

Chapter IV

FDPIR PARTICIPANTS AND THE FOOD STAMP PROGRAM

When the Food Stamp Act of 1977 was enacted, Congress decided to continue providing commodities to low-income persons who had been served by the Needy Families Program, rather than consolidating nutrition assistance under the Food Stamp Program. The program was given a new name, the Food Distribution Program on Indian Reservations (FDPIR), and over the next few years, was given additional resources. As a result, residents of Indian reservations served by FDPIR are in the unique position of being able to choose to participate in either of two major nutrition assistance programs—FDPIR or the Food Stamp Program.

The basic premise for maintaining a program to distribute commodities to low-income persons living on or near Indian reservations was that local food stamp offices were located too far from these areas. Furthermore, the distance to stores that would accept food coupons was thought to be so great that it would impose an unfair cost on food stamp participants who lived on reservations.

For low-income American Indians and other persons living on reservations where FDPIR is available, the choice to participate in FDPIR or the Food Stamp Program is affected by two broad sets of factors. The first set of factors includes differences in eligibility criteria, and the form and perceived value of benefits. The second set of factors concerns the accessibility of the two programs, both in terms of geographic convenience and potential applicants' perceptions of the effort required to apply for and obtain benefits. Both sets of factors are important because one is affected by the policies enacted by the Congress and translated into administrative regulations by the Food and Nutrition Service (FNS), while the other set is affected by the manner in which States and Indian Tribal Organizations (ITOs) manage the program. Expanding our knowledge about each set of factors could improve food assistance policy toward American Indians and the management of FDPIR.

We begin this chapter with a comparison of eligibility criteria and other aspects of policy related to FDPIR and the Food Stamp Program. It is followed by a comparison of the characteristics of American Indians who receive commodities with others who receive food stamps. Then, using data collected in a small exploratory survey of American Indians who receive food stamps, we examine differences in perceptions of the two programs by FDPIR and Food Stamp

Program participants. Finally, after assessing the potential food stamp eligibility of FDPIR households, we compare the costs of providing food assistance to American Indians under FDPIR and the Food Stamp Program.

A. COMPARISON OF PARTICIPATION REQUIREMENTS IN FDPIR AND THE FOOD STAMP PROGRAM

There are three primary differences between FDPIR and food stamp eligibility criteria and how benefits are determined:

- the treatment of financial resources, particularly vehicles;
- the use of a gross income eligibility standard in the Food Stamp Program, but not in FDPIR; and
- a fixed FDPIR benefit (the commodity package) determined by household size, versus variable food stamp benefits (the coupon allotment) determined by household size and income.

The eligibility process in the Food Stamp Program includes three basic steps. The first step determines if a household has more than \$2,000 in financial resources (\$3,000 for households with an elderly member), including the portion of the value of nonexcluded vehicles exceeding \$4,500.¹ If a household meets the assets test and does not contain an elderly or disabled member, its gross income is compared to a limit based on 130 percent of the Federal poverty level for households of a given size. If the household's gross income is less than that standard (or the household includes an elderly or disabled member), its net income is determined by applying appropriate shelter, work expense, dependent care, and (if eligible) medical expense deductions, as well as a standard deduction. Households with income below the net income limit are eligible to receive a food stamp allotment based on household size and net income.

Determining eligibility for a commodity package under FDPIR is less complex because fewer eligibility factors are considered. The assets limit for households that do not contain an elderly or disabled

¹Assessing the value of vehicles for food stamp eligibility determination is a complex process that accounts for both fair market and equity values. Also, vehicles that are necessary for traveling long distances for employment or to transport a disabled household member are exempt from consideration.

member is \$1,750, compared to \$2,000 in the Food Stamp Program (the same \$3,000 limit applies to households with an elderly member). The value of vehicles is not counted as an asset and no gross income test is applied to household income. Instead, a net income limit, based on the food stamp net income limit and the standard deduction used in the Food Stamp Program, is the final criterion for eligibility.

The form of benefits received under the two programs is, of course, different, but another important difference is that the level of benefit for eligible food stamp households varies according to household size *and* income. In contrast, the size of the FDPIR commodity package received by an eligible household is determined solely by the number of household members, regardless of the household's level of income.

One unique aspect of the food stamp benefit determination process is that one- and two-person households that are eligible (on the basis of gross and net income) to receive an allotment of less than \$10 are provided a minimum benefit of \$10 (in contrast, allotments for households with three or more persons may be set as low as \$2, \$4, or \$6). An important group that this policy affects is the elderly. In 1987, nearly three out of ten food stamp households with an elderly member (29.4 percent) received the \$10 minimum benefit, compared to only 3.7 percent of all other food stamp households.²

Another feature that distinguishes the Food Stamp Program from FDPIR is that eligible adults who are not employed, disabled, 60 years of age or older, or responsible for the care of young children are required to register for work. Registration for work includes actively seeking employment and receiving training to assist directly in future employment. However, many food stamp participants who reside in rural areas are exempt from the requirement to participate in employment and training programs because it is difficult to operate cost-effective programs in these areas. Work registration is not required to participate in FDPIR.

B. COMPARISON OF AMERICAN INDIAN PARTICIPANTS IN FDPIR AND THE FOOD STAMP PROGRAM

Recall from Chapter III that perhaps half of all American Indians in the continental United States receive food stamps or FDPIR com-

²See FNS, Characteristics of Food Stamp Households: Summer 1987 (Alexandria, VA: Office of Analysis and Evaluation, January 1990), p. 84.

modities, with two-thirds participating in the Food Stamp Program and one-third in FDPIR. The differences in policy between FDPIR and the Food Stamp Program are likely to produce some differences in the characteristics of American Indians who participate in these programs. For example, program data indicate that the cost to FNS for commodities provided in an average month to each FDPIR participant in Fiscal Year 1989 was approximately \$25.³ If elderly American Indians who lived alone were likely to qualify only for the minimum food stamp allotment of \$10, but could obtain commodities worth \$25, they might be inclined to apply for commodities rather than food stamps. The same might be true of households with earned income because higher income results in a smaller food stamp allotment, but does not affect the size of the commodity package an eligible household receives.

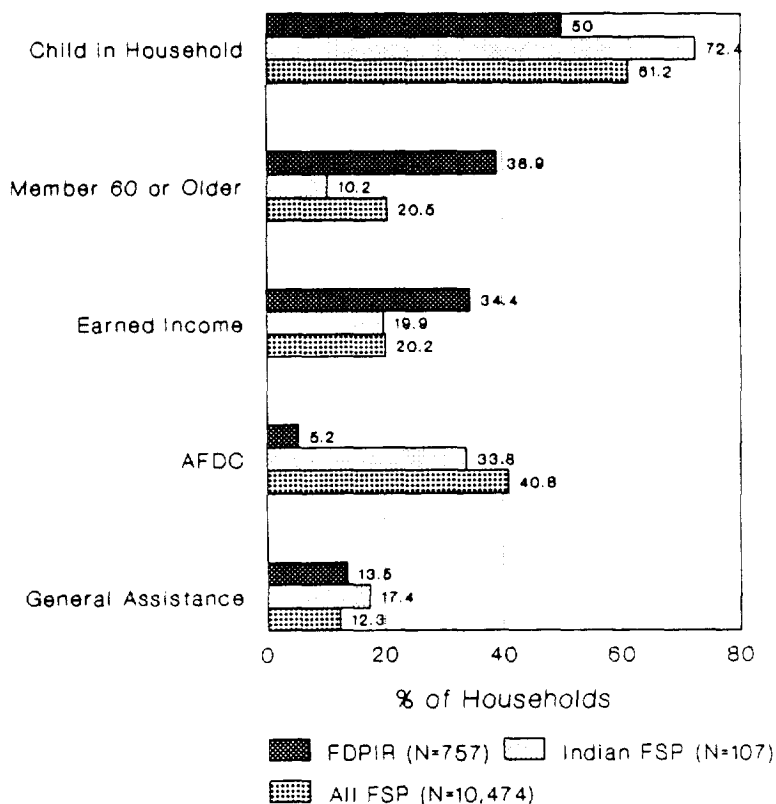
This study provides two sources of information about the characteristics of households that participated in FDPIR during September 1989—data compiled from their FDPIR case records and interviews with members of those households. In addition to the survey of FDPIR households, we also analyzed data from the food stamp quality control (QC) data base to obtain information about American Indian households that received food stamps in 1986. The QC data base is derived from a national probability survey of 10,474 food stamp households, and includes a subsample of 288 American Indian households. Both the full sample and the Indian subsample are nationally representative, but because the data base involves a relatively small number of American Indian households and relatively few household characteristics, the findings lack precision and must be interpreted with caution.

Given the limited information available in QC data, this evaluation included a small-scale survey of approximately 100 American Indians who were participating in the Food Stamp Program in three widely separate parts of the country (specifically, reservations served by three of the sample FDPIR programs located in Arizona, North Dakota, and Wisconsin). While these samples are not generally representative of American Indians who participate in the Food Stamp Program, they offer some preliminary information about perceptions of FDPIR among food stamp households, as well as other

³Retail costs of comparable food items are likely to exceed the costs of commodities to USDA. USDA, FNS, Program Information Division, Data Base Monitoring Branch, Program Information Report (Key Data), November 1989, p. 30.

information about American Indians who chose to participate in the Food Stamp Program rather than FDPIR.

Exhibit IV.1
 Characteristics of FDPIR and
 Food Stamp Households



The findings presented in Exhibit IV.1 are based on the 288 food stamp households included in the QC data base and the survey of 757 FDPIR households conducted in this study.⁴ They reveal some interesting differences in the characteristics of households that participate in FDPIR and those of American Indians in the Food Stamp Program. First, whereas half of the FDPIR households in our survey included a child, nearly three-fourths (72.4 percent) of American Indian food stamp households in the 1986 QC sample contained

⁴The data reported for the entire food stamp caseload (labeled "All FSP" in the chart) are based on the 1987 QC data, which are the most recently published results from this data base. Specific information about American Indian food stamp households can only be obtained through special analyses of QC data. The latest data that were available for our analysis pertained to 1986. We are not aware of any changes in policy or other social or economic factors that would have caused substantial changes in the characteristics of these households between the two years.

a member who was younger than 18. Only 10.2 percent of the American Indian food stamp households included persons aged 60 or older. In contrast, 38.9 percent of the FDPIR households included an elderly member. Thus, these data suggest that the Food Stamp Program is more likely to serve younger American Indian households with children, whereas older persons constitute a significant segment of the population being served by FDPIR.

The patterns of household income indicated by Exhibit IV.1 are consistent with the age characteristics of each group of households. American Indian food stamp households are much more likely to receive Aid to Families with Dependent Children (AFDC) than FDPIR households, with one-third of the food stamp households having that source of income, while only 5.2 percent of the FDPIR households had it.

Contributing to these differences in participation patterns is the relative ease with which AFDC households may obtain food stamps. Current regulations establish categorical eligibility for either food stamps or FDPIR for public assistance households (that is, those in which all members are part of the AFDC assistance unit or receive Supplemental Security Income [SSI]). In addition, filing an application for food stamps, unlike applying for commodities, does not require traveling to a different office. The same would be true of General Assistance (GA) payments from State welfare agencies, although some GA payments are made by the Bureau of Indian Affairs (BIA). In these cases, the BIA office may be more likely to be located near tribal headquarters than the local food stamp office, thereby making it more convenient to apply for commodities than for food stamps.

The larger proportion of FDPIR households with earned income also is not unexpected. Given that all households eligible for FDPIR receive a full package of commodities, and that earnings tend to reduce the size of the food stamp allotment that eligible households receive, households with an employed member may be more likely to apply for commodities rather than food stamps (note that American Indian food stamp households are just as likely to have earned income as other food stamp households, with approximately one-fifth being employed).

Exhibit IV.2 compares the gross monthly income of FDPIR and food stamp households, and shows that FDPIR household incomes tend to be larger. This is not surprising given differences in eligibility requirements (specifically the lack of a gross-income limit) that permit

Exhibit IV.2

Average Gross Monthly Income of Households Participating
in FDPIR and the Food Stamp Program

Size of Household	FDPIR Households* (N = 827)	Food Stamp Program**	
		Indian Households (N = 288)	All Households (10,474)
1	\$347	\$175	\$290
2	476	314	371
3	545	385	433
4	670	445	524
5	872	524	633
6	758	462	682
7	813	785	797
8 or more	<u>1,149</u>	<u>774</u>	<u>914</u>
All	\$565	\$395	\$426

*Case record data of FDPIR survey respondents were collected at the time of their most recent certification, recertification, or interim change, all within 12 months prior to September 1989.

**QC data, collected in the Summer of 1987.

eligible FDPIR households to have a higher level of income. Also, as we discussed in the previous chapter, there is a pronounced tendency for a particularly poor group of American Indians, AFDC families, to participate in the Food Stamp Program rather than FDPIR. We must recall, however, that only 4.3 percent of FDPIR households had income in excess of 130 percent of the poverty level, the gross income limit established for the Food Stamp Program. Therefore, the income of FDPIR households is higher only in a narrow sense.

As Exhibit IV.3 shows, the differences in household size among the FDPIR sample, the full food stamp caseload, and American Indian

Exhibit IV.3

Household Size for Households Participating in
FDPIR and the Food Stamp Program

Size of Household	FDPIR Households (N = 827)	Food Stamp Program	
		Indian Households (N = 288)	All Households (N = 10,474)
1 or 2	45.6%	33.4%	52.4%
3 - 5	42.8	51.0	40.3
6 or More	<u>11.6</u>	<u>15.6</u>	<u>7.4</u>
Totals	100.0%	100.0%	100.1%
Average	3.2	3.4	2.7

food stamp households are consistent with the findings reported above. Whereas nearly half (45.6 percent) of the households that received commodities contained only one or two persons, only one-third of the American Indian food stamp households were that small. This finding is consistent with the higher rate of FDPIR households with older persons, and the higher rate of AFDC households among American Indian food stamp households reported in Chapter III. For example, elderly persons account for 62 percent of the one-person FDPIR households.

C. PATTERNS OF PROGRAM PARTICIPATION

Participants in the focus groups offered a variety of reasons for choosing to participate in FDPIR or the Food Stamp Program, and for periodically switching between them. For example, some persons indicated that it was possible for them to store up certain commodities, such as canned milk. When they had accumulated such a supply, they could more easily switch to the Food Stamp Program in order to obtain fresh meats and vegetables, or to purchase a wider variety of packaged foods. For some, this change in

programs coincided with tribal ceremonies or festivals for which they wanted to prepare special foods.

Exhibit IV.4

History of Program Participation by FDPIR
and Food Stamp Households

Form of Participation	FDPIR Households (N = 757) (%)	Food Stamp Households (N = 107) (%)
<u>Over Past 12 Months</u>		
Households that received current benefit each month	51.3	58.9
Households that participated in other program in past 12 months	23.8	47.6
<u>At Any Point in the Past</u>		
Households that ever applied for benefits from other program	52.8	57.0
Households that applied and received other benefit	83.7	91.8
Households that previously left current program, but returned	42.2	51.4
Households that received benefits from other program while off current program	27.2	46.3

To assess program preferences and the extent of cross-program transfers by American Indians, we asked respondents in the FDPIR and food stamp household surveys about their participation in both programs. As shown in Exhibit IV.4, more than half of both groups of households had received benefits under the program in which they were currently participating for each of the past 12 months.

Among FDPIR households that had not received commodities each month, 23.8 percent received food stamps during the 12 months prior to the survey. In contrast, nearly half of the food stamp households had received commodities at some point during the same 12-month period.⁵ Although there are several factors which could influence these rates, these findings are consistent with the more stringent eligibility criteria used in the Food Stamp Program.

These findings suggest that food stamp households are more likely to apply for commodities when they leave the Food Stamp Program than FDPIR households are to apply for food stamps when they leave FDPIR. It may be the case that the households most likely to leave FDPIR are those whose earnings exceed net income limits. As a result, they would not be eligible for food stamps because of the gross income means test in that program. In contrast, food stamp households still might be eligible for FDPIR, and therefore, might be more successful in obtaining commodities than former FDPIR households are in obtaining food stamps.

In looking beyond the last 12 months, there appears to be a fairly high level of cross-program participation. Exhibit IV.4 shows that more than half of both groups had applied for benefits under the other program at some time, and that 83.7 percent of FDPIR applicants for food stamps and 91.8 percent of food stamp applicants for FDPIR had been found eligible. In both cases, however, slightly fewer FDPIR households applied for food stamps, and that a smaller proportion was determined to be eligible for assistance under the Food Stamp Program. Again, given the higher income FDPIR households tend to have, this result might have been expected.

The current spell of participation (that is, the period of months over which benefits had been received continuously) was at least the second for a substantial segment of both the FDPIR and food stamp households in survey samples. Slightly more than half of the food stamp households and 42.2 percent of the FDPIR households had been on the program at some point in the past, left, and returned. While they had been off the program in which they were currently participating, 27.2 percent of the FDPIR households had received food stamps, and nearly half of the food stamp households had received commodities.

⁵This comparison is exploratory. Given the small size of the food stamp sample (N = 107) and its limited geographic coverage (reservations in three States), it is inappropriate to test the statistical significance of these differences. Therefore, findings presented here must be viewed as tentative and not conclusive.

D. PERCEPTIONS OF FDPIR AND THE FOOD STAMP PROGRAM AMONG CURRENT PROGRAM PARTICIPANTS

To explore American Indians' perceptions of FDPIR and the Food Stamp Program, we asked survey respondents why they had chosen to apply for benefits under one program or the other. Among the 107 food stamp participants included in the survey of that group, more than half (57.5 percent) indicated that they were able to obtain a better variety of foods by using food stamps. Similarly, another 24.5 percent said that the ability to buy what they wanted was the determining factor in their choice to apply for food stamps. Among the few remaining households, no other factor was mentioned by as many as five percent of the respondents.

Approximately one-third of the 757 FDPIR participants who were surveyed felt that they could receive more food from the commodity program than through the Food Stamp Program. Another 3.2 percent felt that the commodity package would go further in meeting their households' food needs than a food stamp allotment, and 7.2 percent felt that they would receive better foods from FDPIR than they could obtain through the Food Stamp Program.

Nearly one in five current FDPIR participants perceived food stamp application procedures and participation requirements to be a deterrent to their participation in the Food Stamp Program. This finding was consistent with a theme detected in the focus groups we conducted, and with observations made by FDPIR program staff we interviewed. Only 6.5 percent of the survey sample indicated that travel distances or transportation problems would make it difficult for them to apply for food stamps or purchase food with food stamps.

E. PROGRAM ACCESSIBILITY

There are two dimensions to the issue of program accessibility that are relevant to the comparison of FDPIR and the Food Stamp Program. First, as we noted above, a substantial segment of FDPIR participants felt that food stamp application procedures and participation requirements were too demanding. In addition, several participants in focus groups and informal discussions with other participants indicated that they felt more comfortable receiving benefits through a program targeted at and operated by American Indians. In a few areas, disputes over tribal fishing rights and other treaty agreements had produced a general level of tension between

the American Indian community and other local residents. In most instances, however, participants appeared to be expressing a feeling that it was simply more comfortable for them to participate in FDPIR. Nevertheless, one percent of the survey respondents specifically stated that FDPIR staff had been "nicer" to them than local food stamp staff, and that this attitude accounted for their participation in FDPIR rather than the Food Stamp Program.

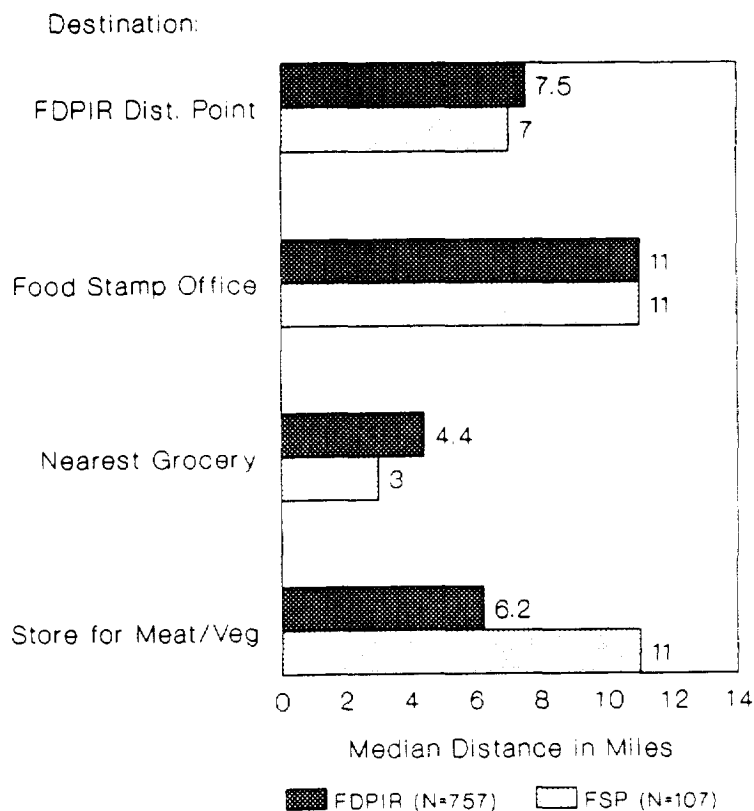
The other, more obvious dimension of accessibility concerns geographic accessibility. This factor seems to have provided the rationale for maintaining the Needy Family Program, but no precise information has been available concerning (1) the distance potential participants must travel to reach a FDPIR or food stamp office, or (2) the distance to grocery stores where food stamps may be redeemed. The surveys of FDPIR participants and American Indians who receive food stamps provide information about travel distances to these places, and enable us to compare, for example, the distance FDPIR participants currently travel to pick up commodities to the distance they would have to travel in order to buy food with food stamps.

Exhibit IV.5 shows the median distance in miles to the following places for both FDPIR and food stamp respondents:

- the distance to the commodity distribution point for FDPIR participants (in most cases, the same place applications are submitted), or to the place where food stamp participants would go to apply for FDPIR benefits;
- the distance to the food stamp office where food stamp participants applied for benefits, or where FDPIR participants would apply for food stamps;
- the distance to the *nearest* food store; and
- the distance to the food store where the respondent's household usually buys fresh meat and vegetables.

The data in Exhibit IV.5 indicate, first, that commodity distribution points are somewhat more convenient than food stamp offices for the average FDPIR participant. On average, they would have to drive about four miles farther to apply for food stamps (a median distance of 11 miles versus 7.5 miles). In fact, the distance to the food stamp office is essentially the same for 27.9 percent of the

Exhibit IV.5
Travel Distances Each Way for FDPIR
and Food Stamp Households



FDPIR households, more distant for 37.3 percent, and closer for 34.8 percent.

For most FDPIR and food stamp participants, the distances that must be traveled to buy food are not great, and on average the distance is five miles or less to the nearest food store. Given the relative proximity of a food store, using food stamps would not appear to be especially difficult. Also, for FDPIR survey respondents, the average distance to the store where these households usually buy fresh meat and vegetables was about six miles from their homes, only a mile or so farther than the nearest food store. While definitive conclusions cannot be drawn on the basis of so few cases, it is interesting to note that the distance to the store where food stamp households purchased meats and vegetables was greater, averaging 11 miles or so.

In reviewing the data for food stamp participants presented in Exhibit IV.5, it is important to keep in mind that the distances reported for this group are based on small samples taken from three

widely separated sites. As such, these findings are probably not representative of the situation for most American Indians who participate in the Food Stamp Program. Given this important qualification, the findings imply that travel distances are not a key factor affecting American Indians' choices of food assistance programs.

F. PATTERNS OF FOOD SUPPLEMENTATION AMONG FDPIR AND FOOD STAMP PARTICIPANTS

We described in the previous chapter how participants in FDPIR supplement their commodity food packages with purchased food and food produced at home in order to meet their households' food needs. The same is true of participants in the food stamp program. In this section, we compare (1) food expenditures for FDPIR and food stamp households; (2) home production of food; and (3) participation in other nutrition assistance programs.

Food Expenditures

Exhibit IV.6 shows that FDPIR households in the survey sample generally expended more cash for food than did households in the sample of American Indian food stamp households. One reason for the difference in spending for food reported by the two groups may be that a large proportion of the food stamp households received FDPIR, and that the gross monthly income of FDPIR households was generally higher, due partly to the higher rate of employment among this group. However, a more important reason for the difference in cash outlay appears to be the value of benefits under the two programs.

On average, the food stamp allotment provided the resources for 73.3 percent of the food purchases for food stamp households. In contrast, commodities represented only 38.5 percent of the cash value of food brought into the homes of FDPIR households in the survey sample. However, given that the value we attach to the commodities is the average cost to FNS for the purchase of commodities, this value reflects a wholesale cost rather than retail value. Thus, even based on this conservative estimate of the value of the FDPIR food package, FDPIR households seem to have had a larger food budget on a per capita basis than the small sample of food stamp households we interviewed.

We must emphasize that these findings are tentative due to the limitations of the sample of food stamp households, which is both relatively small in size and limited to reservations in three States. As such, the reported findings cannot provide conclusive compari-

Exhibit IV.6

Mean Per Capita Food Purchases and Benefit Levels Per Month for
FDPIR and Food Stamp Sample Households

Source of Food/ Type of Benefit	FDPIR Households (N = 757)	Food Stamp Households (N = 107)
<u>Food Purchases*</u>		
Grocery Stores	\$33	\$12
Restaurants	6	3
Take Home	1	1
<u>Food Benefits</u>		
Commodity Package	<u>25</u>	
Food Stamp Allotment		<u>44</u>
Total	\$65	\$60

*Food purchases, excluding program benefits.

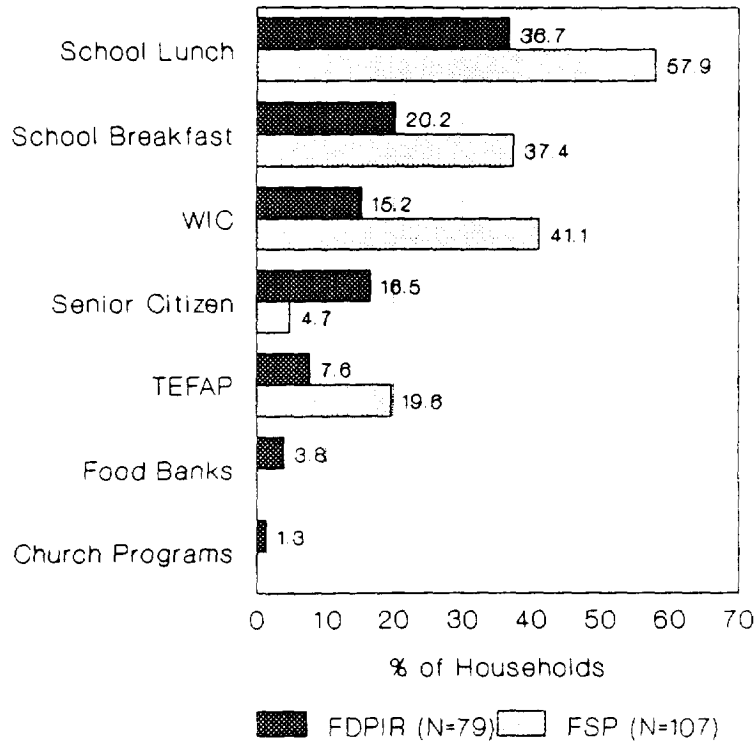
sons between these two populations, but can point to areas that may merit further research. For example, the difference between the two groups is only slight in terms of the combined cash value of grocery store purchases and program benefit (\$58 for FDPIR households and \$56 for food stamp households). However, it seems to be greater with regard to food purchased at restaurants. To determine if a difference actually exists in patterns of food purchases, and whether such a difference had any impact on dietary sufficiency, it would be necessary to conduct a nutrient-intake survey involving both populations.

**Participation
in Other Food
Assistance
Programs**

One way in which low-income households can supplement their food supply is through participation in other food assistance programs other than FDPIR or the Food Stamp Program. Some of these programs are sponsored by the Federal government, while others are locally initiated and operated. To compare the participation of FDPIR and food stamp households in these programs, it is necessary to restrict the comparison to households residing in the same communities. This restriction provides a means to control for factors which could influence program participation behavior, such as socioeconomic conditions and the availability of local food assistance programs. Thus, the following analysis pertains only to households on the three reservations where both food stamp and FDPIR household surveys were done.

The different levels of participation in these assistance programs shown in Exhibit IV.7 are consistent with the differences in characteristics of FDPIR and food stamp households described earlier in this chapter. Since American Indian food stamp households tend to be larger and more likely to contain children, it is not surprising that the majority of households have one or more members who received free or reduced-price breakfasts and lunches at school. Similarly, more than four out of ten received WIC benefits. In contrast, FDPIR households were more likely than food stamp households to receive assistance through a food program for the elderly. Again, these differences in WIC and elderly food program participation may be due largely to differences in household composition between FDPIR and the Food Stamp Program (see Exhibit IV.1). Interestingly, a larger proportion of the food stamp households received Temporary Emergency Food Assistance Program (TEFAP) benefits, perhaps suggesting that referral mechanisms between the local food stamp office and the distributors of TEFAP commodities were more direct in the three food stamp sites than those for FDPIR. Also, it may be that the TEFAP commodities had more appeal for food stamp households since FDPIR households often receive the same commodities under FDPIR that are distributed through TEFAP.

Exhibit IV.7
 FDPIR and Food Stamp Household Participation in Other Food Assistance Programs

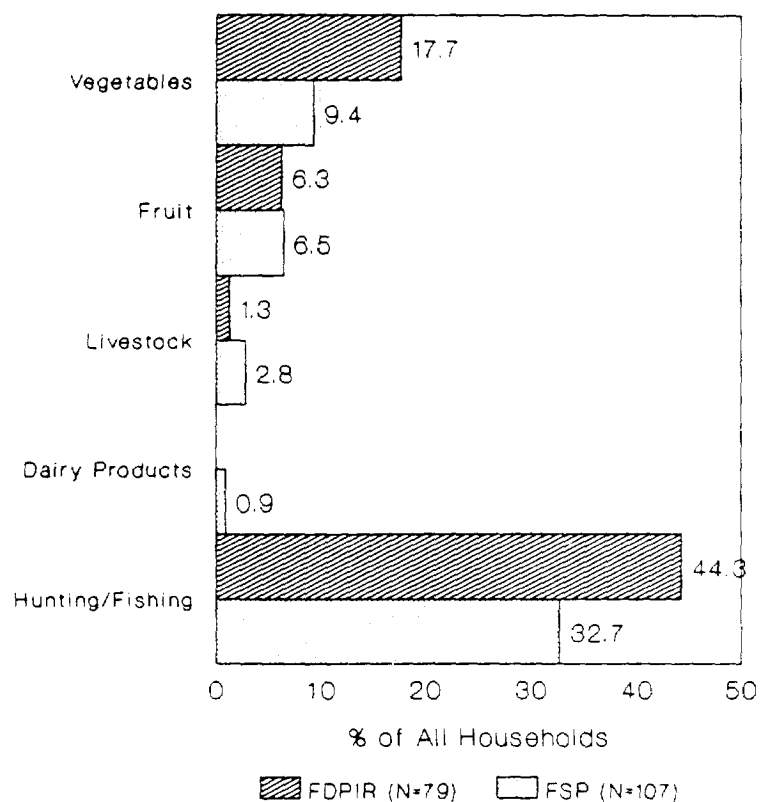


Unweighted data from 3 sites.

Home-Produced Food

Based on the surveys of FDPIR and food stamp households, we can also compare the two groups in terms of the production of food at home. To control for differences in climate and other factors that would encourage or discourage the production of food at home, we compared the two sets of households in the three sites selected for the food stamp household surveys (again, sites located in Arizona, Montana, and Wisconsin). It also should be noted that there were no statistically significant differences among FDPIR and Food Stamp households in the usage rates of grocery stores, restaurants, or take-out and delivered foods. The only difference in home-produced foods indicated by Exhibit IV.8 is in vegetable gardening and hunting and fishing, both activities more likely to be pursued by FDPIR households than those receiving food stamps.

Exhibit IV.8
 Supplementary Sources of Food for FDPIR
 and Food Stamp Households



Unweighted data from 3 sites.

The pattern of food purchases and home production of food for FDPIR households in these three sites is not very different from that of the entire sample (see the discussion in Chapter III). This fact tends to reinforce the validity of the comparison, but again, we must stress the limitations of the food stamp sample in drawing conclusions.

G. ALTERNATIVE COSTS OF PROVIDING FOOD ASSISTANCE TO FDPIR PARTICIPANTS

The data we have presented concerning travel distances for FDPIR participants indicate that generally only minor differences exist in the distance to the commodity distribution point versus the local food stamp office. In light of this new information, it may be appropriate to examine the cost of providing food assistance to American Indians through FDPIR relative to the cost of serving them under the Food Stamp Program. This comparison also will provide some indication of the relative cost-effectiveness of FDPIR compared to the Food Stamp Program in serving American Indians.

We noted in Chapter III that approximately 4.3 percent of households in the FDPIR survey had gross incomes in excess of 130 percent of the 1989 Federal poverty level. As a result, we estimate that 1,911 of the 44,442 households (i.e., 4.3 percent) that received commodities in September 1989 would be ineligible under the gross income limit used in the Food Stamp Program.

We also obtained information through the survey of FDPIR households pertaining to other food stamp eligibility criteria, such as shelter costs, dependent care costs, medical expenses for households with an elderly or disabled member, vehicles owned by the households, and ownership of Keogh retirement accounts.⁶ After examining each household's gross income relative to the poverty level, we found only one household in the sample that had assets in excess of the food stamp limits (recall that for households that do not include an elderly or disabled member, the resource limit for FDPIR is \$1,750, not \$2,000 as in the Food Stamp Program). However, it was necessary to consider the value of vehicles owned by households who met the gross income limit. Ignoring possible employment-related exemptions that were not explicitly addressed in the survey, we found that a relatively small proportion of FDPIR households (less than 10 percent) did, in fact, own vehicles with an estimated market value in excess of \$4,500.

After considering vehicles in the computation of resources and applying the appropriate assets test (\$2,000 or \$3,000), we determined each household's net income by applying the appropriate special and standard deductions to gross income. The results of the simulation indicated that as many as 3,110 additional FDPIR house-

⁶A more detailed description of the simulation of food stamp eligibility of FDPIR households is provided in Volume 2.

holds would be ineligible for a food stamp allotment. Thus, as Exhibit IV.9 shows, we estimate that 39,421 of the 44,442 households that received commodities in September 1989 would have been eligible for food stamps (88.7 percent).

Exhibit IV.9

Estimated Food Stamp Allotments for Food Stamp-Eligible FDPIR Households

Size of Household	Mean Allotment for Food Stamp-Eligible FDPIR Households (\$)	Number of Eligible Households	Total Cost of Allotments for Food Stamp-Eligible Households (\$)	Mean Allotment for All FSP Households in 1987*
1	33	9,878	325,974	46
2	71	8,267	586,957	95
3	130	6,411	833,430	144
4	177	6,255	1,107,135	177
5	189	4,016	759,024	198
6	267	2,665	711,555	247
7	265	926	245,390	246
8 or more	339	<u>1,003</u>	<u>340,017</u>	328
Total		39,421	\$4,909,482	

*FNS, Characteristics of Food Stamp Households: Summer 1987. January 1990, p. 63.

To estimate the cost of providing food stamps to this group, we began by calculating the allotment for each eligible household. The results of that estimation process are summarized by the mean allotments for households of different sizes, shown in the second column. For comparison, we also present in the last column of Exhibit IV.9 the mean allotment by household size for the *entire* food stamp caseload based on the 1987 QC data. In general, the higher gross income of FDPIR households tends to produce smaller average allotments, except among the larger households where the reverse is true. However, because FDPIR households tend to be smaller, only about one-fourth (26.4 percent) of the total potential allotment cost would be attributable to the small household group.

By multiplying the estimated number of eligible households of each size by the estimated average allotment for each size household, we derived the total cost of allotments for food stamp-eligible FDPIR households (see column four). The sum of these estimates is \$4,909,482—the total cost providing allotments to all food stamp-eligible FDPIR households in the sample for September 1989.

These data provide the basis for a comparison of the costs of providing food assistance to American Indians through FDPIR and the Food Stamp Program. Using FNS program data for FY1989 for both programs, we first determined the costs of both benefits and administration under each program, and summarized them in Exhibit IV.10.⁷ FDPIR program data indicate an average monthly cost of \$73.94 per household for commodities and \$30.18 for program administration, for a total cost of \$104.12 per household. For September 1989, therefore, the actual total FDPIR costs incurred by local programs and FNS were \$4,627,301.

As shown in the fourth column of Exhibit IV.10, the average food stamp allotment for all households that received food stamps in September 1989 was \$133.51, while general program administration, the employment and training program, and other administrative costs added \$13.94 per household, for a total cost of \$147.45 per household. Thus, the provision of allotments to more than 7.3 million households cost nearly \$1.08 billion that month. However, based on the size of allotments estimated in our simulation of food stamp eligibility and summarized in Exhibit IV.9, we would expect the cost of food stamp allotments to food stamp-eligible FDPIR households to be less than the average allotment for the food stamp caseload as it existed in September 1989. Therefore, Exhibit IV.10 also includes in column 3 the average allotment (\$124.54) we estimated for these households.

Assuming that administrative costs would be the same for FDPIR households who might participate in the Food Stamp Program, the average monthly cost of providing food stamps to food stamp-eligible FDPIR households would be approximately \$138 per household, or about \$9 less than the average cost per household for households that received food stamps in September 1989.

As the totals in columns 2 and 3 of Exhibit IV.10 indicate, it was less expensive to provide commodities to all of the FDPIR house-

⁷USDA, FNS, Program Information Division, Data Base Monitoring Branch, Program Information Report (Key Data), November 1989, Tables 2 and 26.

Exhibit IV.10

Comparative Costs of Providing Commodities and Food Stamps to
FDPIR Households Potentially Eligible for Food Stamps

Cost Components	Commodities for FDPIR Households	Food Stamps for FSP-Eligible FDPIR Households	Food Stamps for FSP Households
Benefit	\$73.94	\$124.54	\$133.51
Administration	30.18	12.07	12.07
Employment and Training	NA	1.19	1.19
Other	<u>NA</u>	<u>0.68</u>	<u>0.68</u>
Total Cost Per Household	\$104.12	\$138.48	\$147.45
Number of Eligible Households (9/89)	44,442	39,421	7,323,433
Total Cost	\$4,627,301	\$5,459,020	\$1,079,840,196

holds that received commodities in September 1989 than it would have been to serve 5,000 fewer households through the Food Stamp Program. The total cost of food stamp allotments (\$4,909,482 from Exhibit IV.9) and administrative costs to serve the food stamp-eligible FDPIR households would have been, as shown in Exhibit IV.10, \$5,459,020. This compares to the actual cost of \$4,627,301 to provide commodities that month. Given the general level of satisfaction that seems to exist among program participants, and some of the advantages they perceive to participating in FDPIR rather than the Food Stamp Program, it appears to represent a less costly alternative.

H. CONCLUSIONS

A comparison of American Indian households served by FDPIR and the Food Stamp Program indicates that households with an elderly

member and households with employed members constitute much larger segments of the FDPIR caseload. In contrast, due largely to joint application procedures, categorical eligibility for food stamps, and the co-location of administrative offices, the majority of American Indian families that receive AFDC participate in the Food Stamp Program rather than FDPIR.

Based on a small exploratory survey of American Indian households living on three reservations who participated in the Food Stamp Program in September 1989, a larger proportion of this group tended to have received benefits continuously for the previous 12 months, compared to FDPIR households interviewed for this study. This is consistent with the nationally representative findings discussed in this chapter, which indicate that AFDC households would tend to have longer spells of participation due to factors related to their need for assistance (specifically, deprivation of parental support), whereas households with earned income would experience shorter (though perhaps repeated) spells of participation.

Interviews with FDPIR and food stamp households in this study indicated that nearly half of them had participated in both programs. However, American Indian households that had left the Food Stamp Program were more likely to apply for and receive commodities under FDPIR than FDPIR participants were to apply for and receive food stamps. This situation may be due to the lack of a gross income eligibility standard in FDPIR, as well as other more lenient eligibility standards, such as the treatment of household resources, particularly vehicles.

A simulation of food stamp eligibility for FDPIR households included in this study indicates that about 11 percent would not be eligible because of application of the gross income limitation and other factors, such as the treatment of vehicles as financial assets. In addition, since FDPIR households tend to be smaller and more likely to have earnings, they would tend to receive smaller food stamp allotments than the average food stamp household (either Indian or non-Indian), *if* they were certified to receive food stamps. Yet, it was less expensive to provide commodities to all the households that participated in September 1989 than it would have been to provide food stamp allotments to the 89 percent estimated to have been eligible for food stamps.

Given the general satisfaction expressed by participants about the program, FDPIR seems to offer a relatively low-cost alternative to the Food Stamp Program as a way of providing food assistance to

some American Indians, especially the elderly. Among other households, particularly those receiving AFDC, it may be more convenient for them to receive food stamps because of the co-location of AFDC and food stamp offices and single-application requirements. Also, the use of food stamps affords more flexibility in obtaining foods not available from the FDPIR commodity package. However, for other households this advantage may be offset by the perceived difficulty of applying for, and using food stamps, as well as any stigma which may be associated with food stamp participation. Thus, together FDPIR and the Food Stamp Program are probably more effective in meeting the food assistance needs of American Indians than either program would be individually.