

ARE THE STEEP DECLINES IN FOOD STAMP PARTICIPATION LINKED TO FALLING WELFARE CASELOADS?¹

Sheila R. Zedlewski and Sarah Brauner

Food stamp caseloads have been declining almost as rapidly as the widely publicized declines in cash assistance receipt (figure 1). At least some of the unprecedented decrease in food stamp use is due to the continuing strong economy combined with federal reforms explicitly designed to cut back the Food Stamp program. But these factors cannot fully explain the drop in food stamp use.

One concern is that the reduction in food stamp caseloads is linked to falling welfare caseloads. It is now well documented that most former welfare recipients move into jobs that pay too little to bring their families above 130 percent of the federal poverty level (the food stamp eligibility cut-off).² If low-income families outside the cash assistance system have trouble gaining access to food stamp benefits or, alternatively, are unwilling to participate, this is cause for serious concern. The Food Stamp program is designed to help *all* low-income Americans buy food. The 1997 National Survey of America's Families (NSAF)—a large nationally representative sample that overrepresents

low-income families—allows us to explore reasons for the recent declines in Food Stamp program participation and any connection between leaving welfare and food stamp use.³

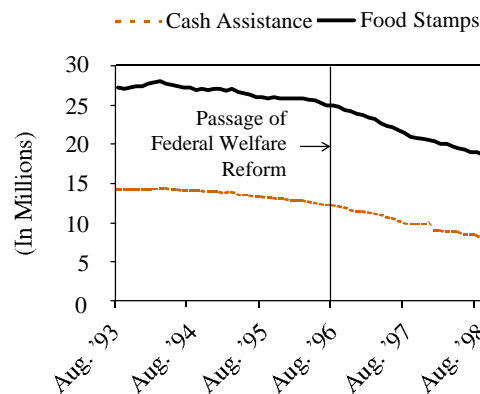
About two-thirds of families that left the Food Stamp program were still eligible for food stamps, according to the NSAF.

This proportion is about the same whether the family had recently been on welfare or not. But former welfare recipient families left the program at a much higher rate than their nonwelfare counterparts at all levels of income. The 42 percent participation rate for former welfare recipients with incomes below the eligibility cutoff is similar to the traditionally low rate of working poor families.

A single parent with two children, a full-time minimum-wage job, and

no other income is eligible for about \$260 a month in food stamps.⁴ Why the majority of working poor families—which now includes former welfare recipients in substantial numbers—do not avail themselves of such considerable help is a question of major policy concern.

Figure 1
Food Stamp and Welfare Recipients,
1993–1998



Source: From program data. See Zedlewski and Brauner (1999).

Table 1
Distribution of Income for Families That Received
Some Food Stamps since 1995

1997 Estimated Income Relative to Poverty ^a	Welfare Status	
	Left Welfare (%)	Nonwelfare (%)
Below 50%	32	32
50% <100%	30	29
100% <130%	11	14
130%+	26	26
Total (millions)	100 (1.200)	100 (2.845)

Source: Urban Institute calculations from the 1997 National Survey of America's Families.

a. See text for definition of family income.

Which Families Are Leaving the Food Stamp Program?

The focus here is on 6.2 million families with children under age 18 (represented by 5,228 survey families) that received food stamps at some point between January 1995 and the date of their NSAF interview (between February and October 1997). Just over one-third of them had left the Food Stamp program by the time of their interview. The comparison here is between food stamp families that had been on cash assistance and families that had not been on welfare during the period. Food Stamp program exit rates should be similar for these two groups to the extent that their characteristics are similar.

As expected, families that ceased using food stamps averaged higher earnings and incomes than those who were still receiving food stamps. They were also more likely to be white, have married adults, and have at least one full-time earner. While families that left the Food Stamp program were considerably more likely never to have been on welfare (62 percent versus 41 percent of current food stamp recipients), one-third of Food Stamp program "leavers" had also left welfare.

Among families that had received some food stamps since 1995, the incomes of former welfare recipients were remarkably similar to those of families who had *not* been on welfare. Table 1 compares the 1997 estimated income levels of welfare-leaving families that received some food stamps in

the period after January 1995 with those of nonwelfare families that received some food stamps during the same period. Family income as shown here is average monthly earnings plus other relatively stable sources of income (child support, Supplemental Security Income, Social Security, pensions, and asset income) received during the prior year.⁵ About one-quarter of both the welfare and nonwelfare groups had average monthly incomes at or above 130 percent of the federal poverty level, leaving about three-quarters still eligible for food stamps. About one-third of both groups had incomes below 50 percent of the poverty level.

However, Food Stamp program exit rates for the two groups did provide

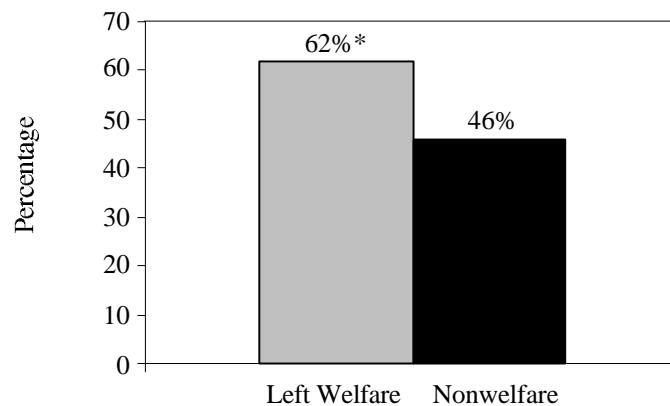
a striking contrast to their income similarity. At all levels of income, former welfare recipients left the Food Stamp program at higher rates than families that had not been on welfare, with the differences being greatest *at the low end* of the income distribution. Overall, for example, 62 percent of former welfare recipient families left the Food Stamp program, compared with 46 percent of nonwelfare families (figure 2). For those with incomes below 50 percent of the poverty level, former welfare families stopped using food stamps at twice the rate of nonwelfare families (45 percent versus 23 percent).

Are Families That Left the Food Stamp Program Still Eligible for Benefits?

About two-thirds of families that left the Food Stamp program appeared to be eligible for benefits on the basis of their incomes (table 2).⁶ This proportion was about the same whether or not they had left welfare. However, significantly more former welfare families that left the program fell into the lowest income group—below 50 percent of the poverty level—than did their nonwelfare counterparts (23 percent versus 16 percent).

In fact, former welfare recipient families that were eligible for benefits had low Food Stamp program participation rates even at very low income lev-

Figure 2
What Share of Families Left the Food Stamp Program?



Source: Urban Institute calculations from the 1997 National Survey of America's Families.

* Indicates a significant difference relative to families never on welfare at the 95 percent confidence level.

Table 2
What Are the Incomes of Families That Left the Food Stamp Program?

1997 Estimated Income Relative to Poverty ^a	Welfare Status	
	Left Welfare (%)	Nonwelfare (%)
Below 50%	23*	16
50% <100%	28	26
100% <130%	13	19
130%+	35	39
Total (millions)	100 (0.7)	100 (1.3)

Source: Urban Institute calculations from the 1997 National Survey of America's Families.

a. See text for definition of family income.

* Indicates a significant difference from nonwelfare families at the 90 percent confidence level.

els (figure 3). Only 4 out of 10 income-eligible families were participating in 1997. Perhaps of greatest concern was that only about half of former welfare recipient families with current incomes below 50 percent of the poverty level were receiving food stamps. Interestingly, these low participation rates are similar to those observed historically for low-income families outside the cash assistance system.⁷

Why Do Families Say That They Left the Food Stamp Program?

The most common reason families gave for leaving the Food Stamp program was increased earnings or a new job (figure 4). Interestingly, an even higher proportion of former welfare families (72 percent) left the program for this reason than nonwelfare families (62 percent). Whether the families leaving welfare assumed that they no longer qualified for food stamps, or whether they chose to leave the program when they began working, is unknown. It would not be surprising if former welfare families were less well informed about the income cutoff for food stamp eligibility than nonwelfare families, since their previous participation did not depend on their knowledge of income conditions to receive benefits. They were automatically enrolled in the program by their caseworkers

when they began to receive cash welfare.

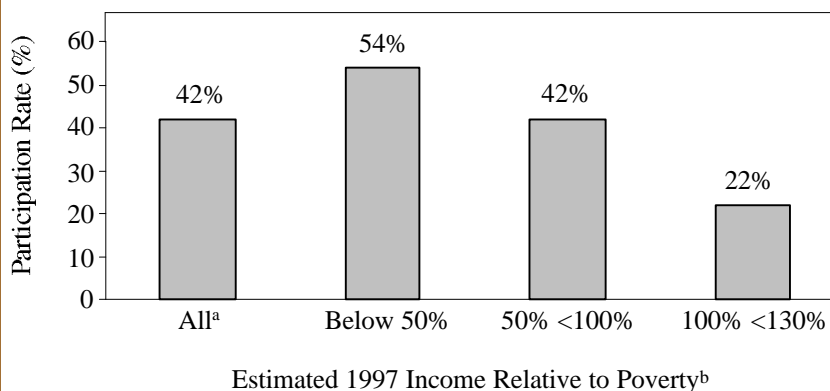
The second most common reason given for leaving the Food Stamp program was administrative problems or hassles. Nonwelfare families were more likely to give this reason than families that had been on welfare, suggesting that new program requirements implemented as part of federal welfare reform (such as the new food stamp sanctions) were not a major reason why families left the Food Stamp program.

What is more disturbing about the administrative hassle picture is that the poorest families in both the welfare and nonwelfare groups were considerably more likely than the higher-income families to report leaving because of hassles (figure 5). Apparently, families that have the most difficulty maintaining a solid income base also have the most difficulty maintaining access to food stamps.

Do Food Stamp Leavers Feel More Secure about Being Able to Feed Their Families?

Based upon a series of NSAF questions that addressed the issue of financial insecurities related to food purchase (diet quality and adequacy were not covered in the survey), families that stopped receiving food stamps were relatively insecure in their ability to pay for food. About two-thirds of families that left the Food Stamp program reported some difficulty affording food, and one-third reported severe difficulties, with neither income nor former welfare status making much difference. The levels of food insecurity for former food stamp recipients exceeded those for the general nonelderly, low-income population, however. And the levels of concern reported by Food Stamp program leavers were generally similar to the

Figure 3
What Share of Eligible Former Welfare Families Were Participating in the Food Stamp Program?

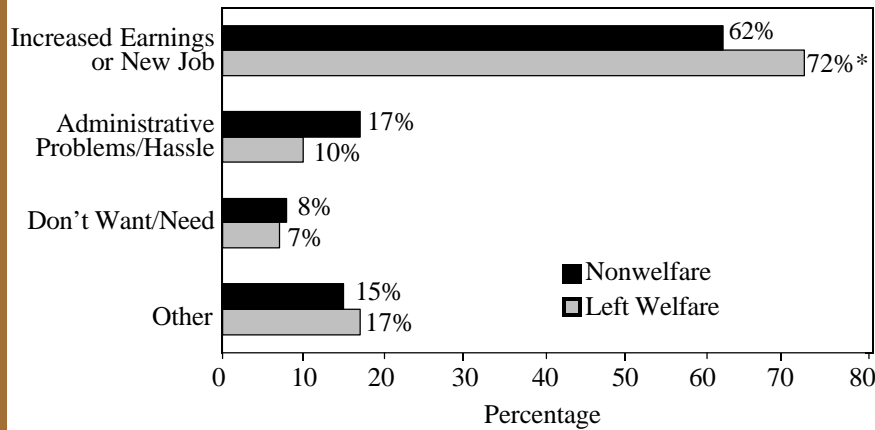


Source: Urban Institute calculations from the 1997 National Survey of America's Families.

a. Only includes former welfare families that are eligible for food stamps on the basis of their income.

b. See text for definition of family income.

Figure 4
Why Do Families Say They Left the Food Stamp Program?



Source: Urban Institute calculations from the 1997 National Survey of America's Families.

*Indicates significant difference from nonwelfare families at the 90 percent confidence level.

levels reported by those currently on food stamps. The only exception was families with incomes above 130 percent of the poverty level, among whom current food stamp recipients were significantly *more* likely than nonrecipients to report having severe difficulties affording food.

Policy Implications

Two major findings on Food Stamp program leavers emerge from the NSAF. About two-thirds of those who left the program, whether they were former welfare recipients or not, appeared to be eligible for benefits but for some reason were not getting them. In addition, former welfare recipients left the program at significantly higher rates than their nonwelfare counterparts at all income levels, but particularly among the very poorest group (those with family incomes below 50 percent of the poverty level). It is probable that some of these families had earnings when they left the Food Stamp program but were no longer working when interviewed. To the extent that this is the case, it is still not clear why they did not return to the program when they lost their jobs. Only 4 out of 10 former welfare families that appear to be income eligible for the program reported receiving benefits.

Some families reported that they left the Food Stamp program because of

the hassles connected with maintaining benefits, including a significantly larger share in the very poorest group. And families that had not been on welfare were more likely to give hassles as the reason for leaving the program, suggesting that families outside the cash assistance system are more likely to struggle with the program requirements for maintaining eligibility.

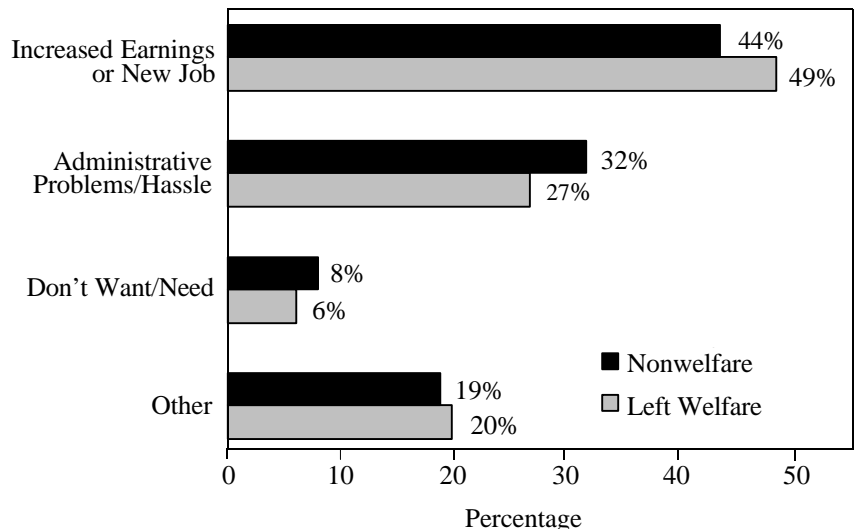
But ultimately, why former welfare families left the Food Stamp program

more often than nonwelfare families at similar income levels remains a puzzle. Both groups had shown—by their acceptance of food stamp benefits in the first place—that they were not averse in principle to accepting help from this program. And it seems particularly unlikely that families that have accepted cash welfare in the past would feel greater stigma about accepting help from another government program than nonwelfare families.

What may well be going on is a transition process for these families. Families on welfare have caseworkers who ensure that they receive food stamps along with their cash assistance. When families leave welfare, they themselves must take on the task of ensuring that they remain on the Food Stamp program rolls. This includes reporting any changes in income monthly by mail and reporting in person for recertification at 3- to 12-month intervals, depending on the state.

What is absolutely clear is that families that left welfare joined a population of working poor families that have always had low rates of food stamp participation, even though food stamps offer significant help in paying for food. The Clinton administration recently announced administrative changes to reduce the frequency of required income reporting, cut down on

Figure 5
Why Do Families with Very Low Incomes (below 50 Percent of Poverty) Say They Left the Food Stamp Program?



Source: Urban Institute calculations from the 1997 National Survey of America's Families.

paperwork hassles for agency staff and recipients, and increase outreach to low-income families. But these initiatives represent only a small step in improving program participation.

Low participation rates among the working poor are not new. The recent influx of former welfare recipients into the ranks of the working poor simply highlights the importance of innovations that provide low-income working families better access to food stamps—benefits to which most of them are entitled.

Notes

1. This brief is drawn from results in Zedlewski and Brauner (1999).

2. See Loprest (1999).

3. The first wave of the NSAF collected economic, health, and social information on 44,000 households between February and November 1997. The survey oversampled households with income below 200 percent of the federal poverty level and households in each of 13 targeted states. The NSAF provides information on a nationally representative sample of the civilian, noninstitutionalized population under age 65 and their families. A second

wave of this survey is being fielded in 1999. For more information, including the survey methods and data reliability, see Brick et al. (1999).

4. This assumes a maximum child care cost deduction for children over two years old and no excess shelter cost.

5. These additional sources of income were identified on the survey as received by families during 1996 and were adjusted to monthly 1997 values. To the extent that families began receiving new sources of income only in 1997, these will be underestimates of family income. The difference is unlikely to be large, however, because adding supplementary income sources to current earnings did not change the distribution of income very much. (These families rely mostly on what they earn.)

6. Some of these families would be disqualified on the basis of their assets. The Food Stamp program includes an assets test of \$2,000 and a complex valuation for cars that limits the fair market value of the first countable vehicle to \$4,650 (the fair market value of the car in excess of \$4,650 can count toward the \$2,000 asset limit, allowing families with financial assets below \$2,000 and a higher car valuation to remain eligible). However, less than 0.5 percent of NSAF families reported financial assets above \$2,000.

The NSAF did not ask about the value of cars.

7. See, for example, Blank and Ruggles (1993).

References

Blank, Rebecca, and Patricia Ruggles. 1993. *When Do Women Use AFDC and Food Stamps? The Dynamics of Eligibility vs. Participation*. Working Paper No. 4429. New York: National Bureau of Economic Research.

Brick, Pat, Genevieve Kenney, Robin McCullough-Harlin, Shruti Rajan, Fritz Scheuren, and Kevin Wang. 1999. *Survey Methods and Data Reliability*. Washington, D.C.: The Urban Institute. *Assessing the New Federalism* Methodology Report No. 1.

Loprest, Pamela. 1999. *Families Who Left Welfare: Who Are They and How Are They Doing?* Washington, D.C.: The Urban Institute. *Assessing the New Federalism* Discussion Paper Number 99-02.

Zedlewski, Sheila R., and Sarah Brauner. 1999. *Declines in Food Stamp and Welfare Participation: Is There a Connection?* Washington, D.C.: The Urban Institute. *Assessing the New Federalism* Discussion Paper No. 99-13.

Other Selected Publications from the *Assessing the New Federalism* Project's National Survey of America's Families (NSAF)

Discussion Papers

- No. 17. *Current and Former Welfare Recipients: How Do They Differ?* Pamela J. Loprest and Shelia R. Zedlewski. November 1999.
- No. 15. *Sources of Support and Income Inequality among America's Children*. Gregory Acs and Megan Gallagher. October 1999.
- No. 13. *Declines in Food Stamp and Welfare Participation: Is There a Connection?* Sheila R. Zedlewski and Sarah Brauner. October 1999.
- No. 6. *Work-Related Activities and Limitations of Current Welfare Recipients*. Sheila R. Zedlewski. August 1999.
- No. 3. *In Midst of Reform: Wisconsin in 1997*. Michael Wiseman. July 1999.
- No. 2. *Families Who Left Welfare: Who Are They and How Are They Doing?* Pamela J. Loprest. July 1999.

Policy Briefs

- B-2. *Work Activity and Obstacles to Work among TANF Recipients*. Sheila R. Zedlewski. September 1999.
- B-1. *How Families That Left Welfare Are Doing: A National Picture*. Pamela J. Loprest. August 1999.



THE URBAN INSTITUTE

2100 M Street, N.W.
Washington, D.C. 20037

Nonprofit Org.
U.S. Postage
PAID
Permit No. 8098
Washington, D.C.

Address Service Requested

Telephone: (202) 833-7200 ■ Fax: (202) 429-0687 ■ E-Mail: paffairs@ui.urban.org ■ Web Site: <http://www.urban.org>

This series presents findings from the National Survey of America's Families (NSAF). First administered in 1997, the NSAF is a survey of 44,461 households with and without telephones that are representative of the nation as a whole and of 13 selected states (Alabama, California, Colorado, Florida, Massachusetts, Michigan, Minnesota, Mississippi, New Jersey, New York, Texas, Washington, and Wisconsin). As in all surveys, the data are subject to sampling variability and other sources of error. Additional information about the survey is available at the Urban Institute Web site: <http://www.urban.org>.

The NSAF is part of *Assessing the New Federalism*, a multiyear project to monitor and assess the devolution of social programs from the federal to the state and local levels. Alan Weil is the project director. The project analyzes changes in income support, social services, and health programs. In collaboration with Child Trends, the project studies child and family well-being.

The project has received funding from The Annie E. Casey Foundation, the W.K. Kellogg Foundation, The Robert Wood Johnson Foundation, The Henry J. Kaiser Family Foundation, The Ford Foundation, The John D. and Catherine T. MacArthur Foundation, the Charles Stewart Mott Foundation, The David and Lucile Packard Foundation, The McKnight Foundation, The Commonwealth Fund, the Stuart Foundation, the Weingart Foundation, The Fund for New Jersey, The Lynde and Harry Bradley Foundation, the Joyce Foundation, and The Rockefeller Foundation.

About the Authors

Sheila R. Zedlewski is director of the Urban Institute's Income and Benefits Policy Center. Her research focuses on federal and state government transfer programs, especially cash assistance and food stamps. She is also an expert in using microsimulation to show how the current and alternative tax and transfer systems affect the well-being of families in the United States.

Sarah Brauner is a research assistant in the Urban Institute's Income and Benefits Policy Center. Her research interests include welfare reform, government transfers, and poverty. She is presently involved in research on current and former AFDC/TANF recipients and former food stamp recipients.

Publisher: The Urban Institute, 2100 M Street, N.W., Washington, D.C. 20037

Copyright © 1999

The views expressed are those of the authors and do not necessarily reflect those of the Urban Institute, its board, its sponsors, or other authors in the series.

Permission is granted for reproduction of this document, with attribution to the Urban Institute.

For extra copies call 202-261-5687, or visit the Urban Institute's Web site (<http://www.urban.org>) and click on "Assessing the New Federalism."