

FOOD STAMP PROGRAM RESEARCH



The Food Stamp Program is the cornerstone of USDA's food and nutrition assistance programs, accounting for 62 percent of all food and nutrition assistance spending in fiscal year 2006 (Oliveira, 2007). Unlike other food and nutrition assistance programs that are targeted toward special population groups, the Food Stamp Program is available to most needy households (subject to certain work and immigration status requirements). Eligibility and benefits are based on household size, household assets, and gross and net income (gross monthly income cannot exceed 130 percent of the Federal poverty guidelines). By providing monthly benefits that are redeemable at authorized retail food stores, the program enables participants, over half of whom are children, to improve their diets by increasing their food-purchasing power.

Research Highlights

Assessing Diet, Health, and Other Program Outcomes

Participation in the Food Stamp Program is expected to lead to better nutritional outcomes via the following pathway: food stamp benefits increase the purchasing power of participants, resulting in increased spending on food, which in turn leads to increases in the nutrients available to the household, and ultimately results in increased nutrient intake of household members. FANRP studies

have examined various diet and health-related outcomes as well as other outcomes potentially associated with participation in the program, such as reduction in child poverty and improvement in student learning.

Food Stamp Program increases household food expenditures

The comprehensive review of published research on food assistance programs' impacts by Fox et al. (2004) concluded that existing research has consistently shown that the Food Stamp Program, as intended, increases household food expenditures.

However, the review found little evidence that the program has a positive influence on food intake patterns. That is, increased food spending does not necessarily lead to improved nutrition (for example, participants could buy more expensive food that is no higher in nutrients).

Food stamps increase intake of some food groups, but not others

A study of how participation in the Food Stamp Program affected dietary quality, as measured by intake of the five major "pyramid" food groups (meats, fruits, vegetables, grains, dairy) plus added sugars and total fats, found that food stamp participation tends to increase one's intake of meats, added sugars, and total fats, but does not significantly change one's intake of fruits, vegetables, grains, or dairy products (Wilde et al., 2000b). The effects of food stamp use were found to be similar to the effects of having substantially more income. The study concluded that while food stamps appear to help low-income Americans acquire more of the food energy and other nutrients they need, food stamps may not improve program participants' overall diet quality.

Research Summary

FANRP research has improved our knowledge of numerous issues related to the Food Stamp Program. FANRP's comprehensive review of food assistance literature found while previous research has clearly shown that participation in the Food Stamp Program increases household's food expenditures, the program's effect on intake and dietary quality is less certain. FANRP research has shown that a number of factors influence whether eligible households participate in the program, including knowledge of program eligibility, employment characteristics, and local food stamp office policies and practices. At the national level, economic conditions and program policies affect food stamp caseloads. State policy options in the Food Stamp Program have expanded over the last decade and FANRP has examined some of these options, such as simplified reporting and transitional benefits, as well as benefit issuance errors and the use of EBT. FANRP research has also increased understanding of how the dual constraints of time and income affect meal preparation.

Latest evidence suggests food stamps do not lead to obesity in adults

The growing prevalence of obesity over the last few decades has raised concern in the health community. As discussed above, evidence suggests that the Food Stamp Program increases expenditures for food. Some have questioned whether this increase in food expenditures leads to overconsumption of calories and obesity. A positive relation between food stamps and overweight and obesity in women appeared to exist in the late 1980s and 1990s. During the same period, men who received food stamps tended to be lighter than either eligible nonparticipants or higher income men. However, estimates based on 1999-2002 data show a weakening relationship between food stamp receipt and weight status (Ver Ploeg, 2006). Among women, food stamp participants are not getting relatively heavier over time. Rather, Body Mass Index (BMI) has grown more among eligible nonparticipants—and even among women with higher incomes—than among food stamp recipients. For men, it appears that food stamp participants are catching up weight-wise with nonparticipants. Although the latest evidence suggests there is no longer a difference in obesity rates

between food stamp participants and others, more research is needed to understand what factors drive obesity and what roles food assistance programs should play.

Strategies to improve diets of food stamp recipients are explored

To help food stamp participants make more nutritious food choices, USDA has expanded its investment in nutrition education. State governments and health advocates are also looking at modifications to the Food Stamp Program that could reinforce nutrition education, including: restricting the foods allowable for purchase with food stamp benefits (e.g., restricting food stamp participants' purchases of foods and beverages high in calories, fats, and/or sugars) and expanding benefits to allow participants to buy more of healthful but underconsumed foods, such as fruits and vegetables, via bonuses or vouchers. The success of either restrictions or targeted benefits depends on a number of economic factors. A recent article discusses FANRP research on these economic factors and provides insight into the likely effectiveness of possible program modifications in improving the diets of program participants (Guthrie et al., 2007).

Food stamps reduce the depth and severity of child poverty

Jolliffe et al. (2003) looked at the effect of food stamps on children’s overall well-being by adding the value of food stamp benefits to household income and then measuring the effect on child poverty rates. The “food stamp effect” reduced the number of children in poverty in 2000 by only 4 percent. This relatively small effect is largely because the amount of food stamp benefits declines as a household’s income increases, and while many poor people become less poor due to the value of food stamp benefits, few receive enough food stamps to lift them above the poverty line. However, augmenting income with the value of food stamp benefits reduced the depth of child poverty (the amount of income needed to raise income to the poverty threshold) by 20 percent or more. The study shows the insufficiency of examining the effect of food stamps on only the incidence of poverty, which leads to the incorrect conclusion that

food stamps do not have much impact on reducing child poverty.

Program participation is associated with better academic learning for girls

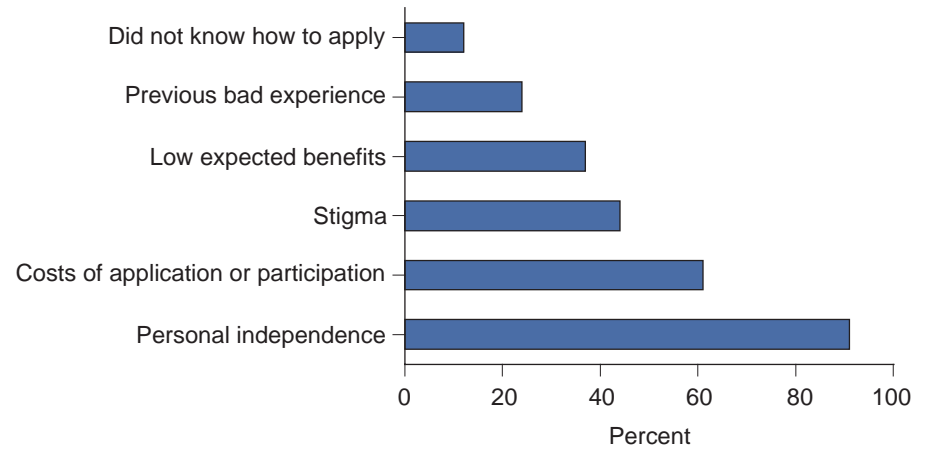
Frongillo et al. (2006) found that, for girls, starting Food Stamp Program participation during the 4 years from kindergarten to third grade was associated with about a 6-point improvement in reading



Figure 2-1

Reasons eligible households would not participate in the Food Stamp Program

Most common reason was a desire for personal independence



Source: Bartlett et al., 2004.

scores and a 3-point improvement in mathematics scores compared with stopping Food Stamp Program participation during that period. There was no significant improvement in reading and mathematics scores for boys who were food stamp program participants. The findings suggest that Food Stamp Program participation can have beneficial effects for some children on nonnutritional outcomes, specifically academic learning.

Program Access and Participation

The Food Stamp Program is the primary source of food assistance to low-income people. Thus, program managers and policymakers have long been concerned about how best to ensure that eligible households have access to the program. A number of FANRP studies have examined factors influencing households’ program participation decisions and factors explaining food stamp caseload fluctuations.

Many nonparticipants do not know they are eligible to participate

Because the Food Stamp Program cannot assist low-income households if they do not enroll, it is important to understand the reasons why some eligible households do not participate. Over half of approximately 6 million apparently eligible households who were not participating in the program in June 2000 either believed they were ineligible or were not sure if they were eligible (Bartlett et al., 2004). Nonparticipating households in relatively more favorable economic circumstances – that is, those closer to the eligibility cutoff – tended to be less certain of their eligibility for food stamps. Those who believed themselves ineligible, or who were unsure of their eligibility, were more likely to have above-poverty incomes and to have bank accounts.

Some nonparticipants would not participate even if they knew they were eligible

While most nonparticipant households (69 percent) reportedly would apply for food stamps if they were certain they were eligible, 31 percent

would not apply (Bartlett et al., 2004). These households cited both personal reasons and reasons related to food stamp office policies and practices for their lack of desire to apply (fig. 2-1). The most common set of reasons was related to a desire for personal independence (91 percent). Additionally, nearly three-quarters reported at least one reason related to food stamp office policies, including perceived costs of applying (64 percent), a previous “bad experience” with the Food Stamp Program or another government program (24 percent), costs of participation (17 percent), and confusion about how to apply (12 percent).

Local office policies and practices affect eligible households’ participation decisions

Bartlett et al. (2004) also found that local food stamp office policies and practices such as positive supervisor attitudes and child-friendly offices enhanced program access. Restricted office hours and the fingerprinting of applicants, for example, inhibited program access. These results indicate that food stamp administrators can affect participation levels by the way local offices are run and by how clients are treated.

Employment characteristics also influence Food Stamp Program participation

Low-income working households are less likely to participate in the program if household members work traditional daytime hours, hold multiple jobs, and work long hours (McKernan and Ratcliffe, 2003). These results suggest that the participation may depend on ease of access to the program. For example, eligible individuals who work traditional daytime hours may find it difficult to get to the food stamp office to apply for and recertify for

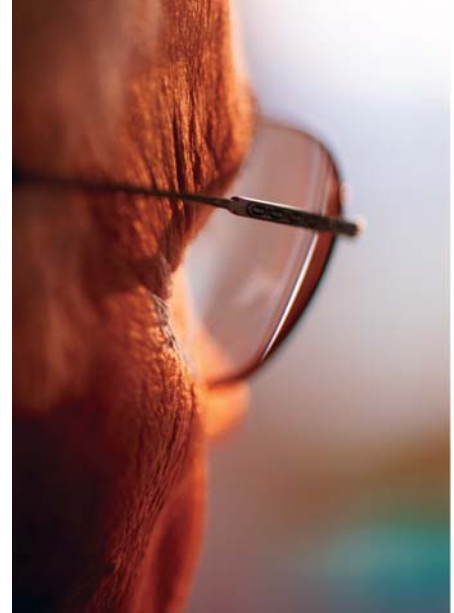
food stamp benefits during typical daytime hours of operation.

New approaches can increase program participation by the elderly

Historically, low-income seniors age 60 and older who qualify for food stamp benefits participate at relatively low rates. This is especially troublesome because the elderly have unique nutrition needs and many suffer from medical conditions that require special diets. Although Wilde and Dagata (2002) found some evidence that elderly with greater needs are likely to participate in the Food Stamp Program, they also found evidence of unmet need among elderly nonparticipants. To identify effective strategies for increasing participation among the elderly population, USDA tested three pilot demonstration models in six States that take different approaches to reducing costs of applying for food stamps:

- 1) the simplified eligibility model reduced the information applicants must provide to verify eligibility,
- 2) the application assistance model provided one-on-one help in completing the application process,
- 3) the commodity alternative benefit model provided packages of commodities instead of traditional food stamp benefits.

An evaluation of the pilot programs showed that demonstration models can increase the number of participating seniors by 20-35 percent; however, the costs can be significant (Cody and Ohls, 2005). The simplified eligibility model, designed to reduce the time and effort it takes seniors to apply for food stamps, was the most cost-effective approach to increasing participation—monthly demonstration



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costs amounted to \$402 net per new household attracted to the program.

A strong economy and changes in social welfare programs contributed to the decline in participation in the late 1990s

Food stamp caseloads have fluctuated greatly in recent decades, falling from a high of 27.5 million in fiscal year 1994 to 17.2 million in fiscal year 2000 (a 37-percent decrease), before rebounding to 26.7 million in fiscal year 2006 (a 55-percent increase). Understanding the factors behind these dramatic swings is important both for judging the success of existing policies and for developing effective policies. Wilde et al. (2000a) used an econometric model to calculate that 35 percent of the caseload decline from 1994 to 1998 was associated with changing economic conditions and 12 percent with program reform and political variables. As is typical with such models, a large share (in this case, more than half) of the change in participation cannot be explained by either group of variables. The study also concluded that 28 percent of the total change in participation was associated with a decrease in the number of people with low income (below 130 percent of the poverty line) and 55 percent was due to a decline in the proportion of low-income people who participate. This

decline in the proportion of low-income people who participate may be due to economic conditions or program changes or both.

Changes in program entry and exit patterns also contribute to caseload change

A rise in the entry rate was the driving force behind caseload growth in the early 1990s, although another factor was that individuals tended to stay longer in the Food Stamp Program during this period than at other points of the 1990s (Cody et al., 2005). The caseload decline of the late 1990s was driven predominantly by shorter participation length, although lower entry rates also contributed. Among all new entrants in the program in the 1990s, more than half exited the program within 8 months and two-thirds exited within 1 year. The elderly had the longest length of participation spells (half had spells of 15 months or more) while able-bodied adults without dependents had the shortest length of participation spells (half exited by the end of their fourth month) (fig. 2-2).

Program Administration

Accounting for well over half of all Federal food assistance spending, it is especially important that the Food Stamp Program operate as efficiently as possible. FANRP has sponsored numerous studies evaluating strategies to improve efficiency and integrity in the Food Stamp Program.

Customer service waivers did not affect food stamp recipient satisfaction with EBT

Since 2004, all food stamp benefits have been issued via electronic benefits transfer (EBT) systems. With an EBT card, food stamp customers pay for groceries without any paper coupons changing hands. To promote operational efficiency, some States have received waivers of certain rules governing EBT use. Kirlin and Logan (2002) found that two waivers—one allowing recipients to select their own personal identification numbers and one allowing them to receive EBT training by mail rather than in person—caused difficulties for new food stamp recipients, and the difficulties were more apparent among the elderly or disabled. However, the problems tended to disappear as new

users gained EBT experience. The study concluded that the customer service waivers did not affect recipient satisfaction with the EBT system. The high level of satisfaction recipients expressed suggests that most problems with the waivers were either transitory or minor.

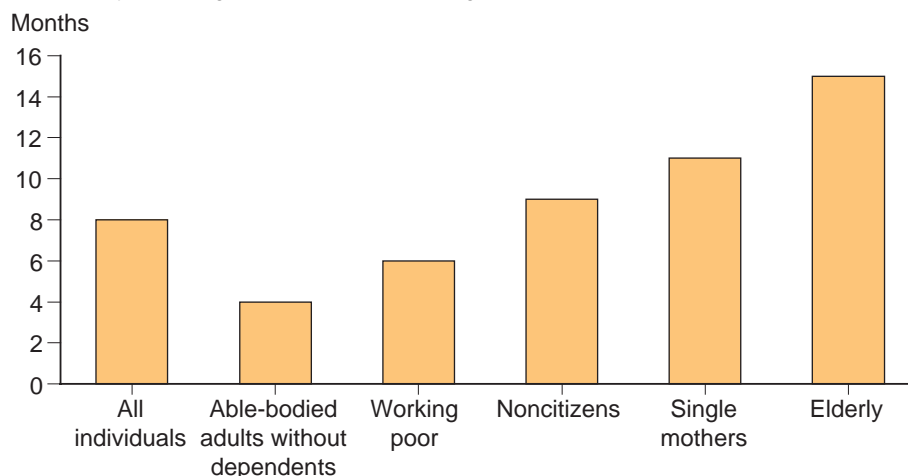
FANRP examined several Food Stamp Program options

In November 2000, the Federal Government established two options in the Food Stamp Program intended to streamline the change reporting process and to continue food stamp benefits for recipients leaving the Temporary Assistance for Needy Families (TANF) program. Congress subsequently expanded these two options as part of the 2002 Farm Bill. Trippe et al. (2004) examined the experiences of four States (Arizona, Louisiana, Missouri, and Ohio) in implementing the two options—simplified reporting and Transitional Benefit Alternative. With simplified reporting, States lengthen the certification period for most food stamp recipients, minimize reporting requirements between recertifications, and reduce exposure to quality control errors. This option was intended both to improve client access to food stamps and to reduce staff workload without increasing quality control error rates. With transitional benefits, States automatically continue benefits for up to 5 months for most families who leave the Temporary Assistance for Needy Families (TANF) program without requiring the families to take any action to retain these benefits. This option was intended to ensure that eligible families leaving TANF continue to receive food stamp benefits. The study found that the simplified reporting option reduced staff workload, improved client access, and reduced quality control errors. However, the simplified reporting option faced some operational challenges that limited the option's full

Figure 2-2

Median Food Stamp Program spell length by subgroup in the 1990s

The elderly and single mothers had the longest participation spells



Source: Cody et al., 2005.

potential. Transitional benefits were considered a valuable support for families but required substantial planning and staff resources.

Frequent recertifications for cases with earnings reduce the rate of participation

Mills et al. (2004) explored the effects of more frequent recertification of food stamp cases on payment accuracy and household participation in the Food Stamp Program. During the 1997-2001 study period, USDA allowed States increasing flexibility to adopt reporting systems that eased the requirements for clients of reporting income changes or other circumstantial changes within a certification period. Some of the new options (such as quarterly or semi-annual reporting) called for less frequent client reporting of changes affecting eligibility or benefit. A motivating concern of the study was that the use of short certification periods (3 months or less) as a strategy to reduce case error might unintentionally reduce program participation. The findings suggest that more frequent recertifications for cases with earnings may have effects that are more pronounced in reducing the rate of participation than in reducing the rate of error. As intended, shorter certification periods led to higher closure rates for error cases than would otherwise occur through interim action. However, more frequent recertification also led to higher closure rates for correct cases, mitigating the intended reduction in the case error rate.

Increased certification activity, while costly, contributes to reduced error rates

The administration of the Food Stamp Program is a major expense to USDA and the States. There is a careful balancing act between the cost of benefit issuance errors and the administrative costs of preventing and



detecting benefit issuance errors. Logan et al. (2006) examined trends and composition of Food Stamp Program administrative costs from 1989 to 2001 and analyzed the relationship of reported certification costs to Food Stamp Program error rates. Their findings provide strong evidence that increases in certification-related costs contributed to reduced error rates after 1995. The results also imply that, in the period after welfare reform, States had to spend more effort on certification-related activities than in previous years to achieve a given level of accuracy.

Other Food Stamp-Related Studies

Operating costs for stores with high food stamp redemption rates are similar to costs in other stores

Whether the poor pay more for food than other income groups matters to their nutrition and health. Therefore, the operating costs of the stores at which they shop are important. A study by King et al. (2004) found that stores with more revenues from food stamps had significantly different cost structures than stores that receive less of their revenues from food stamp redemptions, but the overall operating

costs were essentially the same. Study results suggest that if the poor do pay more for food, factors other than operating costs are likely to be the reason.

Time allocated to cooking varies with both monetary and time resources

In one of the first studies to examine how time resources influence time spent in preparing food, Mancino and Newman (2007) found that individual and household characteristics, such as income, employment status, gender, and family composition, affect food preparation decisions. Full-time work and single-parent status appear to have a larger impact on time allocated to food preparation than do an individual's earnings or household income. The results are relevant for the design of food assistance programs because households participating in the Food Stamp Program are increasingly headed by a single parent or two working parents. As this trend continues, more low-income households may find it difficult to allocate the time needed to prepare meals that fit within a limited budget and meet dietary requirements.