Recent Trends in the Food Stamp Program
Testimony before the House Committee on the Budget Task Force on Welfare
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Thank you for the opportunity to address the Committee about current trends in the Food Stamp Program (FSP). The Food Stamp Program, a cornerstone of income security policy in the US since 1961, was designed to ensure that all Americans have enough to eat. Yet the program is falling farther and farther short of this mission. Many families are leaving the food stamp program even though many report difficulties paying for food and are eligible to receive benefits.

I’d like to draw your attention to six important issues:

1) **Recent declines in program participation have exceeded what we could expect from a strong economy or changes in program rules.**

As you are well aware, total food stamp program participation has declined from 28 million persons in 1994 (the program’s peak) to 17 million persons in March 2000 (38 percent). Indeed the strong economy can take credit for an important share of this decline. However, a considerable body of research shows that declines in participation have far exceeded what can be explained by economic factors or program changes enacted as part of federal welfare reform in 1996.

2) **The need for food assistance persists among American families.**

For example, last year 3 out of 10 children in the US lived in families that reported they either worried about or experienced difficulty affording food according to the Urban Institute’s 1999 National Survey of America’s Families. The percent reporting difficulties affording food was down only slightly (by 3 percentage points) from levels reported in the same survey two years earlier. Half of children in families with incomes below 200 percent of poverty lived in families with some food insecurity.

3) **Food Stamps offer an effective income supplement for working poor families.**

Many parents, especially single mothers who recently left welfare, work full time and still earn less than the poverty line for their family. Food stamps can provide an important supplement to their incomes until they can move up in the labor market. For example, a single parent with two children working full time at a minimum wage job for the year would earn an income around 75 percent of poverty. She could also receive about $3,000 in food stamps for her family, increasing her family’s income to about 94 percent of poverty.

4) **Many low-income families who qualify for food stamps do not receive benefits.**

Despite the potential value of food stamp benefits, many families do not enroll in the program. Historically, program participation rates have been around 70 percent, but the rate has fallen in recent years. We recently estimated that program participation for all households was just above 50 percent in 1997. Participation rates are especially low for working poor families. As families have left welfare to join the ranks of the working poor, they are leaving behind food stamp benefits.

The evidence is strong. For example, my own research has shown that most families who left welfare also left the food stamp program even though most were still eligible for benefits. A particularly troubling finding was that only one-half of families who left welfare with incomes below 50 percent of poverty continued to receive help from food stamps.

States studies that use matched administrative data to investigate food stamp participation of welfare leavers confirm this finding. Most find that only about half participate in food stamps in the first quarter after leaving welfare and participation drops off further with time.
More recently, an econometric study completed by the Economic Research Service estimated that 55 percent of the total decline in participation from 1994 to 1998 was due to a decline in the proportion of low-income people (income below 130 percent of poverty) who participate in the FSP. They conclude that "this pattern corroborates other evidence that a large number of low-income families are disappearing from the food stamp rolls."  

5) Program complexity discourages participation.

Recent focus group discussions among working poor and poor elderly households confirmed earlier research about reasons for low participation: families often lack information about the program; they perceive that they do not need benefits; they don't think applying for a small amount of benefits is worth it; they think the cost of participating is too high; and they have negative feelings about participating in the program.  

In short, the program is so complex that many families do not know that they are eligible. They report confusion about eligibility rules, resource and income limits, and deductions. Some families report that they are deterred from applying for benefits because the process is time consuming and complicated, it is difficult to get to the welfare office, the process is demeaning, and the office is unsafe.

6) Program improvements must include more effective outreach.

Reaching out to individuals who may be eligible for food stamps must become a priority for federal, states, and local community agencies. States can receive a 50 percent federal match for funding outreach activities, but only nine states applied for these funds in 1999. Most of these states contract with non-profit community-based organizations to provide outreach services. They assist families with the application process, document preparation, and provide translation services. States also can extend office hours in the morning, evening or weekends to lessen the burden on working families. They can collaborate with other programs serving low-income families such as one stop job training centers, Head Start programs, and WIC offices to inform families about the entire set of work supports available to them. Many state agencies also need to make administrative changes to ensure that families who leave welfare or get diverted from welfare continue to receive food stamps as long as they are eligible.

Program innovations will take time, investment by the state, and commitment by caseworkers. Federal administrative funds and encouragement will be essential to ensure that the Food Stamp Program works for working poor families.

Notes

1. This statement reflects the views of the author and does not necessarily represent the views of the Urban Institute, its sponsors, or its Board of Trustees.
3. The National Survey of America's Families (NSAF) is a nationally representative survey of over 44,000 non-aged families. The survey was conducted in 1997 and 1999 at the Urban Institute as part of a large, multi-year study called Assessing the New Federalism.
4. Calculation assumes no income beyond earnings, a maximum child care cost deduction for children older than two, and no excess shelter cost.
10. See "Food Stamp Program Client Enrollment Assistance Demonstration Projects: Final Evaluation Report," 1999, Food and Nutrition Service, USDA (July) for a discussion of these issues.

Other Publications by the Authors

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