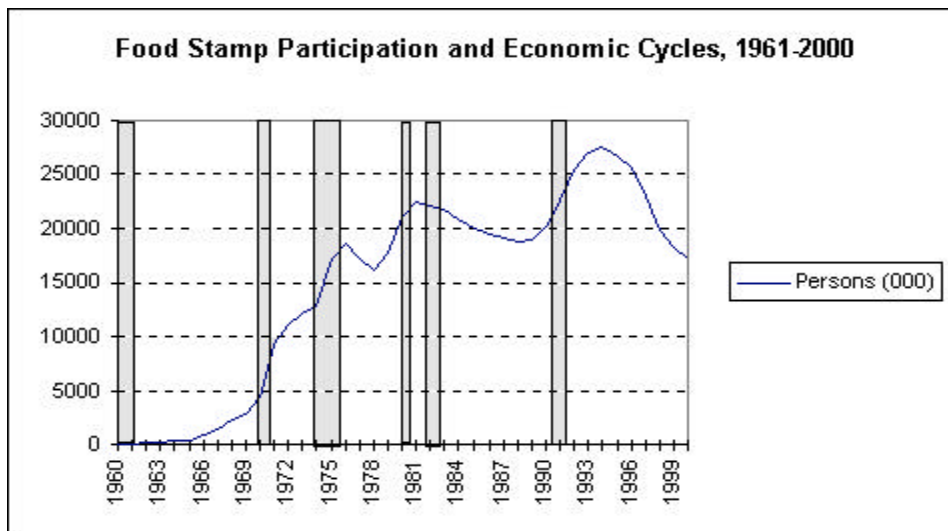
## *The Economy and Food Stamp Participation*

Individuals may qualify for the Food Stamp Program if their income and assets fall below established eligibility limits. When the economy weakens and unemployment increases, incomes fall and assets are spent down. As a result more individuals are eligible for food stamps. In addition, more individuals who are eligible perceive a need for food stamp assistance, further increasing the level of food stamp participation. When the economy strengthens and unemployment falls, incomes rise. As a result, fewer individuals are eligible. Moreover, some eligible individuals no longer perceive a need for program assistance, further decreasing the level of food stamp participation.

Figure 1 shows that the expected relationship between economic cycles and food stamp participation has been true ever since the national expansion of the program in the middle 1970s. What is surprising is that the magnitude of the increase in participation was smaller during the upward part of the last participation cycle (roughly 1978 - 1982) than it was during the upward part of the current cycle (from 1989 - 1994). In addition, the speed of the decline during the economic expansion of the 1980s was gradual. On a comparative basis, the post-1994 decline was rapid and large.

Figure 2 shows the participation history for AFDC/TANF. In contrast to food stamps, cash welfare participation levels were relatively constant from the early 1970s through 1990, displaying a comparatively muted response to the economy. Participation levels started to grow sharply about the same time for both programs. Cash welfare participation peaked about a year later than food stamps. While both programs fell sharply in recent years, by 1999 food stamp participation had returned to levels seen in the 1970s and 1980s. Cash welfare participation was substantially below its 1970 - 1980 levels.

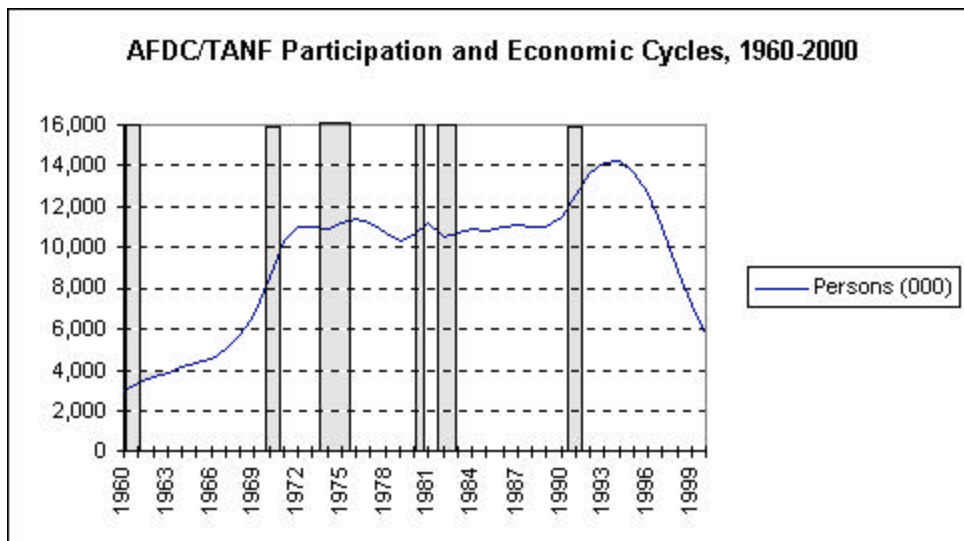
**Figure 1**



Shaded areas denote periods of economic recession.

Source: 1961-85 U.S. Senate Committee on Agriculture, Nutrition, and Forestry, 1985-2000 U.S. Department of Agriculture.

**Figure 2**



Shaded areas denote periods of economic recession.

Source: U.S. Department of Health and Human Services.

### ***Poverty and Food Stamp Participation***

By itself, the difference in magnitude and speed of the two economic/participation cycles does not substantiate the earlier claim that the economy cannot fully explain the difference in trends. To understand the basis for this assertion, it is necessary to examine a closely related phenomenon: poverty.

The income cut-off for food stamp eligibility and the income-level used to define the official poverty rate move together (although they are not identical). As economic conditions affect income levels, they should influence both the number of individuals in poverty and the number of individuals receiving food stamps. As a result, over time these two figures should trend together.

During the post-1994 period, the United States experienced its lowest unemployment rates in thirty years and the highest employment rates ever for single mothers (who comprise one of the largest segments of the food stamp population). Low-income families benefited from economic expansion. Table 1 shows that the number of people in poverty declined substantially between 1994 and 1999, falling by approximately 5.8 million. This figure translates into the lowest overall poverty rate in the United States since 1979. Although Table 1 does not show it, poverty declined among every racial and ethnic group and among children and the elderly.

The direction of the trend in poverty and the direction of the trend in food stamp participation are consistent with expectations. However, as Table 1 shows, the decrease in poverty (5.8 million individuals) was, in rough terms, half the size of the food stamp decline during the same period (10.5 million individuals). The magnitude of this discrepancy suggests that the last economic cycle does not explain all of the post-1994 decline in food stamp participation.

**Table 1**

**Number of People Below Poverty Level, Participating in the Food Stamp Program, or in Households that Experience Food Insecurity with Hunger**

	<b>Individuals in Poverty</b> (000s) <sup>(1)</sup>	<b>Food Stamp Participants</b> (000s) <sup>(1)</sup>	<b>Food Insecure With Hunger</b> (000s) <sup>(2)</sup>
1994	38,059	27,390	n/a
1995	36,425	26,342	10,689
1996	36,529	25,099	11,440
1997	35,574	21,974	8,075
1998	34,476	19,298	9,394
1999	32,258	17,874	7,515

<sup>1</sup> Figures for poverty and food stamp participation are for calendar years.

<sup>2</sup> Represents the number of all persons living in households where one or more persons experienced food insecurity with hunger at some time in the previous year.

***Food Security and Food Stamp Participation***

Declines in the level of food stamp participation can mean that social policies are working. To make this determination, one must evaluate the relationship between participation changes and the rate of one of the problems that the Food Stamp Program is intended to address: food insecurity and hunger. If declines in food stamp participation mean that more Americans are able to work and meet their food needs without government assistance, then levels of food insecurity with hunger should also be constant or falling.

Both USDA and the Department of Health and Human Services use the concept of food security to assess and describe the adequacy of household access to food. A food secure household has assured access, at all times, to enough food for an active, healthy life (Andrews et al.

2000). A household is food *insecure* if, at some time during the previous year, it was uncertain of having, or unable to acquire, adequate food sufficient to meet basic needs at all times due to inadequate household resources for food. Hunger is a more severe manifestation of food insecurity. Households are food insecure with hunger to the extent that one or more household members were hungry due to inadequate resources at least some time during the year.

Since household resources are influenced by the economy, the number of individuals experiencing food insecurity with hunger should decrease as the economy strengthens. Table 1 displays the number of Americans living in households classified as food insecure with hunger. These numbers fell significantly from 10.7 million individuals in 1995 to 7.5 million in 1999 (Table 1). This suggests that a portion of the decline in food stamp participation occurred because more individuals were able to provide for themselves without government food assistance.

At the same time, there is reason for concern because the fall in the number of persons experiencing food insecurity with hunger was less than the fall in food stamp participation. Calculating the ratio of the number of individuals experiencing food insecurity with hunger to the number of individuals in poverty from the figures in Table 1 is instructive. It shows that individuals who were food insecure with hunger decreased from 29 percent of the poverty population in 1995 to 23 percent in 1999 – a decline of six points. This is substantially less than the corresponding change in the ratio of the number of food stamp participants to the number of individuals in poverty, which decreased seventeen points, from 72 percent in 1995 to 55 percent in 1999. In addition, while there were fewer food-insecure households with incomes between 50 and 130 percent of the poverty line in 1999, a higher proportion of households in this income range were food insecure in 1999 than in 1995 (Andrews, et. al, 2000).

### ***The Personal Responsibility and Work Opportunity Reconciliation Act of 1996***

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (P.L. 100-485) transformed social policy for low-income mothers and their children, replacing an entitlement to cash assistance with an emphasis on work. Welfare reform not only created the Temporary Assistance for Needy Families (TANF) program, it also included significant changes in the Food

Stamp Program. Both the size of food stamp benefits and the number of people who were eligible for benefits were reduced. The new law reduced the maximum amount against which all benefits are calculated and froze deductions that were previously adjusted for inflation. In addition, able-bodied adults without dependents were generally restricted to no more than three months of food stamps in a 36-month period, unless they were employed or participating in a qualified work program. Welfare reform made legal permanent residents ineligible for food stamps unless they had been admitted to the country as refugees, had a substantial work history, or had served in the United States armed services. Subsequent legislation restored eligibility to permanent residents who were legally residing in the United States when welfare reform was enacted and are either minor children, had turned 65 when welfare reform was enacted, or are now disabled.

The significance of welfare reform as one of the two broad explanations for the decline in food stamp participation is made clear by an analysis of the changes in food stamp participant characteristics since 1994 (Table 2). The drop in food stamp participation was not evenly distributed among all food stamp participants. Two-thirds of the decline came from just four groups—non-citizens, their American born children, childless unemployed adults, and individuals in single-parent households (who are the ones most likely to be receiving cash welfare benefits).

The number of non-citizens receiving food stamps went from nearly 1.9 million in 1994 to less than 750,000 in 1999, a drop of 60 percent. Moreover, participation among American-born children of non-citizens dropped from nearly 1.9 million to less than 1.1 million, a fall of 42 percent, even though they retained eligibility for food stamps under the new restrictions. Welfare reform also established time limits on the food stamp eligibility of able-bodied adults without dependents. The number of unemployed childless adult participants fell from 950,000 to 350,000, a drop of 63 percent. The number of participants in each of these groups fell dramatically, and together, accounted for 26 percent of the total caseload decline.

**Table 2**

**Changes In Food Stamp Participant Characteristics: 1994 to 1999**

<b>Subgroup</b>	<b>Percent of Caseload in 1994</b>	<b>Percent Drop in Subgroup, 1994 - 1999</b>	<b>Share of Total Caseload Decline</b>
Non-citizens	7	60	12
Citizen Children Living in Households with Non-citizens	7	42	8
Citizen Childless Unemployed Adults	3	63	6
Participants in Single-Parent Units	45	31	40
All Other Participants	38	32	34
Total	100	35	100

Source: Food Stamp Quality Control data, fiscal years 1994 and 1999.

Note: Participants living in single-parent units do not include legal immigrants or their children.

PRWORA had a substantial indirect effect on food stamp participation as well. Between 1994 and 1999, the number of food stamp participants living in single-parent units (and likely to participate in AFDC/TANF), dropped by 31 percent. Because individuals in single-parent households historically made up a significant portion of the caseload, at least 40 percent of the overall decline in food stamp participation involved an AFDC/TANF recipient.

***Recent studies of the participation decline***

A critical question is how much of the decline in participation can be attributed to the economy, welfare reform policies and implementation, and individual choice. If the decline is mainly a result of the economy, participation may increase with the next economic slow down. If the decline is mainly a result of welfare reform and/or individual choice, the change may be longer lasting.

Wallace and Blank (1999) were one of the first to use state-level caseload models to study participation in both cash welfare and food stamps after welfare reform. Explanatory variables included unemployment rates (current and 2 years prior) and the presence of a statewide waiver TANF implementation. The authors attributed between 28 and 44 percent of the food stamp declines from 1994 to 1998 to changes in the unemployment rate and only 6 percent of food stamp caseload declines to the variables reflecting the impact of waivers or TANF. The authors noted that TANF implementation was quite different from state to state, concluding that the impact of welfare reform could range anywhere from 6 percent to most of the food stamp caseload decline. In contrast, Ziliak, Gundersen, and Figlio (2000) attributed about 45 percent of the caseload decline between 1994 and 1998 to macroeconomic factors and 5 percent to welfare reform. They also found that differences in AFDC/TANF policies among states resulted in significant variation in caseload declines.

Jacobsen and Puffer (2000) used program participation data from 1992-94 to simulate the effect of economic variables and program changes for 1994-98. Their simulation predicted an 11.5-percent reduction in caseload, a figure less than the actual caseload decline. Of the caseload change *predicted by their simulation*, 35 percent could be attributed to policy changes under welfare reform and 65 percent to lower unemployment rates. However, much of the caseload change during this period could not be explained by the simulation, and the unexplained portion may be due to either economic or policy factors.<sup>2</sup>

Wilde et al. (2000) examined the drop in participation through two empirical analyses. The first analysis, using an econometric model with State-level data from 1994 to 1998, found that 35 percent of the caseload decline was associated with changing economic conditions and 12 percent with changing program reform variables and political variables. As is typical with such models more than half of the participation changes could not be explained by either group of variables. The second analysis using household-level data from the Current Population Survey from 1994 to 1998,

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<sup>2</sup> Wilde et al. (2000) provide a synthesis of previous work, including Jacobson and Puffer, Genser (1999), Zedlewski and Brauner (1999), and Gleason et al. (2000). Also see Bell (2001) for a synthesis of studies on TANF caseload declines.



found that 28 percent of the change in participation was associated with a decrease in the number of people with annual income below 130 percent of the poverty line. Another 44 percent of the total change was due to a decline in the proportion of these low-income people who participate in the Food Stamp Program. The authors point out that this decline in the proportion of low-income people who participate may be due to economic conditions or program changes or both.

### ***Conclusion***

Perhaps the most compelling aspect of previous studies lies in the fact that across them, about one-half of the drop in participation cannot be explained by the effects of the economy or welfare reform on income levels or eligibility rules. They leave unanswered the question of what else may be affecting food stamp participation levels.

In order to shed more light on the caseload decline, the next chapter will separate the decline into its two components: the decline in the number of people eligible for benefits and the decline in the number of eligible people who actually receive benefits. The chapter also reviews the reasons that may account for changes in eligibility numbers and participation rates. Chapter Three examines the well being of low-income families who do not participate, and Chapter Four considers the implications of lower food stamp participation for providers of emergency food. The final chapter provides a summary of findings and suggests areas in which future research is needed.

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## **CHAPTER TWO**

### **COMPONENTS AND DEMOGRAPHICS OF THE DECLINE IN FOOD STAMP PARTICIPATION**

Every change in the number of persons participating in the Food Stamp Program has two components. The first is the change in the number of persons eligible to receive benefits. However, not all persons eligible for food stamps participate in the program. Some individuals, for example, may not know that they are eligible, and others may choose not to participate. The participation rate—the ratio of the number of food stamp participants to the number of persons eligible for the program—measures the extent to which eligible persons receive benefits. Change in the participation rate is the second component of a change in the number of persons participating in the Food Stamp Program. Once one knows the change in the number of individuals eligible for benefits, the remainder of any change in the number of food stamp participants must have occurred from a change in the proportion of eligible persons who participated.

This Chapter partitions the post-1994 decline into these two components for the food stamp population as a whole and for separate demographic groups. These analyses shed light on the relative importance of the four explanatory categories – the economy, the transformation of welfare policy, administrative practices, and changes in the behavior of individuals – on the decline in food stamp participation.

During the post-1994 period, both the number of people eligible for benefits and the rate of participation among those eligible fell, and each contributed significantly to the decline in the Food Stamp Program caseload. The direct effect of welfare reform on Food Stamp Program eligibility rules accounted for up to 8 percent of the decline in food stamp participation. Two factors – improved economic opportunities and the success of welfare reform in moving food stamp participants also in the Temporary Assistance to Needy Families program into jobs – lifted the income and assets of many individuals above the program’s limits. Together, these two factors account for about one-third (35 percent) of the decline in the number of participants. The

remainder of the decline – 56 percent – is accounted for by a decrease in the participation rate among those who remained eligible.

## **APPROACH**

This analysis examines the change in participation between 1994—the year in which the number of participants peaked—and 1999, the most recent year for which complete data on program eligibility and participation are available. Examination of the change from 1994 to 1999 has two benefits. First, the dates cover the period during which the decrease in poverty and the decrease in food stamp participation diverged in magnitude. Second, this period provides a picture of the changes both before and after the enactment of welfare reform.

To measure the number of participants, Food Stamp Program administrative data were employed. These data give an accurate count of the number of participating persons for each month of each year. Then, to find the number of participants who fall into various demographic and economic groups, Food Stamp Program quality control data were analyzed. This second set of data is collected as part of the food stamp quality control system, which involves an annual review of about 50,000 food stamp households.

To estimate the number of eligible persons, microsimulation based on Current Population Survey (CPS) data was employed. The CPS is an annual survey of over 60,000 households that collects demographic and income information. Each household in the CPS was analyzed using microsimulation models to mimic the eligibility determination procedures of Food Stamp Program caseworkers. The models included the income and asset eligibility tests as well as the categorical restrictions imposed by welfare reform and other legislation. The models were estimated using the food stamp eligibility rules that were in effect in September of each year. (For more information about the methodology, see Castner 2000).

The relative roles of the fall in the number eligible and the fall in the participation rate in the overall decline in the number of participants is estimated by mathematically decomposing the decrease in participation from 1994 to 1999 into those two components. We do this by recognizing

that the change in participation is mathematically equal to the sum of two products: the average of the 1994 and 1999 participation rates times the change in the number eligible *plus* the average number eligible in 1994 and 1999 times the change in the participation rate. The first product measures the effect on the number of participants when the number of eligible persons changes and the participation rate remains constant at its 1994 and 1999 average value. The second product measures the effect on the number of participants when the participation rate changes and the number eligible remains constant at its 1994 and 1999 average value. Appendix A describes this decomposition in more detail.

Because different demographic categories of food stamp participants have different participation rates, a shift in the distribution of eligibles among categories will influence the overall participation rate regardless of any other reason. To control for this, the fall in the overall participation rate is further decomposed into two components: (1) that due to changes in the relative size of groups of eligible persons with different participation rates, and (2) that due to changes in the participation rates for each group. Appendix B describes this decomposition in more detail.

### ***The Components Of The Decline In Food Stamp Participation***

Some theories advanced to explain the decline in food stamp participation – for example, the strength of the economy – imply that much of the fall should have come from a decline in the number of individuals eligible for benefits. Other theories – for example, that the work first philosophy embraced in welfare reform inspired many individuals to find alternatives to government assistance – imply that the fall should show up in a declining participation rate.

There Was A Large Fall in *Both* The Number of Persons Eligible and the Rate of Participation Among Those Who Remained Eligible

From 1994 to 1999, the number of food stamp eligible persons fell by 6 million, or 16 percent (Table 3). The fall in the number eligible accounts for almost half (44 percent) of the total caseload decline. The Food Stamp Program participation rate also fell sharply—by 17 percentage points, from 74<sup>3</sup> to 57 percent. The decrease in the participation rate accounts for over half (56 percent) of the decline in the number of participants. This decomposition of caseload data yields similar results to efforts of Wilde et al. (2000) who used proxy measures and Current Population Survey data to attribute 55 percent of the decline in participation to a decline in the proportion of low-income people who participated.

The Fall in Both Components Accelerated During Implementation of Welfare Reform

The number of eligible persons did not drop off gradually but rather fell sharply during the implementation of welfare reform (from 1996 to 1997) and continued to decrease in subsequent years (Figure 3). Only minor decreases in the number of persons eligible for food stamps occurred in the few years before welfare reform. The participation rate also declined in each of the years from 1994 to 1999 (Figure 4). The drop in participation rates was more consistent over time than was the drop in number of eligibles, and its decline began prior to welfare reform. However, it too was slightly more pronounced after the 1996 enactment of welfare reform and leveled off somewhat after 1998.

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<sup>3</sup>See note to Table 3.

**Table 3**

**Number of Participants, Persons Eligible for, and Participation Rates in Food Stamps, 1994 to 1999**

	1994	1999	Change, 1994 to 1999	Resulting Decrease in Number of Participants <sup>a</sup>	
				(000s)	(Percent)
Participants (000s)	26,229	17,081	-35%		
Eligible Persons (000s)	35,319	29,755	-16%	-3,981	44
Participation Rate (%)	74 <sup>b</sup>	57	-17 <sup>c</sup>	-5,167	56

SOURCE: CPS Data, Food Stamp Program Operations Data, and Food Stamp Program Quality Control Data for September in the years shown

<sup>a</sup> See Appendix A for decomposition of decrease in number of participants.

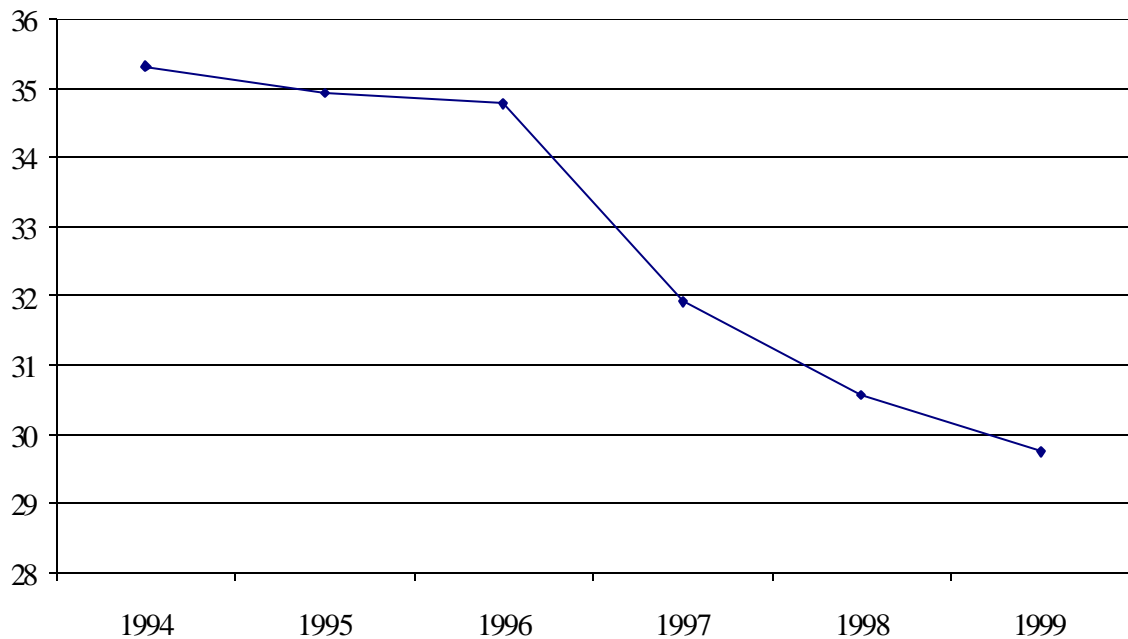
<sup>b</sup> USDA previously reported this rate as 71 percent in *Trends in Food Stamp Participation Rates: Focus on 1994-1998* (Castner, 2000). Since then, procedures for imputing alien status have been improved, with the effect of lowering estimates of non-citizens eligible for food stamps and raising estimated participation rates.

<sup>c</sup> This is the difference in percentage *points*.

**Figure 3**

**Number of Persons Eligible for Food Stamps**

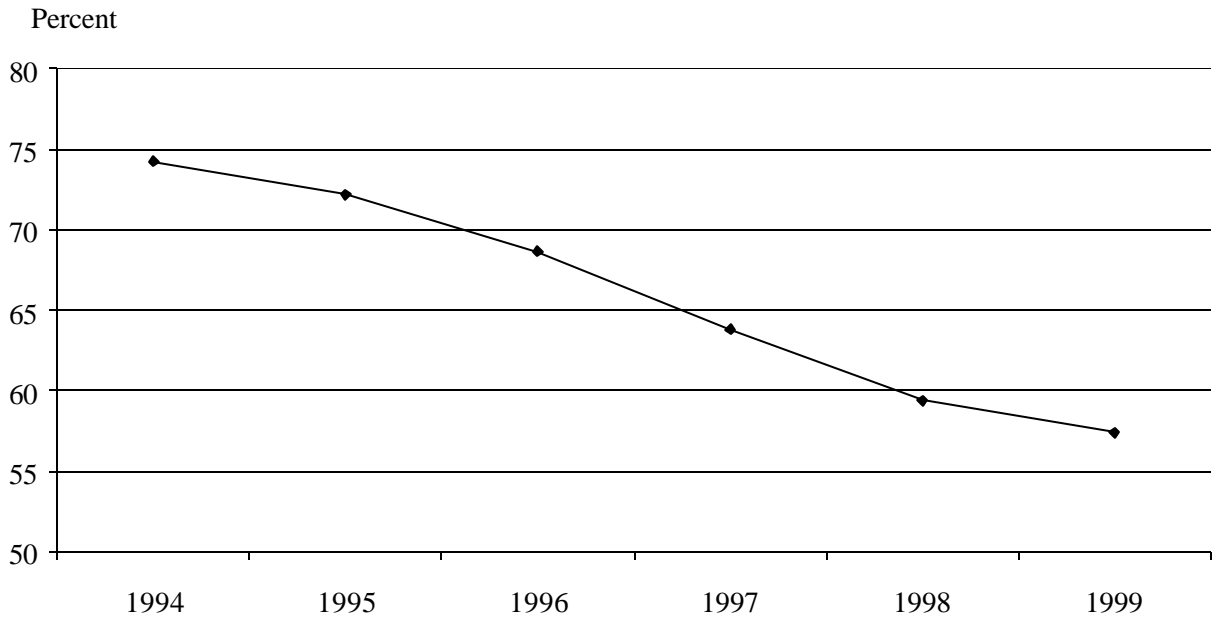
Millions of Persons



SOURCE: CPS Data for the years shown.

**Figure 4**

**Percentage of Eligible Persons Who Participate in the Food Stamp Program**



SOURCE: CPS Data, FSP Program Operations Data, and FSPQC Data for the years shown.

The Falls in Number of Persons Eligible and Rate of Participation Were Widespread

The fall in the number of persons eligible for food stamps was not concentrated in any specific geographic region but instead occurred in all areas of the country (Table 4). Only one state (North Carolina) experienced an increase in the number eligible from 1994 to 1998.<sup>4</sup> The median decline in the number of eligible persons was 14 percent. Likewise, participation rates among eligibles fell across most states and regions of the country after 1994 (Table 5). Only three states (Hawaii, Alaska, and West Virginia) and the District of Columbia experienced increases in participation rates from 1994 to 1998. Over half of the states experienced a fall of 10 percentage points or more and six states experienced a fall of 20 percentage points or more.

<sup>4</sup> State level data are not yet available for 1999.



**Table 4**

**Number of Persons Eligible for Food Stamps, by State**

State	Number Eligible		Change from 1994 to 1998	
	1994	1998	(000s)	(Percent)
North Carolina	958	966	8	1
Montana	100	99	-1	-1
Nebraska	143	140	-3	-2
Colorado	360	337	-23	-6
Arkansas	417	390	-27	-6
Delaware	76	71	-5	-7
Georgia	1,080	1,006	-74	-7
North Dakota	64	59	-5	-7
Connecticut	328	302	-26	-8
South Carolina	537	495	-42	-8
Virginia	685	619	-66	-10
Utah	161	145	-16	-10
Mississippi	586	528	-58	-10
Wyoming	47	42	-5	-10
New Hampshire	85	75	-9	-11
South Dakota	85	75	-10	-11
Maine	145	128	-18	-12
Arizona	643	563	-79	-12
Missouri	679	595	-84	-12
Nevada	159	139	-20	-13
Alabama	740	640	-100	-14
Oregon	379	328	-52	-14
New York	2,910	2,513	-397	-14
Rhode Island	119	102	-16	-14
Hawaii	140	121	-20	-14
Tennessee	853	733	-119	-14
Iowa	254	216	-37	-15
Massachusetts	640	543	-96	-15
Minnesota	435	370	-66	-15
Idaho	128	109	-19	-15
Kentucky	666	564	-103	-15
Oklahoma	535	451	-84	-16
Pennsylvania	1,429	1,201	-228	-16
West Virginia	318	264	-54	-17
Alaska	62	51	-11	-17
New Jersey	818	678	-140	-17
New Mexico	317	260	-56	-18
Florida	2,088	1,703	-385	-18
Maryland	536	437	-99	-18
Texas	3,548	2,892	-656	-18
Illinois	1,580	1,263	-317	-20
Washington	610	484	-126	-21
Michigan	1,258	995	-263	-21
Louisiana	957	756	-201	-21
Ohio	1,452	1,137	-315	-22
Wisconsin	478	367	-111	-23
Indiana	636	482	-154	-24
Kansas	284	210	-75	-26
Vermont	71	52	-19	-26
California	5,318	3,795	-1,523	-29
District of Columbia	140	93	-47	-33
Total	37,037	30,586	-6,451	-17

SOURCE: Schirm, 2001.

**Table 5**

**Food Stamp Participation Rates, by State**

State	Participation Rate (percent)		Change from 1994 to 1998
	1994	1998	(Percentage Points)
District of Columbia	65	89	24
Hawaii	84	100	16
Alaska	72	80	9
West Virginia	91	92	1
Arkansas	65	64	0
South Dakota	59	57	-1
California	58	54	-3
South Carolina	69	64	-5
Maryland	72	66	-5
New Mexico	72	66	-6
Maine	89	82	-6
Illinois	73	66	-6
Nebraska	72	65	-7
Connecticut	67	60	-7
Kentucky	76	69	-7
Oklahoma	68	61	-7
Rhode Island	77	70	-7
Alabama	70	63	-7
Oregon	70	63	-8
Michigan	78	70	-8
Louisiana	76	69	-8
New Jersey	66	58	-8
Idaho	57	49	-8
Montana	67	59	-8
North Dakota	63	54	-9
Washington	74	64	-10
Kansas	64	53	-11
Pennsylvania	81	69	-12
North Carolina	63	50	-13
Indiana	74	61	-13
Florida	67	54	-13
Nevada	58	46	-13
Minnesota	69	56	-13
New York	73	60	-14
Tennessee	83	69	-14
Wyoming	69	54	-15
Utah	75	60	-15
Iowa	72	57	-15
Virginia	75	59	-16
Missouri	83	66	-17
Massachusetts	67	49	-17
Colorado	70	52	-18
Georgia	75	57	-18
Delaware	74	56	-18
Wisconsin	68	49	-19
Vermont	88	68	-20
Texas	72	51	-21
New Hampshire	67	45	-21
Ohio	80	58	-21
Mississippi	81	57	-24
Arizona	75	47	-28
Total	71	59	-11

SOURCE: Schirm, 2001

## **THE DECLINE IN THE NUMBER OF PERSONS ELIGIBLE FOR FOOD STAMPS**

Having shown that slightly less than half of the decline in food stamp participation was due to a reduction in the number of people eligible for benefits, the question becomes: what caused the decline in eligibility? There are three possible causes: (i) the direct effect of welfare reform in limiting the eligibility of immigrants and able-bodied adults, (ii) the indirect effect welfare reform may have had on those food stamp participants who were also subject to the work requirements of the Temporary Assistance to Needy Families (TANF) program, and (iii) increased incomes lifting individuals above the food stamp eligibility thresholds. The relative size of the decline in food stamp participation among specific subgroups of participants can shed light on these three potential causes.

### Changes in Food Stamp Program Eligibility Rules Explain 6 to 8 Percent of the Decrease

Table 6 shows that the number of eligible non-citizens fell by over 40 percent between 1994 and 1999, while the number of able-bodied adults subject to the three-month time limit fell almost 20 percent over the same period. These are the two groups directly affected by welfare reform's change in Food Stamp Program eligibility rules. The number of persons eligible in both of these groups decreased significantly, accounting for about one quarter of the fall in the number of persons eligible for food stamps. However, people in these groups had a low propensity to participate in the Food Stamp Program even when they were eligible. Thus the fall in the number who are eligible in these groups resulted in a small overall reduction – about 8 percent – in the number participating. Non-citizens are the larger of the two groups; they accounted for most of the 8 percent decrease in the number of participants.

**Table 6**

**Changes in the Number of Persons Eligible for Food Stamps, 1994 to 1999**

	Decrease in Number Eligible 1994-1999	Percentage Change	Percent of Overall Decline in Number Eligible	Decrease in Number of Participants <sup>h</sup>
	(000s)			(Percent)
Non-Citizens	-1,136	-41	20	7
Adults Subject to Three-Month Time Limit <sup>a</sup>	-288	-19	5	1
Citizen Children Living with Non-citizen Adults <sup>b</sup>	177	7	-3	-1
Adults in Single-Parent Households <sup>c</sup>	-849	-20	15	8
Children in Single-Parent Households <sup>d</sup>	-1,649	-20	30	16
Adults in Other Households <sup>e</sup>	-678	-10	12	5
Children in Other Households <sup>f</sup>	-816	-21	15	7
Elderly <sup>g</sup>	-325	-6	6	1
Total	-5,564	-16	100	44

SOURCE: CPS Data, Food Stamp Program Operations Data, and Food Stamp Program Quality Control Data for the years shown.

NOTE: These categories are mutually exclusive; an individual will be counted in the highest appropriate category.

<sup>a</sup> Citizens, age 18 to 49, no children in household, not disabled, not exempt from work registration.

<sup>b</sup> Citizen children, living with a non-citizen who may or may not be a Food Stamp Program participant.

<sup>c</sup> Citizens, not subject to time limit, age 18 to 59, in households with children and exactly one adult.

<sup>d</sup> Citizens, age 0 to 17, in households with exactly one adult.

<sup>e</sup> Citizens, age 18 to 59, not subject to time limit, in all other households.

<sup>f</sup> Citizens, age 0 to 17, in all other households.

<sup>g</sup> Citizens, age 60 and above, in all households.

<sup>h</sup> See Appendix A for decomposition of decrease in number of participants.

Some of the decline in the number of non-citizens and persons subject to the time limit who are eligible for food stamps might have occurred even in the absence of welfare reform, as the strengthening economy raised some people's income above the Food Stamp Program eligibility threshold. A mathematical decomposition of the data (see Appendix C) suggests that 6 to 8 percent of the total food stamp decline is accounted for by the direct effect of welfare reform on

food stamp eligibility rules. Economic factors may account for up to 2 percent of the fall in the number of eligible non-citizen and time-limited adults.<sup>5</sup>

### Rising Income and Assets Account for Over a Third of the Decrease in Food Stamp Participation

Table 3 shows that 44 percent of the decline in food stamp participation was due to a decrease in the number of persons eligible. Table 6 shows that 8 percent of the decline was due to the limitations on eligibility of non-citizens and able-bodied adults subject to time limits. This means that the remainder of the eligibility component – 35 percent of the decline in food stamp participation – is due to rising income and assets that took families and individuals (other than non-citizens and able-bodied adults subject to time limits) over the program eligibility limits. There are two potential causes for this third of the overall decline: the strengthening economy and welfare reform’s focus on moving TANF families from welfare to work.

Measuring the separate effects of the economy and welfare policy on food stamp participation is extremely difficult. Ever since welfare reform, researchers have attempted to do so without clear resolution. In a review of nine recent studies of TANF caseload changes, Bell (2001) found several studies concluding that policy made a difference in the decline. At the same time, recent work on the dynamics of caseload adjustment—that is, how families cycle on and off the rolls in response to economic change, and how those changes cumulate to determine the size of the caseload year to year—provides a basis for *expecting* persistence and sluggish adjustment to influence caseload size independently of other factors. Studies that incorporate sluggish adjustment to earlier change conclude that policy plays a small role in TANF caseload changes. Bell concluded that “the clearest lesson from this review is that the best evidence—like the best policy—changes over time and needs to be revisited regularly.”

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<sup>5</sup> The changes in eligibility rules may explain even more of the fall in the number eligible if some of the increase in income and assets of these groups is a result of welfare reform changes encouraging work.

The analytic challenges encountered in TANF research are compounded in regard to food stamps, where both TANF-related and non-TANF factors play a role. However, there are clues that suggest both the economy and welfare reform policy play a role in the decline in the number of eligibles. For example, among those who were eligible in 1999, a greater proportion had earnings, a smaller proportion had very low incomes, and a greater proportion received low benefits (Table 7). Both the number and percent of eligible persons in households with earnings increased from 1994 to 1999. This suggests the economy played a role. However, changes in the characteristics of those *still* eligible may not reflect the characteristics of those *no longer* eligible. In addition, the figures are consistent with changes under TANF increasing the labor-force participation of cash welfare recipients and potential recipients. The number of persons receiving cash assistance who were eligible for food stamps fell dramatically, by 60 percent, from 1994 to 1999. Finally, the timing of the steepest decline in eligibility (1996 - 1997) suggests a role for welfare reform (Figure 3) – but is not conclusive.

### **THE DECLINE IN THE PARTICIPATION RATE AMONG PERSONS REMAINING ELIGIBLE FOR FOOD STAMPS**

Over half of the post-1994 decline in food stamp participation is due to a decline in the participation rate. As with the decline in eligibility, the question becomes: what caused participation among eligible persons to fall?

It is likely that the strength of the economy had an impact on Food Stamp Program participation rates by reducing the felt need for food stamps even among eligibles. However, economic explanations, while an important contributor to the fall in the number of eligibles, provide a less compelling explanation for the fall in food stamp participation rates among eligibles. There are two reasons:

**Table 7****Changes in the Number of Persons Eligible for Food Stamps in Other Key Groups, 1994 to 1999**

Individuals in Households:	1994		1999		Percent Change in Number Eligible, 1994-1999
	Number Eligible (000)	Percent of Total Eligible	Number Eligible (000)	Percent of Total Eligible	
With Earnings	13,439	38	13,775	46	2
Without Earnings	21,880	62	15,980	54	-27
With AFDC/TANF	10,533	30	4,190	14	-60
Without AFDC/TANF	24,786	70	25,565	86	3
With Income Far Below Poverty <sup>a</sup>	13,069	37	10,287	35	-21
With Income Near Poverty <sup>b</sup>	13,647	39	11,258	38	-18
With Income Above Poverty	8,603	24	8,209	28	-5
With Low Benefits <sup>c</sup>	13,739	39	13,725	46	0
With High Benefits <sup>d</sup>	21,580	61	16,030	54	-26
Total	35,319		29,755		-16

SOURCE: CPS Data, Food Stamp Program Operations Data, and Food Stamp Program Quality Control Data for the years shown.

<sup>a</sup> Income under 50 percent of poverty.

<sup>b</sup> Income from 51 to 100 percent of poverty.

<sup>c</sup> Benefits from 1 to 50 percent of the maximum benefit for the household size.

<sup>d</sup> Benefits from 51 to 100 percent of the maximum benefit for the household size.

- First, differences in demographic groups suggest a link to program factors. Table 8 reveals that 18 percent of the post-1994 decrease in the number of food stamp participants can be attributed to the decline in participation rates among those most affected by Food Stamp Program rule changes during welfare reform: children living with non-citizens, non-citizens, and adults subject to time limits.<sup>6</sup>
- Second, the effects of an economic explanation should show up in the participation rate among households with earnings. However, the decrease in the food stamp participation rate for individuals in households with earnings is virtually identical to the decrease in food stamp participation rate among individuals in households without earnings (Table 9).

<sup>6</sup> The resulting decreases in participation for these three groups in Table 8 do not sum to 18 percent, due to rounding.

The absence of a relationship to earnings coupled with the significant changes in the food stamp participation rate by AFDC/TANF status (Table 9) and among citizen children of non-citizens (Table 8) suggest that we must look beyond the economy for an explanation for the post-1994 decrease in food stamp participation rates. Other potential explanations include the effect of welfare reform on food stamp participants subject to TANF, the way in which welfare reform was implemented, and the behavior of individuals.

**Table 8**  
**Changes in the Participation Rate for Persons Eligible for Food Stamps, 1994 to 1999**

	Participation Rate (Percent)		Change 1994 –1999 (Percent)	Resulting Decrease in Participation (Percent)
	1994	1999		
Non-Citizens	66	48	-18	4
Adults Subject to 3-Month Time Limit <sup>a</sup>	52	25	-27	4
Citizen Children Living with Non-Citizen Adults <sup>b</sup>	80	46	-35	9
Adults in Single-Parent Households <sup>c</sup>	94	78	-16	7
Children in Single-Parent Households <sup>d</sup>	98	82	-16	13
Adults in Other Households <sup>e</sup>	70	54	-16	12
Children in Other Households <sup>f</sup>	85	65	-20	7
Elderly <sup>g</sup>	30	29	-1	1
Total	74	57	-17	56

SOURCE: CPS Data, Food Stamp Program, Program Operations Data, and Food Stamp Program Quality Control Data for the years shown.

NOTE: These categories are mutually exclusive; an individual will be counted in the highest appropriate category.

<sup>a</sup> Citizens, age 18 to 49, no children in household, not disabled, not exempt from work registration.

<sup>b</sup> Citizen children, living with a non-citizen who may or may not be a Food Stamp Program participant.

<sup>c</sup> Citizens, not subject to time limit, age 18 to 59, in households with children and exactly one adult.

<sup>d</sup> Citizens, age 0 to 17, in households with exactly one adult.

<sup>e</sup> Citizens, age 18 to 59, not subject to time limit, in all other households.

<sup>f</sup> Citizens, age 0 to 17, in all other households.

<sup>g</sup> Citizens, age 60 and above, in all households.

<sup>h</sup> See Appendix A for decomposition of decrease in number of participants

### Reasons for Nonparticipation in the Food Stamp Program



Some individuals make an informed choice to forgo benefits to which they are entitled. In some cases, however, the factors—lack of information, misinformation, high costs of participation, administrative hurdles, and stigma—are beyond the control of eligible individuals. Because the reasons have substantial implication for policy, researchers have produced a large body of work on why persons who qualify for benefits do not participate in the Food Stamp Program. The reasons typically identified fall into five broad categories:

- (1) a perceived lack of need,
- (2) lack of information,
- (3) an expectation of low food stamp benefits,
- (4) program features and administration, and
- (5) stigma and other psychological reasons.

### Perceived Lack of Need

Studies based on focus group discussions and direct surveys provide compelling evidence that a perceived lack of need for food stamp benefits is an important reason for low rates of participation (McConnell and Nixon, 1996). McConnell and Ponza (1999) report that over 40 percent of the survey sample ranked not needing food stamps as the most important reason they did not participate in the Food Stamp Program. Most responded that they could “get by” without benefits or that they perceived their need as temporary.<sup>7</sup> It is possible that the relative importance of this reason increased during the post-1994 period, either because the strengthening economy

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<sup>7</sup> Some studies cast doubt on the accuracy of people’s perception of their need. For example, although national rates of food insecurity declined substantially from 1995 to 1999, food insecurity among low-income families that did not receive food stamps increased during this period (Nord, 2000). This may indicate that declining food stamp use among low-income households resulted primarily from lack of access to the Food Stamp Program rather than less need for food assistance. Instances of hunger did not increase consistently, however, suggesting that families with more serious need did access food stamps.

made eligible individuals optimistic about their situation or because welfare reform motivated individuals to seek ways to meet their food needs without governmental assistance.

### Lack of Information and Confusion about Food Stamp Program Eligibility

Over the years, numerous studies have found that information problems -- an unawareness of the existence of the Food Stamp Program, lack of knowledge about where or how to apply for food stamp benefits, and misperceptions about eligibility -- are central to why some eligible persons do not participate in the Food Stamp Program. Studies conducted in the 1980s found that as many as one-half to one-third of food stamp eligible nonparticipants did not apply for benefits because they thought they were ineligible (Coe, 1983, GAO 1988, Hollenbeck and Ohls, 1984). In 1999, McConnell and Ponza found that about one-third of eligible respondents believed that they were ineligible because of misconceptions about eligibility rules. About another ten percent responded that they were unaware of the program or did not know how to apply for food stamp benefits.

In a study conducted after welfare reform, Ponza et. al. (1999) called randomly-selected U.S. households, screened them to approximate food stamp eligibility and then asked whether they were participating in the Food Stamp Program. They found that 72 percent of apparently eligible nonparticipants were not aware that they were eligible for the Food Stamp Program. Although this was less true of nonparticipants who had applied or participated in the past, most households with prior exposure to the Food Stamp Program also reported being unaware of their eligibility. The study authors speculate that households that were once determined ineligible are unaware that changes in their circumstances or eligibility rules have made them eligible.

It is possible that welfare reform increased the relative importance of the information factor. In an ethnographic study of women exiting TANF, Quint and Widom (2001) found that a majority did not know the current rules for food stamp receipt or thought there were time limits on the benefit.<sup>8</sup> In a study of welfare reform in New Jersey, Rangarajan and Wood (2000) found that

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<sup>8</sup> While not directly related to food stamp knowledge, it is suggestive that the authors also report that in a survey of 2,250 current or former TANF recipients, 48 percent believed they would not continue receiving Medicaid if they left welfare for work (Quint and Widom, 2001).

nearly 30 percent of those eligible but not participating in the Food Stamp Program were unaware that clients who leave TANF can continue to get food stamps. There may be differences in the degree of awareness of Food Stamp Program eligibility rules depending on whether the family has recently been on TANF. Among people who left the Food Stamp Program, significantly more former welfare families than non-welfare families reported that they were not participating in the Food Stamp Program because of a new job or increased earnings. That is, more welfare families may believe that earnings disqualify them from Food Stamp Program benefits (Zedlewski and Brauner, 1999). Similarly, a study of TANF recipients who reached time limits in Virginia indicated that 6 months later, over half of all cases not receiving food stamps thought they were not eligible, despite the fact that the majority had an income below 130 percent of poverty (Gordon, et. al., 2000).<sup>9</sup>

Steep declines in non-citizen's use of food stamps and other welfare program have been attributed to the "chilling effects" that stem from the confusion on the part of immigrants and providers about who is eligible for food stamps and other related program benefits (Fix and Passel, 1999). Consistent with theories that confusion and lack of awareness explain a portion of the decline in participation, participation rates among children who are U.S. citizens but live with non-citizen adults fell sharply (Table 8). Citizen children living with non-citizen adults did not lose eligibility under welfare reform, though many of the adults did. While about 80 percent of these eligible children participated in the program in 1994, only 46 percent participated in 1999. Although confusion about eligibility may not be the only factor affecting this group, it is likely to have played a role. The fall in participation among these eligible children explains up to 9 percent of the post-1994 decline in the total number of food stamp participants.

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<sup>9</sup> The importance of information in explaining nonparticipation may be influenced by State administrative practices. Some studies suggest that awareness of potential eligibility for food stamps by former TANF families may vary across States. For example, surveys in Wisconsin and South Carolina indicate that most leaver families were aware they might qualify for food stamps after leaving TANF (Dion and Pavetti, 1999).

## Expectation of Low Food Stamp Benefits

Between 35 and 45 percent of the people in the subgroups surveyed in McConnell, Ponza and Cohen (1999) indicated that one of the reasons they did not participate was the belief that they were eligible for a low benefit amount. Fewer than 10 percent of these groups responded that this was the most important reason for their nonparticipation. Nonetheless, analyses of household survey data have substantiated that the likelihood of Food Stamp Program participation increases with the size of the benefit households would receive (Martini, 1992).

**Table 9**  
**Changes in the Participation Rate in Other Key Subgroups,**  
**1994 to 1999**

Individuals in Households:	Participation Rate (Percent)		Change, 1994-1999 (Percentage Points)
	1994	1999	
With Earnings	57	43	-14
Without Earnings	85	70	-15
With AFDC/TANF	127 <sup>e</sup>	142 <sup>e</sup>	15
Without AFDC/TANF	52	44	-8
With Income Far Below Poverty <sup>a</sup>	85	63	-22
With Income Near Poverty <sup>b</sup>	91	78	-13
With Income Above Poverty	31	22	-9
With Low Benefits <sup>c</sup>	51	45	-6
With High Benefits <sup>d</sup>	89	68	-21

SOURCE: CPS data, Food Stamp Program Operations data, and Food Stamp Program Quality Control data for the years shown

<sup>a</sup> Income under 50 percent of poverty.

<sup>b</sup> Income from 51 to 100 percent of poverty.

<sup>c</sup> Benefits from 1 to 50 percent of the maximum benefit for the household size.

<sup>d</sup> Benefits from 51 to 100 percent of the maximum benefit for the household size.

<sup>e</sup> As a result of under-reporting of AFDC/TANF in the CPS, the participation rates for individuals in households receiving AFDC/TANF exceed 100 percent. However, one can still assess trends in these rates because the amount of under-reporting stayed relatively constant over time.

There was a 6 percent decrease in the food stamp participation rate among households with low benefits, which implies that this reason may have contributed to some of the fall in food stamp participation (Table 9). However, it is likely that other factors played a larger role in the post-1994 decline since there was a larger decrease – 21 percent – among households with high benefits.

It is possible that the expectation of lower benefits played some role in the decline in participation rate among adults who are subject to time limits and work requirements. The effect of the changes in the food stamp eligibility rules is a substantial decrease in the duration – and hence total amount – of benefit receipt. While reasons for a decline among this group are likely to include more considerations than just the benefit amount, the decline in their participation rate was substantial, from 52 percent in 1994 to 25 percent in 1999 (Table 8). However, because time-limited adults constitute a relatively small percentage of the eligible population, even large decreases in their participation rate have a small impact on overall participation. The fall in the participation rate for this group accounted for at most 4 percent of the decrease in the number of participants.

#### Program Features and Administration

Over the years, many studies have shown that some potential applicants are deterred when the perceived costs of applying for food stamps -- measured by time, money and burden -- outweigh the expected benefits. These costs appear to discourage a small but significant proportion of Food Stamp Program eligible nonparticipants with estimates varying from 5 percent to 14 percent (Ponza et.al. 1999, McConnell and Ponza, 1999, Bartlett, et. al, 1992). A highly publicized assessment by America's Second Harvest of the application process in all States during 2000 reported that the application form in most States is long, difficult to read and requested information beyond that required to establish eligibility.<sup>10</sup>

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<sup>10</sup> The application forms reviewed ranged from 10 to 36 pages in more than half of the States, and with only one exception, were written for 9<sup>th</sup> to 12<sup>th</sup> grade reading levels. Ironically, when asked to rate their degree of satisfaction with the food stamp application process, 51 percent of participants rated themselves as “very satisfied” and another 35 percent rated themselves “somewhat satisfied.” Similar patterns of satisfaction were reported for the Food Stamp Program overall although a significant minority, about 25 percent, expressed dissatisfaction with the availability of caseworkers for meetings and telephone consultations and with caseworkers’ ability to keep participants informed.

Researchers have uncovered reasons to suspect that a combination of both program features and the implementation of welfare reform now make an even larger difference in the food stamp participation rate. Numerous studies of families exiting the TANF program have found a consistent pattern of declining participation in the Food Stamp Program after leaving TANF. This decline in food stamp participation persists -- even 12 months after leaving cash assistance -- despite evidence that low monthly earnings would qualify many of these families for food stamps (Dion and Pavetti, 1999; Loprest, 1999). Similarly, Zedlewski and Brauner (1999, 2001) found that the earnings and income of former welfare families and non-welfare families who left the Food Stamp Program were very similar. However, former welfare families left the Food Stamp Program at higher rates (62 percent) than their non-welfare counterparts (46 percent) even when they remained eligible.

Estimates of declining food stamp receipt by TANF leavers may understate the impact of welfare reform on food stamp participants. A recent synthesis of State TANF leaver studies reveals that overall rates of subsequent receipt of food stamps include families who returned to TANF and are also likely receiving food stamps again. Among families that permanently left TANF, food stamp receipt was considerably lower in the States that tracked this phenomenon. Other State data also suggest a substantial degree of turnover in food stamp receipt after the initial TANF exit (Acs and Loprest, 2001).

There has also been speculation that certain common features of TANF programs such as diversion, sanctions and time limits have the potential for inadvertently reducing Food Stamp Program enrollment and ongoing participation. TANF diversion strategies aim at helping families avert crises so as to eliminate the need for ongoing cash assistance. Popular diversion strategies include lump-sum payment programs, alternative resource programs that help families access resources in the community or from families or friends, and mandatory application to job search programs. Sanctions and time limits are intended to convey changing expectations about the receipt of public assistance. Sanctions link assistance to a specific set of program behaviors while time limits send the message that assistance is no longer an ongoing source of income but is intended for families only in times of crises. On-site observations in 24 local offices in 8 States found examples

of local office practices that can confuse potential applicants about food stamp requirements, impede the filing of food stamp applications, or increase the burden and cost of participation (Gabor and Botsko, 2001).<sup>11</sup>

There is some evidence that formal TANF administrative policies may be unintentionally contributing to lower rates of Food Stamp Program applications by eligible families (Maloy et. al, 1998; GAO 1999). Studies show that in offices where the application processes for TANF and food stamps are linked, the Food Stamp Program application might be incorrectly denied based on more stringent TANF requirements or inappropriately delayed pending the completion of the TANF requirements. In other cases, workers have failed to inform families of their potential eligibility for the Food Stamp Program when applicants accepted a diversion payment in lieu of TANF benefits (Maloy et. al., 1998; GAO 1999; Swarns, 1999). In a series of observations of worker/client interactions, Quint and Widom (2001) found that line staff workers *say* they talk to TANF clients about ongoing food stamp benefits more than they actually do. On a more positive note, research in both Maine (Dion, Hyzer and Nagatoshi, 2000) and Indiana (Maloy, Logie and Petou, 2000) demonstrate that administrative practices can *facilitate* access to and participation in the Food Stamp Program by eligible families while successfully promoting work among TANF families.

There is less support for speculations that TANF time limits and more expansive use of sanctions have the potential for creating new barriers to ongoing Food Stamp Program participation. One reason is that in most States, TANF recipients have only recently begun to reach the time limit. However, in the few State studies that have tracked Food Stamp Program participation by families who were sanctioned, all but one found a drop in Food Stamp Program use with time after the TANF sanction (Dion and Pavetti, 1999). In a New Jersey study (Rangarajan and Wood, 2000), clients who were eligible for food stamps were more likely than those who were ineligible to report not receiving food stamp stamps because they were sanctioned (17 percent of those eligible versus

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<sup>11</sup> Again there may be overlap among the reasons for nonparticipation: reasons that cite administrative practices blend into reasons that cite confusion. For example, in addition to issues arising from worker-level practices, families may assume that diversion requirements apply to all programs and abandon their application or fail to apply because of an inability to meet TANF work and other requirements. Additional information about families diverted from TANF is being collected in several State and local studies sponsored by HHS.

8 percent of those ineligible). These clients may have been sanctioned for noncompliance with TANF requirements and decided to leave the FSP as well.

Table 9 provides some support for the importance of the TANF linkage with food stamp participation: between 1994 and 1999 there was an *increase* of 15 percent in the food stamp participation rate among individuals in households with AFDC/TANF and an 8 percent *decrease* in the food stamp participation rate among individuals in households without AFDC/TANF.<sup>12</sup>

The fall in the proportion of food stamp eligible persons who received cash assistance was an important factor in the decline in the overall participation rate from 1994 to 1999. The participation rate fell by 15 percentage points from 1994 to 1999 for food stamp eligible persons not directly affected by the Food Stamp Program rule changes (Table 10). The increase in the proportion of food stamp eligible persons who do not receive cash assistance from 1994 to 1999, can explain 12 percentage points of this drop in the overall participation rate and about 32 percent of the overall fall in the number of participants (Table 10). The remaining 2 percentage point drop in the participation rate can be explained by a fall in the participation rate for those not receiving cash assistance net of the rise in the participation rate for those receiving the assistance.

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<sup>12</sup> At the same time some of these changes would have occurred anyway. The proportion of persons eligible for food stamps who also received AFDC/TANF fell dramatically from 33 percent in 1994 to only 16 percent in 1999. The participation rate for persons receiving cash assistance is much higher than the participation rate for those not receiving cash assistance. The low participation rate among those without cash assistance, combined with the increasing proportion of eligible persons without cash assistance leads to a lower overall participation rate. This would occur even if the rates within the groups (with and without cash assistance) did not change.



**Table 10**

**Change in Participation Rate for Persons Not Affected by Changes in Food Stamp Eligibility Rules, 1994-1999<sup>a</sup>**

	<b>Contribution to Change in Participation Rate<sup>b</sup> (Percentage Points)</b>	<b>Resulting Decrease in Number of Participants (Percent)<sup>c</sup></b>
Change in Proportion of Food Stamp Program Eligible Persons Receiving Cash Assistance	-12	32
Change in Participation Rate for Those Receiving Cash Assistance	1	-4
Change in Participation Rate for Those Not Receiving Cash Assistance	-4	10
<b>Total</b>	<b>-15</b>	<b>39</b>

SOURCE: CPS Data, Food Stamp Program Operations Data, and Food Stamp Program Quality Control Data for the years shown.

<sup>a</sup> Excludes non-citizens, adults subject to three-month time limit, and citizen children living with non-citizen adults.

<sup>b</sup> See Appendix B for decomposition of change in participation rate.

<sup>c</sup> See Appendix A for decomposition of decrease in number of participants.

Stigma

Stigma is defined as an attribute that is associated with negative stereotypes and that distinguishes some persons as different from others (Goffman, 1963). There is a substantial literature documenting the stigma of poverty. Some argue that the more a social program is targeted to those in poverty, the more stigmatizing the program will be. This is why unemployment insurance or social security are not viewed as stigmatizing compared to cash welfare assistance and food stamps (Ellwood 1988, Waxman, 1982, Rainwater, 1982).

While some theories of the post-1994 decline in food stamp participation speculate that welfare reform increased the stigma of applying for and using food stamp benefits (more so for coupons than EBT), past studies indicate uncertainty about how important stigma is as a reason for nonparticipation. McConnell and Nixon (1996) estimated that 8 to 10 percent of eligible persons did not participate because of stigma. Similarly, Ponza et. al (1999) report that only 7 percent of eligible nonparticipants mentioned a stigma-related factor as their most important reason for not participating in the Food Stamp Program. However, they also reported that half of the nonparticipants affirmed that they experienced feelings of stigma about the Food Stamp Program and that these households were substantially less likely to participate in the Food Stamp Program than those not perceiving any stigma associated with program participation.

### **Relative Importance of These Reasons**

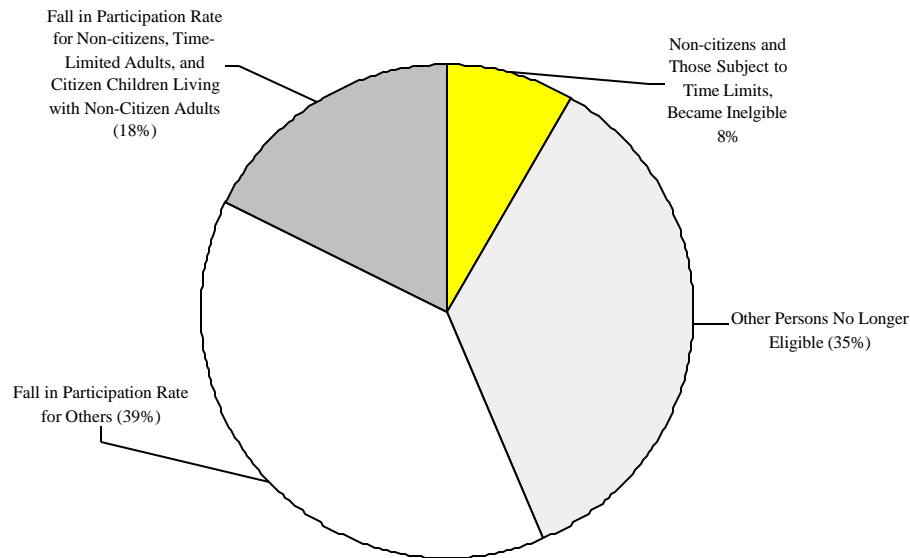
McConnell, Ponza and Cohen (1999) in a study of the elderly and working poor concluded that each of these reasons for nonparticipation was applicable for some proportion of persons who were interviewed and that more than one of the reasons was applicable for nearly all of the respondents. Consistent with this, Daponte (1998) found in a study designed to test the role of information on participation that households generally avail themselves of information about the Food Stamp Program when the anticipated benefits of doing so are large. The complexity of the decision process is also highlighted by focus group findings (Ponza and McConnell, 1996). Upon further probing, some respondents indicated that stigma was the reason why they did not seek information about Food Stamp Program eligibility. Stigma also played a role in *some* perceptions of not needing food stamps. Finally, both the economy and welfare reform may be an indirect influence on these individual factors. For example, either a healthy job market and/or the motivational effects of the “work first” message may lead individuals to perceive that they do not need program benefits.

## SUMMARY

The large decrease in the number of food stamp participants is due to both a decrease in the number eligible for food stamps and a decrease in the rate at which eligible persons participate. The decrease in the participation rate played a slightly more important role, explaining 56 percent of the fall in the number of participants. The decrease in the number of eligible persons explains 44 percent of the fall in the number of participants (Figure 5).

**Figure 5**

### Causes of the Decrease in Food Stamp Participation



SOURCE: CPS Data, FSP Program Operations Data, and FSPQC Data for the years shown.

Changes to the Food Stamp Program eligibility rules, which limited eligibility for non-citizens and some adults, explain up to 8 percent of the decline in the number participating. An additional 35 percent of the decline in food stamp participation can be explained by a decrease in the number of other eligible individuals. This is almost certainly a result of a combination of the strengthening economy and the effect of welfare reform in moving former or potential food stamp participants into employment.

Over half the decline in food stamp participation occurred due to a decrease in the participation rate among eligibles. A number of factors clearly contribute to the reduced participation rate; however, their relative importance is difficult to quantify. The findings in this and a wide range of other studies suggest that a combination of the link to TANF, the implementation of welfare reform, and program administrative features played a role in the fall in food stamp participation among eligibles. There is also evidence that confusion and lack of awareness made a difference, especially among non-citizens and their citizen children. However, neither the direct and indirect effects of welfare reform nor confusion and lack of information can account for all of the fall in participation among eligibles. For example, the fact that 18 percent of the post-1994 decline in food stamp participation involved neither individuals affected by the food stamp eligibility rule changes nor single-parent households (Table 8) suggests that other reasons also matter. The likely candidates to complete the explanation of the post-1994 decline include individual choices and assessments of the need for food stamp benefits, influenced by the strengthened economy and the increased perception of stigma and heightened motivation to seek work that followed welfare reform.

While this report can only quantify reasons for the post-1994 decline broadly, the relative importance of reasons tells just part of the story. Regardless of why participants left, important questions remain: How well are former food stamp participants faring? What is the relationship between food stamp participation and the use of food banks, pantries and other sources of emergency food assistance? The next two chapters address these questions.

## CHAPTER THREE

### IMPLICATIONS OF NON-PARTICIPATION FOR LOW-INCOME FAMILIES

The previous chapter examined factors affecting the post-1994 decline in Food Stamp Program participation. This chapter examines lower caseloads from a different vantage—the well being of low-income families—to determine whether caseload declines corresponded to changes in employment, income, and poverty among eligible nonparticipants. If those who left the Food Stamp Program are able to replace foregone government benefits with earnings, then lower participation rates may not result in fewer food resources. If, however, some leavers are not able to replace benefits with earned income, nonparticipation may have more serious consequences.

Since welfare reform began with state AFDC and Food Stamp Program waivers in the late 1980s and early 1990s, many studies have examined the success of these policies in increasing employment, reducing welfare dependency, and improving the well being of low-income families. Most of these studies focus on people who left AFDC or TANF, but this research is also relevant to the Food Stamp Program since families leaving TANF and food stamps at the same time account for as much as 65 percent of the food stamp caseload decline since 1994. A smaller set of studies focuses specifically on food stamp leavers.

Several recent syntheses of these studies (Acs and Loprest, 2001; GAO, 1999b; Congressional Research Service, 2000; Haskins et al, 2001) show that researchers are coming to similar conclusions across a large variety of studies. The various leaver studies include different indicators and differ somewhat in methodology, nonetheless, they reveal a fairly consistent picture of how families who left food stamps or TANF are faring.

The general consensus that emerges from these studies is that the majority of leavers are better off, but some are having continued difficulty meeting basic needs:

- Over half (55%) of food stamp leavers and three out of five former TANF recipients are working, and employment rates are higher among former welfare recipients than among other low-income families.

- Most households replace lost food stamp or cash welfare benefits with earned income, but their wages and employer-provided benefits are still fairly low.
- At some point during the first year after moving from welfare to work, about half of all leavers had difficulty providing food, housing, and medical care for their families. Nearly a quarter of all leavers experienced hunger in the first year after leaving the Food Stamp Program.
- Although most TANF leavers appear to still be eligible for food stamps, only one-third received them.
- About a quarter of food stamp leavers turned to a food pantry or soup kitchen in the past year for assistance.

The sections below highlight areas of general consensus on the well being of former recipients in order to shed light on the implications of nonparticipation in the Food Stamp Program.

**Table 11**

**Indicators of Well-being of Food Stamp Program Leavers**

Monthly income <sup>a</sup>	\$1,000--\$1,500
Employment <sup>b</sup>	50-66%
Poverty	49-56%
Food insecure with hunger	23-26%
Serious hardship	56-58%
Visited a food pantry	25%

SOURCE: Mills and Kornfeld, 2000; Rangarajan and Gleason, 2001; Garasky, et. al, 2000

<sup>a</sup> Includes earnings, TANF, food stamps, child support

<sup>b</sup> Employment at the time of the survey, 15-20 months after exit.

## *Employment*

Encouraging work and reducing dependence on cash assistance were central goals of welfare reform. There are signs that this approach was successful. When former recipients were asked why they left TANF, 69 percent cited increased earnings or hours on an ongoing job or a new job (Loprest, 1999). More than half (55 percent) of food stamp leavers in Illinois reported leaving the Food Stamp Program because of employment or increased income (Rangarajan and Gleason, 2001). While these results are not strictly comparable to past research on reasons for leaving, they suggest that a higher percentage of recipients are leaving for work now than in the past (Pavetti, 1993; Ellwood, 1986).

When reforms were first enacted, there was concern that former welfare recipients would be unable to find full-time jobs that paid more than the minimum wage. For the most part, Lerman and Ratcliffe (2000) found that the labor market was able to absorb the influx of former welfare recipients without lowering wages or displacing other workers but warned that a serious recession might weaken the wage and employment outlook for single mothers and low-skilled workers. Most employed leavers are working full-time, with about 70 percent working 35 hours or more per week and only 6 percent reporting that they work fewer than 20 hours per week (Loprest, 1999; 2001). Service occupations are the most common jobs held by employed leavers. In 1999 dollars, the median hourly wage for employed leavers in the National Survey of America's Families was approximately \$7 (Loprest, 1999; 2001), with somewhat higher wages (\$7-8 per hour) reported in the TANF leaver studies (Loprest and Acs, 2001).

There is also evidence to suggest that work is sustained. Fifteen to twenty-four months after their program exit, between 50 and 66 percent of food stamp leavers were employed (Mills and Kornfeld, 2000; Rangarajan and Gleason, 2001). These results are consistent with research sponsored by the U.S. Department of Health and Human Services on TANF leavers, which found that between 45 and 60 percent of leavers were employed in the first three months after exit (ASPE, 2000). Acs and Loprest (2001) found that, at any given point after leaving welfare, three out of five former recipients were working and that approximately three-fourths of TANF leavers

have been employed at some point after their program exit. Using data from the National Survey of America's Families, Loprest (1999) compared employment rates among TANF leavers to those of low-income families generally and found that employment rates were higher among welfare leavers than among low-income families under either 150 percent or 200 percent of the poverty line. Despite fears that the most employment-ready recipients would leave TANF early, Loprest (2001) found that 64 percent of those who left welfare more recently (between 1997 and 1999) were employed, a slightly higher but not significantly different percentage than among the early leavers (1995 to 1997).

Although work was sustained, employment was not stable. Only between 35 and 40 percent of leavers were employed in all four quarters of their first year after leaving TANF (ASPE, 2000). Former welfare recipients have, on average, shorter job tenure than other low-income mothers (Loprest, 1999). Approximately three-quarters of employed leavers have worked for their current employer for less than a year, and one-third have less than six months tenure in their current job. Shorter job tenures are not reflected in lower wages for former recipients, but limited job tenure may explain why only 23 percent of employed leavers receive health insurance through their employers (Loprest, 1999).

Shorter job tenures may also have implications for those moving from welfare to work during a period of higher unemployment. Leavers who lose their jobs may not have worked long enough to be eligible for unemployment insurance (Holzer, 2000). There is some evidence that leavers are developing longer job tenure. Loprest (2001) reported that more recent TANF leavers were more likely to have worked for more than two years at their current job: 18 percent compared to 10 percent of earlier leavers. Longer job tenure may indicate that leavers are working while on welfare and remain with the same employer after leaving TANF.

### ***Income***

Income is an important measure of well being, but data on income among leaver families is limited. Not all studies report income and many that do only include earned income, excluding income from child support, disability payments, tax credits, or in-kind benefits. Among TANF



leaver families with at least one employed member, their median monthly earnings add up to \$13,788 per year—roughly the 1997 poverty level for a family of three (Loprest, 1999). This figure is limited to earnings and does not include income from other sources, such as child support or the Earned Income Tax Credit, but it does assume that earners work year round at the same number of hours per week. Few of the TANF leavers studies report income, but those that do found that the average working leaver earned about \$3,000 per quarter and that their income fell within poverty guidelines (Acs and Loprest, 2001).

Income among food stamp leavers was somewhat higher, averaging between \$1,000 and \$1,500 per month (Mills and Kornfeld, 2000; Rangarajan and Gleason, 2001). Household earnings increased fairly rapidly after households left the Food Stamp Program. On average, earnings increased 21 percent in Illinois and 17 percent in Arizona in the first two years after leaving the program (Mills and Kornfeld, 2000; Rangarajan and Gleason, 2001). While these results offer encouraging evidence that many leavers improve their economic situation by working, the proportion of households with earnings did not increase rapidly in either state, indicating that most earning growth occurred among households that had already been working in some capacity. Moreover, even households with earnings typically did not earn more than the poverty guideline.

### ***Poverty***

Although the majority of former recipients work full-time after leaving TANF, most have incomes at or near the poverty level. Acs and Loprest (2001) found that 58 percent of leavers had incomes below the federal poverty guideline and that 89 percent fell below 185 percent of the poverty level. When the Earned Income Tax Credit and food stamps are counted as income, the percentage of families in poverty falls to 48 percent among early TANF leavers and 41 percent among more recent leavers (Loprest, 2001). These figures are consistent with the food stamp leaver studies. Poverty among food stamp leavers ranged from 49 to 56 percent (Mills and Kornfeld, 2000; Rangarajan and Gleason, 2001).

### ***Food Stamp Eligibility***

Despite the fact that most leavers report incomes at or near the poverty line, only one-third of TANF leavers report receipt of food stamp benefits. Zedlewski and Brauner found that families who received both food stamps and TANF left the Food Stamp Program at higher rates (62 percent) than those who did not receive welfare (46 percent). They also found that most welfare leavers (65 percent) had incomes below the food stamp eligibility range, but only 42 percent of those who remained eligible reported receiving benefits. This trend appears to have continued among more recent TANF leavers. Zedlewski and Gruber (2001) report that only about half of former welfare families with estimated incomes less than 50 percent of the poverty level received food stamps. TANF leavers with incomes below the poverty level that left the Food Stamp Program were more likely to own a car and to have moved in the past year than TANF leavers who continued to receive food stamps (Zedlewski and Gruber, 2001).

### ***Material Hardships***

Over half of all respondents in the food stamp studies experienced one or more serious hardships in the past year. Serious hardships generally included a housing crisis (inability to pay rent, eviction, homelessness), food insecurity with hunger, serious illness, forgoing medical treatment for lack of money or health insurance, mental health or substance abuse treatment, placing children in foster care or with friends or family due to inability to provide for their care, or domestic violence or other violent crime (Mills and Kornfeld, 2000; Rangarajan and Gleason, 2001).

The incidence of serious hardship is more common among former welfare recipients than among low-income families generally (Loprest, 1999). Fewer families with incomes below 200 percent of the poverty level report having to cut the size of or skip meals (23 percent versus one-third of leavers), often or sometimes worrying about having enough food (44 percent versus 57 percent), having problems paying housing bills (28 percent versus 39 percent), or having to move in with others (2 percent versus 7 percent).

### *Housing Difficulties*

Housing hardships are common among food stamp leavers. Former food stamp recipients in Illinois, on average, spent about three-quarters of their income on food and housing (Rangarajan and Gleason, 2001). Over a quarter reported that they were unable to pay the full amount of their rent or mortgage sometime in the last year. Some leavers asked their family or friends for help paying their rent (14 percent), while others depended on charitable rent assistance (3 percent) or stayed at an emergency shelter (3 percent).

Housing difficulties were also common among TANF leavers. In a national survey, 39 percent of former TANF recipients reported that they were unable to pay their rent, mortgage, or utility bills during the previous year (Loprest, 1999). In separate state studies, over a quarter of TANF leavers reported that they were behind in their rent or other housing bills (Acs and Loprest, 2001). Fewer TANF leavers (7 percent) reported that they needed to move in with others because they were unable to pay their bills (Loprest, 1999). The percentage of families in state surveys who reported having to move because of an inability to pay housing costs ranged from 6 percent in the District of Columbia to 17 percent in Arizona (Acs and Loprest, 2001). The percentage of families who reported staying in a homeless shelter ranged from 3 percent in Arizona, Illinois, and the District of Columbia to slightly more than 1 percent in Washington.

A few studies questioned whether the incidence of housing difficulty was higher for families who left welfare than for those who remained on public assistance. Pre- and post-exit housing difficulties among TANF leavers were compared in Wisconsin. The percentage who reported that they were behind in rent or mortgage payments was higher after leaving welfare; but the percentage difference among those who reported difficulty paying utility bills or use of a homeless shelter was not statistically significant (GAO, 1999b). Former TANF recipients in South Carolina were also more likely to experience some deprivations after leaving welfare than while on welfare, though the percentage reporting that they were behind in their rent after leaving welfare (15 percent) was much lower than in Wisconsin (37 percent). Acs and Loprest (2001) report that studies of leavers in Arizona, Illinois, and the District of Columbia found higher percentages of families reporting

housing-related problems before they left TANF than after exiting. Leavers in Washington appear to be more likely to have been evicted or without a place to live after leaving TANF.

Housing hardships among TANF leavers may be increasing. A significantly higher percentage of the more recent group of leavers, 46 percent, was unable to pay mortgage, rent, or utility bills in the past year compared with 39 percent of earlier TANF leavers (Loprest, 2001). This may reflect increased costs resulting from tight housing markets. The percentage of leavers who reported having to move in with others because of an inability to pay bills was not significantly larger among the more recent TANF leavers (9 percent) than among the earlier leavers (7 percent).

### ***Food Insecurity and Hunger***

One area of particular concern is the extent to which leavers have difficulty meeting the minimum food needs of their families. Approximately one-quarter of all food stamp leavers experienced food insecurity with hunger at some time after leaving the Food Stamp Program (Mills and Kornfeld, 2000; Rangarajan and Gleason, 2001). Although it is important to note that current food stamp participants may also experience hunger and other forms of food insecurity, the incidence of hunger among leavers is higher than expected given that the majority of families are working. Not all TANF leaver studies considered food insecurity, but those that included questions about food hardships found that between 24 and 46 percent of TANF leavers reported not having enough to eat or running out of food before the end of the month (Acs and Loprest, 2001).

Few studies compared food hardships before and after program exit. Studies in Arizona and Illinois reported lower food hardship after exit, but a study in the state of Washington reported that food hardships were higher after leaving. Loprest (1999) found that former welfare recipients were more likely to have reported cutting the size of or skipping meals (33 percent) compared to 28 percent of households with incomes under 150 percent of the poverty level and 23 percent of households under 200 percent of the poverty line.

Leavers facing food hardships responded in several ways. Acs and Loprest (2001) report that a quarter of leavers surveyed in Illinois and the District of Columbia say they cut the size of or

skip meals. When children in a household go without meals due to inadequate resources, it is a sign of severe food insecurity. Leaver studies in Missouri and Washington found that children went without meals in 3 and 4 percent of leaver families, respectively (Acs and Loprest, 2001).

Leavers facing food hardships are central to any discussion of the decline in food stamp participation and increases in demand at food pantries and emergency kitchens. The food stamp leaver studies found that about a quarter of respondents turned to a food pantry for help feeding themselves or their families (Mills and Kornfeld, 2000; Rangarajan and Gleason, 2001). The number of TANF leaver families who sought charitable food assistance ranged from 7 percent in Missouri to 44 percent in Washington (Acs and Loprest, 2001).

### *Summary*

Studies of people who left the Food Stamp Program or TANF show that the majority of leavers are working full-time and earn at least the minimum wage. Most families are able to replace lost or foregone benefits with earned income, but their annual incomes remain at or near the poverty level. Although most TANF leavers appear to meet the income and asset requirements for participation in the Food Stamp Program, fewer than half actually participate. Material hardships among food stamp and TANF leavers are common, with about half of all leavers experiencing one or more serious difficulties meeting their food, housing, or medical needs. Although it is unclear whether the incidence of material hardship among leavers is higher or lower than before their program exit, these hardships are surprising given lower than expected participation rates in the Food Stamp Program. In addition, about a quarter of food stamp leavers turned to a food pantry for help feeding themselves and their families. The next chapter will consider changes in demand for emergency food and possible links between emergency food use and food stamp participation.

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## CHAPTER FOUR

### DEMAND FOR EMERGENCY FOOD ASSISTANCE

As discussed in the previous chapter, the majority of former food stamp recipients are working and are able to replace benefits with earned income. However, a small but significant portion of former recipients face continued hardship after leaving welfare and turn to emergency food providers for assistance.

Several recent studies report increased demand for emergency food assistance in the past several years. Increased use of community food pantries and emergency kitchens in a robust economy was unexpected. Some small, localized studies point to a possible link between changes in public programs to assist low-income families and increased demand for private food assistance. These studies are reviewed briefly in the first part of this chapter because they form the basis for some to conclude that demand for emergency food assistance is rising sharply. The second part summarizes in greater detail a newly released study of providers of emergency food assistance. This study provides a broader, nationally representative set of data with which to evaluate the issues raised in earlier studies. Key findings include:

- Local emergency food providers have varied program structures and innovative practices that allow them to meet the specific needs of their communities, but the emergency food assistance system is only about one-tenth the size of the major federal nutrition programs.
- Reported demand for food assistance at soup kitchens and food pantries has increased by between four and five percent per year since 1997.
- Most providers in the emergency food assistance system are meeting current demand for their services, and a majority of providers feel they could cope with an increase of ten percent.
- However, other providers are either unable to meet immediate needs or perceive other services that they could offer their clients.
- The relationship between falling food stamp participation and increases in demand for emergency food assistance remains unclear, but public and private food assistance programs appear to complement each other.

## **RECENT STUDIES OF DEMAND FOR EMERGENCY FOOD ASSISTANCE**

Emergency food assistance programs play an important role in alleviating hunger in communities across the country. Thousands of organizations provide food assistance to needy people throughout the year. Several recent studies have found high and increasing levels of demand for food assistance at community food pantries and emergency kitchens (Second Harvest, 1998; U.S. Conference of Mayors, 2000; Catholic Charities USA, 2000). The Food Security Institute at Brandeis University (2000) summarized the findings from more than fifty recent local, state and national studies of welfare leavers, emergency food demand, and hunger. The studies employed very different methodologies; but, taken as a whole, they report fairly consistent increases in demand for emergency food.

Given the strength of the economy and lower poverty rates, the factors associated with this increased demand are unclear. A few studies attribute increased demand for emergency food assistance directly to welfare reform changes in TANF or the Food Stamp Program.

In the Detroit metropolitan area, two-thirds of food pantry and soup kitchen directors reported increased client loads in the two years following the implementation of welfare reform (Eisinger, 1999). Two-thirds of those experiencing increased demand believed that welfare reform provisions for food stamps were critical factors. The study estimated that almost 20 percent of the emergency food assistance clients came into the system as a result of policies related to welfare reform. On a citywide level, this translates into additional demand from 100,000 people on the Detroit emergency food sector.

Nearly half of the 23 non-profit food providers in Cuyahoga County, Ohio reported receiving calls from clients concerned about possible changes in their food stamp eligibility (Gallagher, et. al, 1998). Overall demand for emergency food assistance increased at 45 percent of the food pantries. When asked to estimate the change in total demand for food from able-bodied adults without dependents, about half of the food pantries said demand was unchanged between March 1997 and the fall of 1997; one-third said demand had increased during this period.



Among households receiving emergency food at California pantries and soup kitchens, those who reported that their food stamps had been cut in the last year had significantly higher rates of food insecurity (California Food Policy Advocates, 1998). Seventy-one percent of those who had lost their food stamps in the last year experienced food insecurity with hunger, compared to 48 percent of those who did not lose their benefits. This difference was statistically significant and occurred predominantly in households with young children.

The Children's Defense Fund (2000) conducted a study of families and individuals visiting local community service agencies between January and December 1999. Nearly 4 of every 10 disadvantaged parents participating in this survey reported that they had asked for help from a food bank or food pantry. Families who were currently receiving food stamps were less likely to ask for help from a food bank or pantry. The loss of food stamps and the denial of food stamp benefits were related to the decision to seek emergency food aid, but less than one of every four families seeking emergency food reported that their food stamp benefits were cut or that their application for benefits was denied.

The studies reflect a concern among many organizations with the persistence of hunger and food insecurity, and, within some communities and populations, their apparent increase. Currently available research does not provide a definitive answer to the question of whether falling food stamp participation is related to recent increases in demand for emergency food assistance.

### **THE PROVIDER SURVEY FOR THE EMERGENCY FOOD ASSISTANCE SYSTEM STUDY<sup>13</sup>**

The Economic Research Service of the U.S. Department of Agriculture recently completed the first comprehensive national survey of providers of emergency food assistance (Ohls et al., 2001), often collectively characterized as the Emergency Food Assistance System.<sup>14</sup> It updates

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<sup>13</sup> This section draws heavily from Ohls et al. (2001).

<sup>14</sup> The survey included approximately 3,735 providers of emergency food assistance—1,518 emergency kitchens, 1,617 pantries, 395 food banks, 88 food rescue organizations, and 117 emergency food organizations. Response rates to the telephone survey were high, varying from 94 percent to 98 percent in the surveys of the five types of organizations.

past studies (Second Harvest 1998; Poppendieck 1998; and Burt et al. 1999) and provides a broader, more nationally representative view of the system. The study offers detailed information about the system, including: the number and types of providers; the ability of system resources to meet current and future need for emergency food; the total quantity and types of food distributed through the system; and the total number of clients served by each type of emergency food provider. The timing of the study affords an opportunity to examine how the emergency food assistance system operates within the larger context of current economic conditions, changes in social welfare programs, and the federal nutrition assistance programs.

### ***Overview of the Emergency Food Assistance System***

The Emergency Food Assistance System (EFAS) consists of five types of agencies: emergency kitchens, food pantries, food banks, food rescue organizations, and emergency food organizations. This report focuses primarily on organizations that provide food directly to low-income families—emergency kitchens and food pantries. Emergency kitchens, also referred to as soup kitchens, provide prepared food for little or no cost to clients. Food pantries usually provide uncooked food that is intended for preparation and consumption in the client’s home.

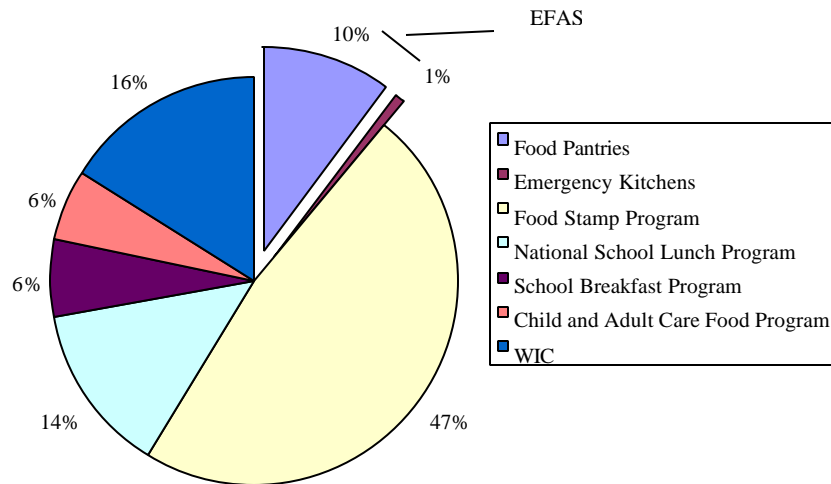
The EFAS also includes indirect providers—food banks, food rescue organizations, and emergency food organizations—that distribute food products from private or government suppliers to local kitchens and pantries that distribute this food directly to clients. Food banks serve as a link between national and regional sources of (primarily) nonperishable food and direct providers. Food rescue organizations collect perishable foods from restaurants, food service operations, retailers, and farmers for distribution to direct providers. Emergency food organizations are usually local governments or private community action programs that distribute commodities made available by the federal government under The Emergency Food Assistance Program (TEFAP).

Approximately 5,300 emergency kitchens and 38,500 food pantries participate in the EFAS. Overall, the emergency kitchens provide more than 173 million meals per year. Pantries are estimated to distribute approximately 3.4 billion pounds of food annually. The estimated volume

of food distributed by pantries translates into roughly 7.2 million meals per day, or 2.6 billion per year.

Despite the substantial amounts of food distributed by the system, the EFAS remains much smaller than the federal programs designed to provide food assistance to the poor, the most important of which is the Food Stamp Program. The size of the EFAS, in terms of meals provided, is approximately 11 percent of the major federal nutrition assistance programs.<sup>15</sup>

**Figure 6**  
**Relative Sizes of the Emergency Food Assistance System and Federal Nutrition Programs, In Meal Equivalents Per Month**



<sup>15</sup> Size of EFAS in meal equivalents based on Table 8.1 (Ohls et al, 2001).

The EFAS—which, for the most part, is locally based—is characterized by a wide variety of program structures and innovative practices that meet different local needs and that use different local resources and opportunities. High proportions of direct service providers in the EFAS—65 percent of emergency kitchens and 67 percent of food pantries—are faith-based organizations, including churches, synagogues, and mosques. All components of the EFAS make extensive use of volunteers. Indeed, about half of the kitchens and three-fourths of pantries function without any paid staff, and more than 90 percent of both types of providers make at least some use of volunteer workers.

As compared to the geographical distribution of the low-income population in the United States, emergency kitchens are disproportionately available in metropolitan and underrepresented in nonmetropolitan areas. For example, only 15 percent of kitchens are located in nonmetropolitan areas, whereas 21 percent of America’s poor population lives in these areas. Furthermore, kitchens in nonmetropolitan areas tend to serve fewer people, compared with their metropolitan counterparts. Possible reasons for these differences include higher transportation costs of providing services in more rural settings and differing needs of the people living in the two types of settings.

Ohls et al (2001) also report evidence that providers of emergency food assistance may not offer consistent coverage across different parts of the day or different days of the week. Data from the planned client survey, which will be conducted as part of the project, will provide insight into how the location and hours of provider organizations affect client access to emergency food assistance.

### ***Demand for Emergency Food Assistance***

The survey asked providers to estimate whether, and by how much, use of their services had changed over the three-year period 1997 to 2000. In assessing the data, it is important to note that this information is based on retrospective provider estimates—not, in general, on direct reference to agency records, since many EFAS providers, particularly the smaller ones, do not

maintain records in consistent formats over time. Also, of necessity, these data include only organizations that were operating in 1997 and were still operating at the time of the survey.

All types of organizations studied reported, on average, that the use of their services had gone up, with reported increases ranging from 11 percent per year for food rescue organizations to 4 percent per year for emergency food organizations. The annual increases for kitchens and pantries were 4 and 5 percent, respectively. Thus, the data suggest that use of the EFAS was rising at a time when the economy was strong and welfare rolls were declining.

Reports from the U.S. Conference of Mayors and recent food bank distribution data obtained from America's Second Harvest administrative records are consistent with a rise in the use of EFAS services, although the data from these sources imply higher rates of growth than those reported by Ohls et al (2001). However, analysis of yearly data from the U.S. Bureau of the Census, Current Population Survey (CPS), on the proportion of households using EFAS facilities does not show a consistent pattern. For example, the estimated percentage of U.S. households using food pantries in the previous year declined from 2.96 percent in 1995 to 2.10 percent in 1997 but then rose to 2.36 percent in 1999. A similar pattern is seen in the CPS data on use of emergency kitchens. The estimated proportion of households that used emergency kitchens dropped from 0.46 percent in 1995 to 0.35 percent in 1997 and then rose to 0.40 percent in 1999.

A study of factors associated with changes in use, in terms of characteristics of the providers or their locations, failed to show clear patterns. The reason why EFAS use may have increased during a time of increasing prosperity remains unclear.

### ***Does The EFAS Have Adequate Capacity To Meet The Needs For Its Services?***

The evidence from the study on this question is mixed. Many, perhaps most, operators of emergency kitchens and food pantries believe are currently able to meet the need for their services. The data also suggest, however, that some agencies do not have the staff and supplies necessary to keep up with demand.

About three-quarters of emergency kitchens and two-thirds of food pantries did not have to turn away clients during the previous year. Most of the kitchens that had taken this step did so in response to disruptive behavior or because they believed the individuals in question had substance abuse problems. Virtually none turned away people for lack of food. Many of the pantries that turned away people did so because the people failed to meet the pantries' residency requirements or income guidelines.

However, significant numbers of providers believe they *lack* the resources to fully satisfy current demand: a substantial number of respondents—usually 10 to 40 percent—indicated problems in meeting the needs of everyone requesting services. About 21 percent of kitchens and 39 percent of pantries indicated that they had to limit food distribution because of lack of food during the previous 12 months.

Approximately 25 percent each of kitchens and pantries indicated that they perceived more needs for their services than they could fulfill. Most of the agencies providing this response indicated in replying to a follow-up question that they would like to be able *both* to provide increased services to existing clients *and* to extend existing services to new groups of clients. Additional services mentioned included extending hours of operation and increasing the amount and variety of foods. One-fifth of kitchens and pantries also wanted to provide nutrition education to their clients.

More than 60 percent of both pantries and kitchens indicated that they believed that they would be able to deal adequately with at least a 10 percent increase in demand for their services, and about one-third believed that they could deal effectively with as much as a 20 percent increase in need. These data suggest that there is some additional capacity in the emergency food assistance system to handle increased need, should it arise, but that the capacity is limited.

Overall, Ohls et al. conclude that many—perhaps a majority of—EFAS agencies believe that they are able to meet current need for their services. Others either are not able to meet immediate needs or perceive other services that they could be offering to help their clientele.

***The Relative Roles Of The EFAS And The Federal Government In Providing Nutrition Assistance***

Ohls et al (2001) suggest a number of functions that the Emergency Food Assistance System serves to complement available public programs. First, emergency food assistance supplies additional help to people who receive government food assistance, but for whom benefits are insufficient to meet all their needs. Second, emergency food assistance provides aid to some people who may have immediate needs for food but are unable to meet the administrative or substantive eligibility requirements of government programs. Third, the availability of emergency food assistance provides a private option to people who are reluctant to accept government help.

Certain of the existing government programs—most importantly the Food Stamp Program—provide a legal entitlement to assistance, helping ensure that all people in the United States have adequate food. It is not clear that the EFAS, which relies on the decentralized decision-making of many independent organizations, can ensure full coverage of the needy population in a comparable way. Even with an expanded EFAS, coverage gaps could remain, and there would be no legal mechanism to ensure they would be filled.

**Table 12**

**Characteristics of the Food Stamp Program and  
Emergency Food Assistance Providers**

<b>Food Stamp Program</b>	<b>Emergency Food Assistance System</b>
<ul style="list-style-type: none"> <li>• Eligibility based on financial criteria</li> <li>• Benefits are delivered through supermarkets and other food retailers so they are available across the country and throughout the week</li> <li>• Provides resources rather than commodities, so families have the means and responsibility to meet their nutritional needs.</li> </ul>	<ul style="list-style-type: none"> <li>• Varied program structures and innovative practices tailor services to needs of specific communities</li> <li>• Available in urban areas more than rural areas</li> <li>• May be more responsive to immediate or temporary needs</li> </ul>

## *Summary*

Emergency kitchens and food pantries report that demand for emergency food assistance rose by four to five percent per year since 1997. Virtually no one seeking food was turned away at a food pantry or emergency kitchen, and most providers believe that, if needed, they could cope with a further modest increase in demand. However, a smaller group of providers either lacked the capacity to meet demand for their current services or perceived need for more assistance or other types of assistance within their communities. It is unclear whether demand for emergency food assistance is linked to changes in food stamp participation, but there is evidence that government and private food programs complement each other, ensuring more comprehensive food assistance than either system could provide on its own.



## CHAPTER FIVE

### SUMMARY AND CONCLUSIONS

Over the last decade, food stamp participation rose more sharply than expected following the relatively short and mild recession in the early 1990s and fell more sharply than expected after 1994 during the sustained period of economic growth. The post-1994 decline occurred in every State and accelerated with the implementation of welfare reform. In addition, two-thirds of the decline came from individuals in the four groups most affected by welfare reform—non-citizens, their American-born children, childless unemployed adults, and single-parent households.

A wide range of explanations have been advanced to explain the decline in food stamp participation. While there is virtually universal agreement that the strengthening economy explains part of the decline, no one factor can account for all of the decline and many factors probably played some role.

Slightly less than half the decline (44%) occurred because fewer people were eligible to participate in the Food Stamp Program.

- ***About a third of the total decline (35%) occurred because rising income and assets lifted people above the program's eligibility limits.*** This is almost certainly a reflection of the combination of a strong economy and welfare reform's success in placing welfare recipients – most of whom also received food stamps – into jobs.
- ***Another 8% of the decline reflects the direct effect of welfare reform's changes to Food Stamp Program eligibility rules,*** which restricted eligibility for non-citizens and limited the time during which able-bodied adults without dependents could receive benefits.

The remainder of the decline – just over half (56%) – occurred because fewer eligible individuals participated in the program.

While the relative importance of the reasons for nonparticipation is not easily quantified, the evidence suggests that welfare reform may have increased the importance of some historically important reasons. Three conclusions emerge from this review of past work:

***The way in which welfare reform was implemented likely played a role in the fall in food stamp participation among eligibles:***

- Two-thirds of the total post-1994 decline involved a food stamp participant who also received cash welfare (either the earlier Aid to Families with Dependent Children program or the TANF program that replaced it).
- Numerous studies of families exiting TANF have found a consistent pattern of declining participation in the Food Stamp Program after TANF despite low monthly earnings that qualified them for food stamps, even 12 months after leaving cash assistance (Dion and Pavetti, 1999; Loprest, 1999). Earnings and income of former welfare families and non-welfare families who left the Food Stamp Program were very similar, yet former welfare families left the Food Stamp Program at higher rates (62 percent) than their non-welfare counterparts (46 percent), even when they remained eligible (Zedlewski and Brauner, 1999; 2001).
- There is some evidence that TANF administrative policies may unintentionally contribute to lower rates of Food Stamp Program applications by eligible families (Maloy et. al, 1998; GAO 1999; Quint and Widom, 2001). In offices where the application processes for TANF and food stamps are linked, the Food Stamp Program application might be incorrectly denied based on more stringent TANF requirements or inappropriately delayed pending the completion of the TANF requirements. In other cases, workers have failed to inform families of their potential eligibility for the Food Stamp Program when applicants

accepted a diversion payment in lieu of TANF benefits (Maloy et. al., 1998; GAO 1999; Swarns, 1999).

***Second, confusion and a lack of awareness about program rules also are likely to have played a role in the fall in food stamp participation among eligibles.***

- Quint and Widom (2001) found that a majority of women exiting TANF did not know the current rules for food stamp receipt or thought there were time limits on the benefit. In New Jersey, Rangarajan and Wood (2000) found that nearly 30 percent of those eligible for, but not participating in, the Food Stamp Program were unaware that clients who leave TANF can continue to get food stamps.
- Citizen children living with non-citizen adults did not lose eligibility under welfare reform, though many of the adults did. About 80 percent of these eligible children participated in the program in 1994; only 46 percent participated in 1999. The fall in participation among these eligible children explains up to 9 percent of the post-1994 decline in the total number of food stamp participants, and is consistent with the theory that confusion or lack of awareness of program rules played a part in the decline.

***Third, individual choices about the need for food stamp benefits also may have contributed to the fall in participation among eligibles.***

- About 18 percent of the post-1994 decline in food stamp participation involved neither single-parent households likely to be affected by the linkage to TANF nor non-citizens potentially confused by the food stamp eligibility rule changes. The likely candidate to complete the explanation of the post-1994 decline is that individuals made new assessments of their need for food stamp benefits in response to the strengthened economy and the increased perception of stigma and heightened motivation to seek work that followed welfare reform.

It appears that the majority of leavers fare the same or better after leaving food stamps, but some encounter continued difficulty in meeting basic needs.

- ***Over half (55%) of food stamp leavers and three out of five former TANF recipients are working. Employment rates are higher among former TANF recipients than among other low-income families.*** Most households replace lost food stamp or cash welfare benefits with earned income; their wages and employer-provided benefits are still fairly low. At some point during the first year after moving from welfare to work, about half of all leavers had difficulty providing food, housing, and medical care for their families.
- ***About a quarter of food stamp leavers say they turned to a food pantry or soup kitchen in the past year for assistance.*** Nearly a quarter of all leavers experienced hunger in the first year after leaving the Food Stamp Program. Although most leavers appear to still be eligible for food stamps, only one-third received them.

Demand on food pantries and soup kitchens has risen modestly. Most providers say they can cope with current demand and meet a small increase in future demand.

- ***A nationally-representative survey conducted for the Economic Research Service indicates that demand on emergency food providers has risen by four to five percent each year since 1997.*** This is less than some commentary has suggested, but more than one might expect with a robust economy.
- ***This study indicates that there are many emergency food providers – approximately 5,300 soup kitchens and 38,500 food pantries across the nation.*** Many are faith-based organizations that rely heavily on volunteers. They are supported by a network of food banks and food recovery organizations throughout the nation.

- *Most of these providers in the emergency food assistance system are meeting current demand for their services and feel they could cope with an increase of up to ten percent.* However, a smaller group of providers is either unable to meet demand for current services or perceives unmet need for other services in their communities.

It is still unclear whether this increased demand for emergency food assistance is related to recent declines in food stamp participation.

- While a quarter of food stamp leavers report turning to emergency food sources in the last year, *data are not yet available on how many food stamp leavers used emergency food assistance before leaving food stamps.*
- A few small-scale case studies of emergency food users indicate that many attribute their presence at a food pantry or soup kitchen to “welfare reform changes.” *The existing studies do not clarify which aspects of welfare reform came into play – did rising incomes and assets leave these individuals ineligible for program benefits (yet still needy), or, would these individuals have qualified for benefits and received them except for administrative policies that unintentionally lower food stamp participation?*
- *Data do not exist to indicate whether food stamp leavers use emergency food assistance as a temporary measure during a period of transition to self-sufficiency or an ongoing substitution for food stamp benefits.*
- Finally, *existing studies do not reveal how much of the rising demand on emergency food sources comes from individuals who would never have chosen to participate in food stamps.*

### **Unanswered Questions**

Despite a large volume of research that is pertinent to the recent decline in Food Stamp Program participation, many questions remain unanswered. Economic influences and food stamp rule changes account for most of the reduction in persons eligible for food stamp benefits and a

portion of the participation rate decline. This leaves a substantial portion of the overall caseload decline subject to alternative explanations. Further, the available research does not untangle the relative importance of or interaction among different reasons for the reduced program participation rate. Nor does it clearly establish specific cause and effect relationships between a general shift to emphasize work first, the way in which various program policies are implemented and communicated, and the different ways in which low-income persons meet their food needs.

Many studies rely heavily on existing administrative data which at best indicate a few of the household circumstances associated with entries into and departures from various assistance programs. Among studies that obtain a richer description by interviewing low-income persons, the focus has been on former welfare and/or food stamp recipients. Such data give an indication of the well-being of program leavers and their coping strategies but only impressions when it comes to identifying the experiences and reasons behind different ways of meeting food and other basic needs. Finally, much of the post-welfare reform research is focused on narrowly defined geographic areas, such as specific cities or counties. This makes it difficult to generalize from even the general patterns observed.

These limitations would matter little if we could conclude that low-income non-participants are in economically stable circumstances without risk of food insecurity with hunger. Many low-income non-participants *are* working and, in particular, employment among single mothers is at an all time high. Overall, food insecurity with hunger is declining. In contrast, however, we also know that since 1994 the food stamp caseload declined farther than the number of people in poverty; about one quarter of former recipients report serious material hardship; and emergency feeding services indicate steady increases in the number of clients since welfare reform.

If policy makers decide that a policy response to such circumstances is warranted, additional research might assist in developing an effective response by providing a better understanding of:

- the relative importance of and interaction among reasons that shape the use of food stamp benefits, emergency feeding services, and/or other resources by needy persons;

- causal connections between these reasons, policy components across assistance programs, and caseworker practices; and
- effective strategies across assistance programs to ensure reasonable access to food stamp benefits by eligible persons.

Two upcoming Economic Research Service studies should add to the general understanding. They involve client surveys on Food Stamp Program access and the use of emergency feeding services:

- In the first study, entitled “Program Access and Declining Food Stamp Program Participation,” Abt Associates, Inc. has completed interviews with 480 eligibility caseworkers and 240 supervisors in a sample of 120 local offices around the country. Approximately 2300 case files were reviewed and interviews conducted with 1400 clients to collect information on the characteristics of households that applied for food stamps (or were subject to recertification) in June 2000, their experiences with the application (recertification) process, and their satisfaction with customer service. A total of 1800 eligible non-participants were also interviewed in the 120 local office service areas to help understand reasons for nonparticipation. This information will be analyzed to assess the role of policies and local offices’ administrative practices in the Food Stamp Program or in related programs such as TANF and its effect on food stamp participation. A report describing local office policies and practices is scheduled for release in the fall of 2001 and a final report analyzing the impacts on food stamp participation is expected in the summer of 2002.
- The second study, “The Emergency Food Assistance System (EFAS) Client Study,” also expected to be released in the summer of 2002, is being conducted under contract by Mathematica Policy Research, Inc. This study will interview 4,270 food pantry and soup kitchen clients this summer and fall at 600 of the 3,735 providers included in the EFAS Provider Survey discussed in Chapter 4. The survey will address the characteristics of EFAS clients, participation in federal benefit programs, events that lead to emergency food use, frequency and duration of emergency food use and the food security of EFAS clients.

## *Conclusions*

The most recent program administrative data indicates that the decline in food stamp participation may be over. At a minimum, contemporary figures confirm that program participation has remained level since fiscal year 2000. The decline in food stamp participation after 1994, while large and sharp, followed a large rise in participation in the early 1990s. The decline leaves food stamp participation levels where they were in the late 1970s and participation rates where they were in the late 1980s.

Both a strong economy and welfare reform contributed significantly to the participation decline. At the same time, the impact of these factors was not uniform: individuals were affected differently by different aspects of the economy, administrative practices, and welfare reform's emphasis on work.

At the broadest level, the picture that emerges from this report is that food security has been increasing in the United States in recent years, yet some individuals still have difficulty meeting their basic needs. Some of the factors that affect food stamp participation can be influenced by government action, if policy makers so choose. In particular, closer examination of both TANF and food stamp administrative practices may be warranted to ensure that food stamps can effectively support families making the transition to work.



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## APPENDIX A

### DECOMPOSITION OF THE DECREASE IN PARTICIPATION

To decompose the decrease in the number of participants into the decrease in the number eligible and the decrease in the participation rate, we use the following identity:

$$P_{99} - P_{94} = \frac{(r_{94} + r_{99})}{2}(E_{99} - E_{94}) + \frac{(E_{94} + E_{99})}{2}(r_{99} - r_{94}),$$

where

$P_x$  = the number of participants in year  $x$ ,

$E_x$  = the number eligible in year  $x$ , and

$r_x$  = the participation rate in year  $x$ .

Conceptually, the first term, or  $\frac{(r_{94} + r_{99})}{2}(E_{99} - E_{94})$ , measures the effect on the number of participants when the number of eligible persons changes and the participation rate remains constant at its 1994 and 1999 average value. The second term,  $\frac{(E_{94} + E_{99})}{2}(r_{99} - r_{94})$ , measures the effect on the number of participants when the participation rate changes and the number eligible remains constant at its 1994 and 1999 average value.

This technique is a valid decomposition for each subgroup, using the number eligible in the subgroup and the participation rate for the subgroup in the equation. When the subgroups can be combined to form a mutually exclusive set representing the entire eligible population, we can sum the subgroup decompositions to estimate the total effect of the fall in the number of eligible persons and the fall in the participation rate.<sup>16</sup>

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<sup>16</sup>Summing the decomposition for subgroups provides a slightly different estimate than performing the decomposition on the total number eligible. For the set of subgroups used in this analysis, the estimate for the total decomposition differs by 4 percentage points.

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## APPENDIX B

### DECOMPOSITION OF THE FALL IN THE PARTICIPATION RATE

To decompose the fall in the participation rate into the fall due to changes in the proportion of eligible persons in groups with different participation rates and the fall due to changes in the participation rate within groups, we use the following identity:

$$r_{99} - r_{94} = (I_{99} - I_{94}) \left[ \frac{(r_{99}^1 + r_{94}^1)}{2} - \frac{(r_{99}^2 + r_{94}^2)}{2} \right] + \frac{(I_{94} + I_{99})}{2} (r_{99}^1 - r_{94}^1) + \left[ 1 - \frac{(I_{94} + I_{99})}{2} \right] (r_{99}^2 - r_{94}^2)$$

where

$I_x$  = the proportion of eligible persons who are in group 1 in year  $x$ ,

$r_x^1$  = the participation rate in group 1 in year  $x$ , and

$r_x^2$  = the participation rate in group 2 in year  $x$ .

Conceptually, the first term measures the effect of the change in the proportion of eligible persons in groups with different participation rates holding the participation rates within the groups constant at their 1994 and 1999 average value. The second and third terms measure the effects of the change in participation rates within groups holding constant the proportion of eligible persons in each group at the 1994 and 1999 average value.

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## APPENDIX C

### INCOME AND ASSETS AMONG THOSE AFFECTED BY ELIGIBILITY CHANGES

In the absence of welfare reform, changes in the income and assets of non-citizens and time-limited adults would have resulted in an 8 percent decrease in the number eligible and a 2 percent decrease in the number of participants in these groups.

#### Changes in Number Eligible Among Non-Citizens and Time-Limited Adults in the Absence of Food Stamp Program Eligibility Changes, 1994 to 1999

	Percentage Change in Number Eligible		Resulting Decrease in Number of Participants (Percent) <sup>b</sup>	
	In Absence of Food Stamp Program Eligibility Changes <sup>a</sup>	With Food Stamp Program Eligibility Changes	In Absence of Food Stamp Program Eligibility Changes <sup>c</sup>	With Food Stamp Program Eligibility Changes
Non-citizens	-14	-41	2	7
Adults Subject to Time Limit	1	-19	0	1
Total	-8	-33	2	8

SOURCE: CPS Data, Food Stamp Program Operations Data, and Food Stamp Program Quality Control Data for the years shown.

<sup>a</sup> May overestimate the role in the decrease in the number eligible because it assumes income and asset changes are unrelated to Food Stamp Program rule changes of welfare reform.

<sup>b</sup> See Appendix A for decomposition of decrease in number of participants.

<sup>c</sup> May overestimate the role in the decrease in participation because it assumes that the declines in the participation rates for these groups are unrelated to Food Stamp Program rule changes of welfare reform.