

Uncovering the Causes: Trends in Participation in the Food Stamp Program in California

Summary

Since 1995, participation in the Food Stamp Program in California has dropped by more than 40 percent (1.4 million people), from 3,250,000 to 1,866,598, reflecting and exceeding the national participation decline. In order to understand the causes of the drop, this study examines U.S. Census Bureau Current Population Survey data for California for 1996, 1997 and 1998. The study excludes individuals belonging to groups (non-citizens and able-bodied adults without dependents [ABAWDs]) whose eligibility was drastically altered by 1996 welfare reform legislation. The study finds that, during the 1996-1998 period, the proportion of Californians eligible for food stamps has increased; that the average income for those who are eligible has declined; and that the percentage of eligible people participating in the program has declined, as well. A logit regression run for the same three years indicates that income is not significantly associated with the participation decline. Leading hypotheses explaining the drop identify unawareness of the program, confusion about eligibility and difficulty in applying, particularly for working families. The need for further studies is indicated.

Introduction

Participation in the Food Stamp Program in California has been in steep decline since 1995, and a particularly severe drop has been observed since August 22, 1996, the effective date of the Personal Responsibility and Work Opportunities Act, the federal welfare reform legislation that markedly changed both the federal cash and nutrition assistance programs. Given the significance of the Food Stamp Program as the country's largest policy response to hunger, it is important to understand the causes of the decline. This study examines what role, if any, the nation's prosperity has played in shrinking participation in the program.

Background

For decades, the Food Stamp Program has provided a basic safety net to millions of low-income individuals and families with children¹. More recently, food

¹ Food Research and Action Center, website, Federal Food Programs, Food Stamp Program.

stamps have served as a key support to families whom welfare reform has insisted make the transition from welfare to work.

The current program structure was implemented in 1977 with a goal of alleviating hunger and malnutrition by permitting low-income households to obtain a more nutritious diet through normal channels of trade. Benefits are provided to low-income households on a sliding scale, based on family size and income. The average monthly benefit level is about \$70 per individual. Benefits are intended to supplement households' food purchases so that they reach the level of nutritional adequacy established in USDA's Thrifty Food Plan.

National Trends. Participation in the Food Stamp Program on the national level has both increased and decreased in the past. In 1976, the average monthly participation was 15.8 million people. The number rose to 20.1 million people by 1980. Food stamp participation fluctuated throughout the 1980s. In 1990, the average monthly participation still hovered about 20.1 million people. There was then a steep increase; by 1994, the number of people participating peaked at 27.2 million. The number has been dropping ever since. In 1999, the average monthly participation was 18.2 million people², a decline of 33 percent.

California Trends. Since 1995, the number of people receiving food stamps in California has declined by nearly 1.4 million people. This is a drop exceeding 40 percent, from over 3,250,000 in March 1995 to 1,866,598 in January 2000.

Reasons for the Trends. The reasons for the pre-1990 trends are generally accepted by most observers. The increase in participation in the late 1970s has been attributed to changes in legislation that removed an impediment to participation: the purchase requirement³. The program's expansion in the early 90s reflects an increase in outreach, an expansion of the Medicaid program, and a change in legislation that enabled more legal immigrants to enroll in the program⁴.

There is debate, however, over the reasons for the drop in recent years, particularly since welfare reform in 1996. Both the U.S. General Accounting Office (GAO) and Mathematica Policy Research (the organization with which USDA contracts for analysis of Food Stamp Program developments) attribute the drop in participation primarily to a decline in eligibility. This decline, they say, has resulted from statutory changes to the program imbedded in federal welfare reform legislation and from the booming economy⁵.

² USDA, FNS online

³ Asher, Doyle and Trippe p 43

⁴ Castner and Cody, p 6

⁵ Castner and Cody, p xi and GAO p 2

As for the first of these proposed reasons: the 1996 welfare reform legislation altered food stamp eligibility in two ways. One was by excluding most documented immigrants, who previously had been eligible for benefits. The second way was by imposing strict time limits on participation in the Food Stamp Program by able bodied adults without dependents (ABAWDs). Unless they meet specified work requirements, they may receive benefits in only three months out of every thirty-six.

As for the second proposed reason: some observers have expected the nation's long, unprecedented prosperity, together with persistently low unemployment, to have reached virtually everyone, thereby removing a substantial number of households from eligibility for food stamps.

Other commentators disagree that the economic prosperity and new statutory restrictions account for the precipitous drop in participation. The Center on Hunger and Poverty, for example, questions whether the drop in participation is due entirely to eligibility shrinkage induced by welfare reform and the economy. The Center points to a USDA study -- finding a persistent level of food insecure households in the country -- to demonstrate that, despite the drop in food stamp participation, the need for assistance has remained high⁶. The Urban Institute also asserts that there is more to the drop than just the economy and reform⁷. Furthermore, the GAO reports that the number of children living in poverty has not dropped as fast as the number of children receiving food stamps, "indicating a growing gap between need and assistance."⁸

This study attempts to clarify the reasons for the drop in food stamp participation by examining the populations eligible for and actually participating in the Food Stamp Program.

The Study

The study examines rates of food stamp eligibility in California for the years 1996, 1997 and 1998⁹, and income levels among those eligible for benefits for the same three years. The study then goes on to examine the participation rates among those eligible for benefits, again for the same three years. Finally, the study develops a regression equation to assist in identifying variables associated with the observed trends in participation.

⁶ Vennor, Sullivan and Seavey, p 10

⁷ Brauner and Zedlewski, p 1

⁸ GAO, 1999, p 2

⁹ Unfortunately, data for more recent years are not available.

Eligibility and participation data are derived from the U.S. Census Bureau's Current Population Survey (CPS). The CPS is conducted annually, using a probability sampling designed to be representative of each of the individual states and of the nation as a whole. The data set includes information about each person in 47,000 households nationwide, including employment, income and other demographic characteristics.

This study examines California residents only. It eliminates from the data set all households containing non-citizens and able bodied adults without dependents (ABAWDs). Those remaining households are assessed for program eligibility, using the criteria prescribed by the Food Stamp Program. An eligibility rate, comparing the number of Californians (excluding non-citizens and ABAWDs) in the CPS sample to the number of those who met the eligibility standards, is derived for the years 1996, 1997 and 1998.

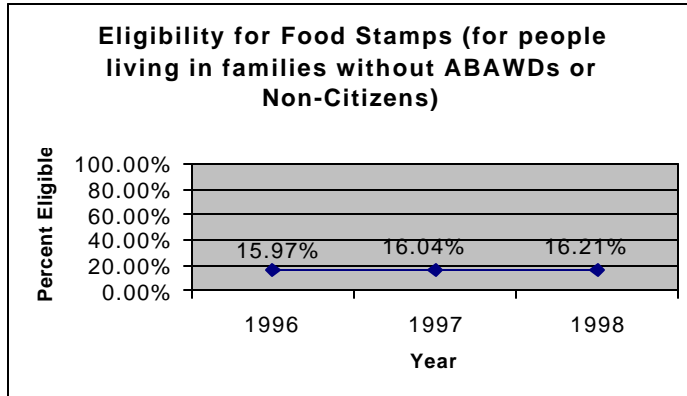
Next, the number of those in the data set actually participating in the Food Stamp Program is ascertained, and that number is compared to the number of eligibles in order to derive an "observed" participation rate for each of the same three years.

Finally, a regression analysis is performed to calculate a predicted participation rate for all eligible people in households without ABAWDs and non-citizens. A logit regression is run for 1996, using participation of each individual as the dependent variable and income, race, gender and participation in cash assistance programs as the independent variables. This formula then is used to build an equation for predicting the participation rate for 1997 and 1998, and those predicted participation rates are compared to the actual participation rates for 1997 and 1998¹⁰.

Results

The food stamp eligibility rate of California residents included in the CPS, excluding those affected by the legislative restrictions of welfare reform, was found to be 15.95% in 1996, 16.04% in 1997 and 16.21% in 1998.

¹⁰ A more extensive treatment of the methodology is available at www.cfpa.net and in hard copy by request.

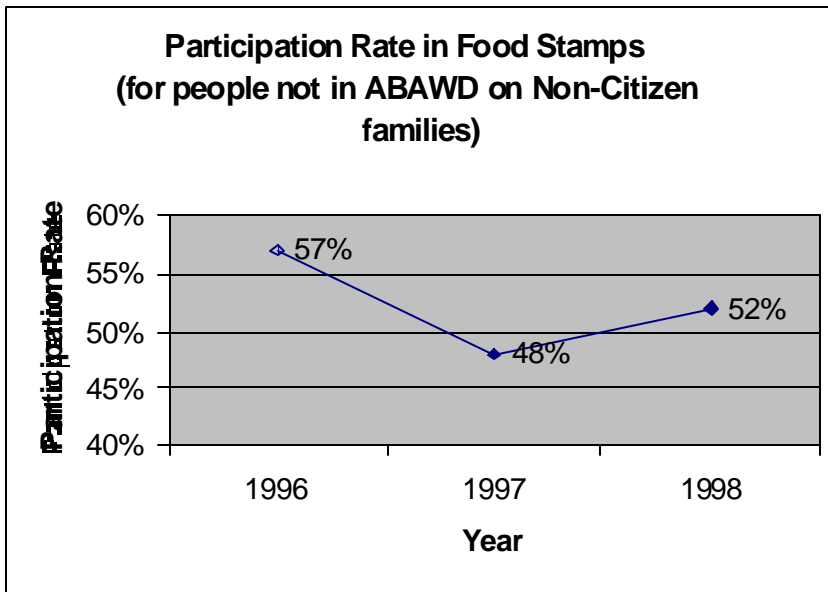


Income among food stamp eligible Californians over 16 declined during the same three-year period, with the mean average declining from \$6,625 in 1996 to \$6,138 in 1997 to \$6,049 in 1998.

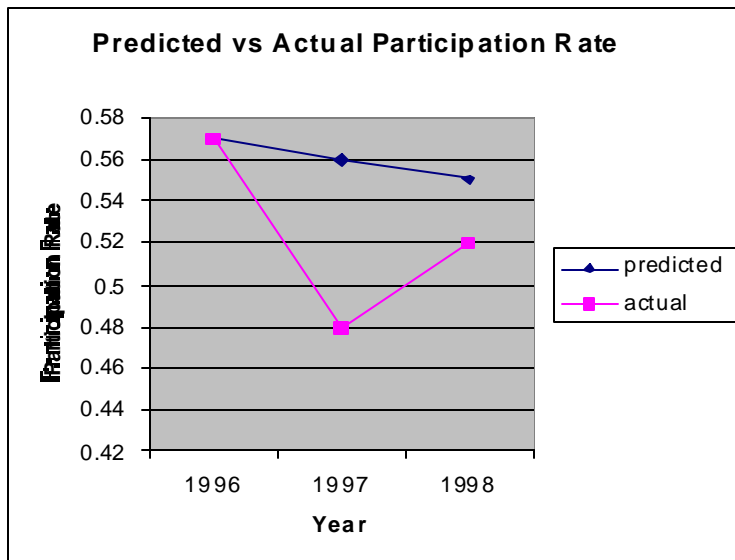
Average Total Yearly Income for People Eligible for Food Stamps (older than 16, in families without ABAWDs or Non-Citizens)

Year	1996	1997	1998
Mean Total Yearly Income	\$6625	\$6138	\$6049

The food stamp participation rate of these same individuals was 57% in 1996, 48% in 1997 and 52% in 1998.



The actual 1997 and 1998 participation rates are statistically significantly lower than the rates predicted by regression analysis using income, race, gender and public assistance as the independent variables.



Discussion

Study results. The first finding, that food stamp eligibility rates increased during the three-year period from 1996 to 1998, suggests that the state's economic prosperity has not decreased the proportion of California residents who meet the eligibility requirements for the Food Stamp Program. Stated differently, despite the economy, the need for nutrition assistance -- and qualification for the program -- failed to decline. In fact, even excluding non-citizens and ABAWDs (two high-need groups), the proportion of the eligible population within California residents increased slightly during this period.

The study's second finding is that the mean incomes of those eligible for food stamps declined from 1996 to 1997 to 1998. This finding is corroborated by a study from the California Budget Project indicating that the income of the poorest fifth of Californians dropped by 19 percent between the late 1970s and the late 1990s.

The third finding, that the participation rate among eligibles declined markedly from 1996 to 1997 and then only partially recovered from 1997 to 1998, indicates that, despite a growing need for food stamps, a smaller percentage of eligibles accessed the program after the effective date of welfare reform in 1996.

Finally, the regression analysis, indicating a greater actual participation drop than income, race, gender, and participation in public assistance would predict, suggests that some other factor(s) played a role in the decline in participation.

Hypotheses explaining the drop in participation. A study conducted by Mathematica Policy Research found that three-quarters of the eligible non-participants surveyed reported that they were not aware of their eligibility. Similarly, a GAO analysis of two years' data from the Panel Study of Income Dynamics found that over half the eligible non-participants did not know they were eligible for food stamps. In fact, a review of the literature on participation in the Food Stamp Program identifies the lack of awareness of eligibility as a prominent reason for non-participation.

In addition to unawareness of eligibility there is the slightly different phenomenon of confusion about eligibility. Various commentators and analysts cite confusion as playing a significant role in non-participation. As noted earlier, welfare reform eliminated eligibility for non-citizens and severely restricted it for ABAWDs. These changes, together with companion limitations to cash assistance, might well have generated uncertainty and confusion as to eligibility

that dissuaded eligible people from applying. Similarly, another study suggests that some former recipients mistakenly believed that they became ineligible for food stamps when they lost cash assistance.

Finally, the transition from welfare to work, ordained by welfare reform, might have increased non-participation for at least two reasons. First, prior to welfare reform, when many low-income households received cash assistance for extended periods of time, food stamp eligibility (and benefits) was automatically coupled to the cash assistance. As more and more families have been terminated from cash assistance under the terms of the new welfare legislation, fewer households have benefited from the automatic enrollment in food stamps. Second, the food stamp application process is complicated and laborious: one recent study has found that the average application requires at least two visits and five hours to complete. Such time often is not available to newcomers in the workplace, so working families, while still nominally eligible for food stamps, may find them inaccessible in practice.

No matter how plausible these and other hypotheses may seem, they chiefly serve to underline the necessity of additional study of many of the inquiries introduced in this paper. For one thing, only three years of post-welfare reform data were available when the research in this study was undertaken. Confidence in the preliminary trends will benefit greatly from examination of additional years. Second, the regression analysis has identified only variables that seem not to be responsible for the observed decline in participation. Future studies should examine other variables to pinpoint the reasons for non-participation so that effective remedial action can expand access to the valuable benefits of the Food Stamp Program.