

## 7: Explaining Recent Declines in FSP Caseloads

This report and similar research on FSP caseloads is in part a response to the steep decline in FSP caseloads in the late 1990s. This decline prompted widespread concerns because the poverty rate and the number of eligible households did not decline as rapidly during these years. The previous chapter showed that policy changes and economic trends have had different estimated effects on FSP caseloads from different types of households, and that these findings could explain at least some of the recent decline in FSP caseloads. This chapter assesses how much of the recent decline in FSP caseloads can be explained by the estimated effects of economic trends and policy changes.

The first section briefly describes how the results of the previous chapter can be used to estimate the proportion of the decline in FSP caseloads that could be attributed to economic trends and policy changes. The next section discusses how much of the decline in caseloads in the late 1990s can be explained by the report's main findings, which are obtained using the basic model described in Chapter 5. The following section describes how these results vary when one employs different statistical models with additional explanatory variables. The possible contribution to the decline in FSP caseloads of two important policies imposed at the national level under PRWORA -- the restrictions on eligibility for adults without dependents and non-citizens -- is also discussed.

### 7.1 Estimating the Effects of Policies and the Economy on Caseload Decline

The estimated effects of economic trends and policy changes can be readily used to estimate the contribution of these to the decline in food stamp caseloads from 1996 to 1999 (the years after PRWORA), or from 1994 to 1999 (the years after caseloads peaked). By multiplying the estimated effect of a policy by the change in the average percentage of the population subject to this policy change, one can estimate the change in caseloads caused by this policy. For example, suppose the percentage of the population in a specific type of household that was subject to a specific policy changed from zero in 1996 to 20 percent in 1999. Assume further that this policy is associated with an estimated ten percent reduction in FSP caseloads from this same subgroup. In this example, the policy led to a 2 percent (20 percent x 10 percent) reduction in the caseload from this subgroup.<sup>1</sup>

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<sup>1</sup> Because the FSP caseloads are expressed in natural log form, the coefficients of the policy variables are a reasonable estimate of the percentage change in caseloads associated with each policy change.

This percentage reduction in the FSP caseload can be expressed as a proportion of the total decline in the FSP caseload from this subgroup. In the same example, if FSP caseloads from this subgroup declined by 20 percent from 1996 to 1999, then the policy accounts for ten percent of this decline.

When lagged FSP caseloads are added as an explanatory variable, estimating the effect of each policy variable on caseload decline is slightly more complicated. According to the standard formulas for models with lagged dependent variables, the estimated long-run effect of each variable is equal to the value of its coefficient divided by one minus the coefficient of the lagged caseload measure. The estimated effect of a policy is still directly related to the estimated coefficient, but it is also directly related to the coefficient on the lagged caseload measure.

Some additional, reasonable assumptions are also made in this examination of the recent decline in FSP caseloads. In estimating the contribution of economic factors to changes in caseloads, all estimated effects of economic variables are considered, including those that are statistically insignificant. Because current and lagged unemployment rates are strongly correlated, the separate effects of each variable are not estimated with precision. In estimating the contribution of policy measures to caseload declines only estimated effects that are statistically significant at the ten percent level will be considered. The unexpected and unrealistic estimated effects of TANF policies on households without children will be ignored.

The results for each of the major types of households can then be aggregated to assess the contribution of economic trends and each policy change to the recent decline in aggregate caseloads. The percentage change in aggregate caseloads that is explained by the effect of a specific policy on a specific type of household is equal to this household's share of the caseload in "base year" (1996 or 1994 in this chapter) multiplied by the percentage decline in caseloads from these households that is explained by the policy. In this aggregation, estimated effects on types of households with more participants will receive a greater weight than estimated effects of similar size on other types of households with fewer participants.

Continuing the example used above, suppose a policy explains a 2 percent decline in the caseloads from one type of household, whose members made up 50 percent of the entire caseload in 1996. The effect of this policy on these households would explain a 1 percent decline in aggregate FSP caseloads. By summing the percentage changes in aggregate caseloads explained by the effect of each variable on each of the types of households, one can estimate the total percentage change in aggregate caseloads explained by this policy. This total percentage change in aggregate caseloads

explained by a policy change may be expressed as a proportion of the total percentage decline in aggregate caseloads.<sup>2</sup>

## 7.2 Main Findings

Both economic trends and policy changes can explain a substantial share of the declines in FSP caseloads from 1996 to 1999. The main findings in Table 7-1 and 7-2 are based on the estimated effects in Table 6-1, which were obtained using the basic model described in Chapter 5. This model analyzes FSP caseloads, measured by dividing the number of participants in each type of household by the population in the same type of household. The explanatory variables in this model are current unemployment rates, the policy variables, state fixed effects, and year effects. As one would expect, policies and the economy contribute in different ways to the decline in FSP caseloads from each type of household. Table 7-1 focuses on the 1996-1999 decline and is discussed first; Table 7-2 focuses on the 1994-1999 decline.

### 7.2.1. Explaining the 1996-1999 Caseload Decline

**Single adults with children:** Time limits, earnings disregards, and sanctions explain 36 percent of the decline in caseloads from single adult households with children, while EBT and family caps increased these caseloads; together, the economy and policy changes explain 14 percent of the decline in caseloads from 1996 to 1999. Current unemployment and the measures of reporting requirements had little effect on these caseloads. EBT increased these caseloads, and offset the total decline in caseloads from this group by about 12 percent. Time limits reduced caseloads and explain about 9 percent of the total 33 percent drop in caseloads from this group. Family caps account for an almost identical increase in caseloads. Changes in earnings disregards explain about 4 percent of the caseload decline. Partial sanctions and comparable disqualification reduced caseloads and explain almost 23 percent of the decline in caseload from this group. All AFDC and TANF policies together explain 28 percent of the decline because the effects family caps offset the effects of time limits,

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<sup>2</sup> This summation of effects over households is not a perfect aggregation of the effects of each variable, but it provides a reasonable sense of how much of the recent decline in caseloads can be explained. For several reasons, this type of summation of effects is less than perfect. The caseload measures for different types of households are based on different denominators (different population measures), although this may be a minor problem because trends in numbers of participants and these caseload measures in the late 1990s are very similar. Some policies could have the effect of changing the type of food stamp household to which a person belongs. If welfare policies encourage marriage, these policies reduce the number of recipients in single adult food stamp households with children. Some of these persons, however, may “reappear” as recipients who are part of multiple adult food stamp households with children. If so, the estimated effects of the policies on single adult food stamp households with children would exaggerate the effect of this policy on the entire caseload.

**Table 7-1**  
**Proportion of the 1996-99 Decline in FSP Caseloads Explained by Economic Trends and Policy Changes**

	All FSP Recipients	Single Adults with Children	Multiple Adults with Children	Adults Living Separately	Elderly Living Separately	Elderly with Adults/ Children
<u>Percentage decline in caseload, 1996-99</u>	-31.9	-33.2	-39.5	-34.2	-10.6	-26.3
<u>Percentage of these declines explained by</u>						
1. Economic trends	11.1	-1.6	21.5	23.0	41.3	36.4
2. EBT	-7.4	-11.7	-6.4	0.0	48.3	0.0
3. Error rates	0.0	0.0	0.2	0.0	-0.6	0.0
4. Frequent recertification	4.0	0.0	9.4	5.2	0.0	0.0
5. Time limits	4.6	9.2	0.0	--	--	0.0
6. Family cap	-6.3	-8.2	-4.9	--	--	-19.9
7. Earnings disregards	0.4	3.7	-3.6	--	--	-10.7
8. Sanctions	20.1	22.9	24.1	--	--	0.0
9. All TANF Policies (Sum of 5-8)	18.9	27.6	15.7	--	--	-30.6
10. All of these factors (1-8)	26.5	14.3	40.3	28.1	89.0	5.8
11. Percentage of decline unexplained	73.5	85.7	59.7	71.9	11.0	94.2
Total (Sum of 10-11)	100.0	100.0	100.0	100.0	100.0	100.0

These figures are based on the results shown in Table 6-1. The top row, "percentage decline in caseloads," is equal to the percentage decline in the ratio of the number of participants to the population in similar households (Table 5-1, top rows, negative numbers are declines). The percentage of the actual decline in caseloads attributable to each variable (next rows) is equal to the estimated coefficient of each variable multiplied by the change in the mean of the each variable over these years, all divided by the actual percentage change in the caseload measure. When the percentage explained is less than zero, the economic or policy variable accounted for an increase rather than a decrease in caseloads. All coefficients of the economic variables (regardless of statistical significance) are used to obtain these results. Only coefficients that are statistically significant at the 10 percent level are used to calculate the change predicted by the other variables. Any estimated effects of TANF policy variables on households without children are not considered in these calculations.

disregards, and sanctions. Together, the effects of these policies explain 14 percent of the 33 percent decline in caseloads from this group.

**Multiple adults with children:** The economy, shorter recertification periods, and sanctions account for 55 percent of the decline in caseloads from multiple adult households with children, but EBT, family caps, and earnings disregards increased caseloads, so the all these factors explain 40 percent of the decline in caseloads from this group. Current unemployment alone explains 22 percent of the decline in caseloads from this group. The measures of reporting requirements -- mainly shorter recertification rates -- explain nearly ten percent of the caseload decline. Partial TANF sanctions, full TANF sanctions, and lifetime TANF sanctions explain another 24 percent of the caseload decline.

EBT, family caps and earnings disregards increased caseloads from this group during these years, offsetting the caseload decline by about 15 percent.

A comparison of results in Table 7-1 for single and multiple adults with children illustrates the value of separate analyses of trends in caseloads from different households. The simple line graphs of trends in caseloads from these two groups are similar in many ways. Nevertheless, the contribution to caseload decline of time limits, reporting requirements, earnings disregards, and specific types of sanctions are clearly different for these two groups.

**Elderly with adults or children:** Economic trends explain over one-third of the decline in caseloads from households with elderly persons and adults or children, but family caps and earnings disregards increased caseloads by a similar amount. Measures of reporting requirements, EBT, time limits, and sanctions did not explain any of the decline in caseloads from this group. As a result, only 6 percent of the 26 percent decline in the number of these participants is explained by all economic and policy factors.

**Adults and elderly living separately:** The economy and administrative features of the FSP explain a substantial share of declines in food stamp receipt among adults and elderly persons living separately. Economic trends and shorter recertification periods account for 28 percent of the 1996-1999 decline in food stamp receipt among adults living separately. Economic trends and EBT explain almost 90 percent of the decline in food stamp receipt among elderly persons living separately. Economic trends explain over 40 percent of the modest decline in caseloads from this group, even though trends in caseloads of elderly living separately are less cyclically sensitive than trends in caseloads from other households. The estimated reduction in caseloads caused by EBT explains almost half of the caseload consisting of elderly living separately. The effect of error rates on the elderly, while inconsistent with theory, accounts for a negligible change in caseloads.

**All households:** The combined effect of economic and policy factors on each of these groups of households accounts for 27 percent of the decline in aggregate caseloads from 1996 to 1999; "TANF" accounts for 19 percent of this decline. The estimated effect of each of these factors on aggregate caseloads is the weighted sum of the effects on each type of household; larger groups of participants receive greater weight. Based on this calculation, current unemployment rates explain about 11 percent of the decline in aggregate FSP caseloads from 1996 to 1999. Shorter recertification periods explain 4 percent of the decline in FSP caseloads. Time limits and earnings disregards explain 5 percent of the total decline. Sanctions account for about one-fifth of the decline. EBT and family

**Table 7-2**  
**Proportion of the 1994-99 Decline in FSP Caseloads Explained by Economic Trends and Policy Changes**

	All FSP Recipients	Single Adults with Children	Multiple Adults with Children	Adults Living Separately	Elderly Living Separately	Elderly with Adults/Children
<u>Percentage decline in caseloads, 1994-99</u>	-38.1	-38.8	-48.3	-37.8	-13.0	-37.3
<u>Percentage of these declines explained by</u>						
1. Economic trends	18.8	-2.7	37.0	39.3	71.6	62.1
2. EBT	-9.0	-14.3	-8.1	0.0	55.5	0.0
3. Error rates	1.1	0.0	4.0	0.0	-15.7	0.0
4. Frequent recertification	6.7	0.0	15.2	12.9	0.0	0.0
5. Time limits	5.1	10.1	0.0	--	--	0.0
6. Family cap	-10.5	-13.8	-7.9	--	--	-31.5
7. Earnings disregards	2.9	14.7	-10.7	--	--	-34.7
8. Sanctions	23.0	25.6	29.8	--	--	0.0
9. All TANF Policies (Sum of 5-8)	20.5	36.7	11.2	--	--	-66.2
10. All of these factors (1-8)	38.1	19.7	59.4	52.2	111.5	-4.1
11. Percentage of decline unexplained	61.9	80.3	40.6	47.8	-11.5	104.1
<b>Total (Sum of 10-11)</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

These figures are based on the results shown in Table 6-1. The top row, "percentage decline in caseloads," is equal to the percentage decline in the ratio of the number of participants to the population in similar households (negative numbers are declines). The percentage of the actual decline in caseloads attributable to each variable (next rows) is equal to the estimated coefficient of each variable multiplied by the change in the mean of the each variable over these years, all divided by the actual percentage change in the caseload measure. When the percentage explained is less than zero, the economic or policy variable accounted for an increase rather than a decrease in caseloads. All coefficients of the economic variables (regardless of statistical significance) are used to obtain these results. Only coefficients that are statistically significant at the 10 percent level are used to calculate the change predicted by the other variables. Any estimated effects of TANF policy variables on households without children are not considered in these calculations.

caps increased aggregate caseloads. The use of several indicators of specific policies, rather than a single indicator for PRWORA or TANF, shows that some policies reduce caseloads while others increased them.

### 7.2.2. Explaining the 1994-1999 Caseload Decline

Economic and policy factors tend to explain a relatively larger proportion of the 1994 to 1999 decline in FSP caseloads. The time limit, earnings disregards, and sanctions explain 50 percent of the decline

in caseloads from single adult households with children; while EBT and family caps raise caseloads; these policies together explain 20 percent of the decline in caseloads from this group.

In the case of households with multiple adults and children, current unemployment rates explain 37 percent of the decline in caseloads, while measures of reporting requirements explain 20 percent of the decline, and sanctions account for another 30 percent of the decline. However, the combined effects of all of these economic and policy factors explain only 11 percent of the decline in caseloads from multiple adult households with children because EBT, family caps, and disregards increased these caseloads.

Economic trends and policy changes also account for some changes in caseloads from the other types of households from 1994-1999. Economic trends explain almost two-thirds of the decline in caseloads from households with elderly persons living with adults or children, but family caps and earnings disregards increased caseloads from this group by almost exactly the same amount. Economic trends and shorter recertification periods account for just over half the decline in FSP receipt among adults living separately, while economic trends and EBT account for slightly more than the 13 percent decline in food stamp receipt among elderly persons living alone.

All of these economic and policy changes explain 38 percent of the decline in aggregate caseloads from 1994 to 1999. Economic trends explain 19 percent of the decline, measures of reporting requirements explain 8 percent of the decline, time limits and disregards explain 8 percent of the decline, and sanctions explain almost one-quarter of the decline. EBT and family caps increase caseloads and partly offset these reductions.

### **7.3 Results Based on Other Models**

The previous chapter showed the other reasonable models yielded somewhat different estimates of the estimated effects of the economy and policy changes on FSP caseloads. Some estimated effects changed little when different models were employed, while other estimated effects changed substantially. This section summarizes how the estimated contribution of economic and policy factors changes when alternative models are employed. This section concentrates on explaining the 1994-1999 decline in caseloads, measured as a proportion of the population in similar households. The results (Table 7-3) are based on the estimated effects of policies shown in Tables 6-1 to 6-5.

**Table 7-3**  
**Proportion of the 1994-99 Decline in FSP Caseloads Explained by Economic Trends and Policy Changes, Using Alternative Models**

Percentage of decline in caseloads explained by economic and policy variables, using a model that includes:	All FSP Recipients	Single Adults with Children	Multiple Adults with Children	Adults Living Separately	Elderly Living Separately	Elderly with Adults/Children
<u>Additional controls for economic factors (Table 6-2)</u>						
1. Economic trends	32.2	7.6	51.4	60.3	101.6	71.5
2. EBT	-7.4	-11.9	-6.2	0.0	44.9	0.0
3. Error rates, frequent recertification	5.3	0.0	13.0	9.6	-12.3	0.0
4. All TANF Policies	21.1	36.0	8.7	0.0	0.0	0.0
5. All of these factors (1-4)	51.3	31.7	66.8	69.9	134.2	71.5
6. Percentage of decline unexplained	48.7	68.3	33.2	30.1	-34.2	28.5
Total (Sum of 5-6)	100.0	100.0	100.0	100.0	100.0	100.0
<u>Additional controls for economic, demographic, and political trends (Table 6-3)</u>						
1. Economic trends	34.3	11.5	52.2	60.6	69.3	84.0
2. EBT	-5.4	-12.2	0.0	0.0	42.1	0.0
3. Error rates, frequent recertification	5.7	0.0	13.9	9.0	-7.0	-0.2
4. All TANF Policies	14.6	27.6	3.3	0.0	0.0	-16.7
5. All of these factors (1-4)	49.1	27.0	69.4	69.6	104.5	67.2
6. Percentage of decline unexplained	50.9	73.0	30.6	30.4	-4.5	32.8
Total (Sum of 5-6)	100.0	100.0	100.0	100.0	100.0	100.0
<u>All additional controls plus state time trends (Table 6-4)</u>						
1. Economic trends	23.9	9.6	37.6	30.9	-1.8	93.8
2. EBT	-3.8	0.0	-8.7	0.0	-51.3	0.0
3. Error rates, frequent recertification	8.0	6.3	11.3	9.3	-7.9	-0.2
4. All TANF Policies	20.7	30.7	18.3	0.0	0.0	-35.0
5. All of these factors (1-4)	48.8	46.7	58.5	40.2	-61.0	58.6
6. Percentage of decline unexplained	51.2	53.3	41.5	59.8	161.0	41.4
Total (Sum of 5-6)	100.0	100.0	100.0	100.0	100.0	100.0
<u>All additional controls plus state time trends and lagged caseloads (Table 6-5)</u>						
1. Economic trends	26.8	10.6	45.3	30.0	5.0	86.8
2. EBT	-0.7	0.0	0.0	0.0	-41.8	0.0
3. Error rates, frequent recertification	5.1	0.0	12.5	9.5	-9.1	-1.7
4. All TANF Policies	22.4	36.4	14.9	0.0	0.0	-37.0
5. All of these factors (1-4)	53.6	47.0	72.7	39.5	-45.8	48.2
6. Percentage of decline unexplained	46.4	53.0	27.3	60.5	145.8	51.8
Total (Sum of 5-6)	100.0	100.0	100.0	100.0	100.0	100.0

These figures are based on the results shown in Table 6-2 through 6-5. See Table 7-1 for notes.



In the more complex models, TANF policies can account for 28-36 percent of the decline in caseloads from single adult households with children; economic trends and all policy changes can account for 27 to 47 percent of this decline. As additional control variables are added to the basic model, sanctions sometimes reduce caseloads by smaller amounts, but the economy reduces caseloads by a larger amount (with lagged unemployment rates) and EBT and family caps no longer increase caseloads. As a result of these offsetting changes in estimated effects in these different models, all factors together always explain a substantial portion of the caseload decline. Current and lagged unemployment rates can account up to 12 percent of the decline in caseloads from this group. Time limits and earnings disregards each consistently explain 7 to 15 percent of the caseload decline. Family caps do not account for increases in caseloads in any models with controls for demographic and political trends. The effects of sanctions declines in the models with additional controls, although sanctions still explain 8-18 percent of the decline.

In models with additional controls, AFDC and TANF policies account for 3-18 percent of the decline in caseloads from multiple adult households with children, and all economic and policy measures together explain 58-73 percent of the decline in caseloads from this group. Current and lagged unemployment rates can account for 38-52 percent of the decline in caseloads from this group. Reporting requirements consistently account for 11-14 percent of the caseload decline, but the effects of other policies varied across these models. As additional controls are added, sanctions explain a smaller proportion of the caseload decline, while the economy and time limits explain a larger proportion of the caseload decline, and family caps and earnings disregards no longer increase caseloads variables. EBT increases caseloads in some but not all models.

In the more complex models, 48-71 percent of the decline in caseloads from households consisting of elderly living with others is explained by the economic and policy measures. Economic trends consistently explain most of the caseload decline. Family caps account for smaller increases in caseloads.

In the more complex models, economic trends and shorter recertification periods explain 40-70 percent of the decline in caseloads from households consisting of adults living separately. Shorter recertification periods consistently explain about ten percent of the caseload decline. Economic trends explain up to 60 percent of the caseload decline, but only 30 percent of the decline when state time trends are added to these models.

Economic trends and EBT can account for more than the 11 percent decline in caseloads from households with elderly persons living separately, in models without state time trends. In models with state time trends, EBT increases caseloads while economic variables explain very little, so none of the decline in caseloads is explained.

In the more complex models, AFDC and TANF policies explain 15-22 percent of the decline in aggregate caseloads from 1994 to 1999, and all policy changes and economic trends explain 49 to 54 percent of this decline. These factors consistently explain some of the decline in caseloads because many estimated effects persist in all models, and because some estimated effects change in offsetting ways.

## **7.4 PRWORA's Rules for Non-Citizens and ABAWDs**

These important provisions of PRWORA were imposed nationwide and undoubtedly led to at least some of the decline in caseloads in the late 1990s. Some adults without dependents must have been unable to meet the work requirements for ABAWDs and hit the 3-month time limit, although the effect of this rule was limited because states could grant numerous exemptions, because the economy was strong, and because many ABAWDs have disabilities. As Chapter 3 showed, the decline in the number of non-citizen food stamp recipients after 1996 was especially dramatic, and the decline in the number of citizen recipients (often children) in households with non-citizens was larger than the decline in the number of recipients in households without non-citizens. These results strongly suggest that the non-citizen rules explain some of the decline in aggregate caseloads. It is difficult to estimate the size of the effect of these rules on the number of participants, however, because these rules were imposed nationwide, so we cannot observe states with and without these policies after 1996. This section discusses estimates of the possible contribution of these rules to caseload decline.

**(High) upper bounds for the effects of these rules:** One way to obtain an upper bound of the potential effect of the ABAWD rules on caseloads from households with adults living separately is to use the statistical models in Chapter Six to estimate the percentage of the decline in caseloads from this group that is unexplained by any of the variables in these models. This method assumes that any portion of the recent decline not explained by economic trends, policy variables, controls for demographic and political factors, and all other variables is caused by the ABAWD rules. Clearly, this upper-bound estimate could reflect other unmeasured factors, especially since these models always fail to explain large portions of the caseload decline. Nevertheless, this method still provides

an upper bound for the potential size of the effect of the ABAWD rule, after controlling for the role of a large number of other important factors.

Applying this method produces estimates of the contribution of these policies that are unrealistically high but still indicate that these rules can explain only a fraction of the total caseload decline. About 40 percent or more of the decline in caseloads from this group from 1994 to 1999 is unexplained by any of the variables. Even this very high upper bound indicates that at most only about 4 percent of the total decline in caseloads from 1994 to 1999 can be attributed to the ABAWD rule. Trends in the number of participants in households with non-citizens can be analyzed using the same models.<sup>3</sup> These results indicate slightly less than two-thirds of the decline in the number of food stamp participants from this group is unexplained by any of the variables used in this report. While the non-citizen rule undoubtedly caused a sharp reduction in the number of these participants, the total effect of the non-citizen rule is most likely less than this figure. This upper bound implies that the non-citizen rule can explain at most about 14 percent of the total decline in caseloads from 1994 to 1999.

**Other estimates of the effects of these rules:** Another estimate of the effect of the non-citizen rule is based on simple comparison of trends in food stamp caseloads from households with and without non-citizens (that is, without non-citizen participants and without ineligible non-citizen household members, as recorded in the QC data). From 1994 to 1999, the decline in caseloads from households with non-citizens was 50 percent, and the decline in caseloads from households without non-citizens was about 33 percent. If one interprets the approximately 33 percent decline among “citizens only” households as an rough estimate of the decline that would have occurred among the households with non-citizens in the absence of the non-citizen rules of PRWORA, then well under half of the decline in caseloads from households with non-citizens is attributable to the non-citizen rules. Using this method, about 7 percent of the total caseload decline was caused by the non-citizen rules.

Two other studies provide other estimates of the contribution of these two rules to caseload declines. The *Report to Congress* (USDA, 2001) found that these two rules together caused about 8 percent of the total decline in caseloads from 1994 to 1999 -- less than half of the upper bound estimates discussed previously. Gleason et al (2001) estimates that about 11 percent of the caseload decline

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<sup>3</sup> It is especially difficult to measure the effects of economic trends and AFDC/TANF policies on non-citizens. Among food stamp recipients, the number of non-citizens grew far faster than the number of citizens in the early 1990s, as immigration expanded and more non-citizens could gain access to food stamps. We cannot observe food stamp caseloads for a stable population of non-citizen households over one or more business cycles in the absence of major policy and demographic changes. It is therefore not easy to isolate the effects of economic factors, although one can use the variation in economic trends by state over these years. PRWORA's rules also removed many of these persons from food stamps before many state TANF plans could take effect, so we cannot easily observe how the TANF rules would have affected these households in the absence of the PRWORA rules for non-citizens.

from 1994 to 1999 (about half of the total “PRWORA effect”) can be explained by these two rules. All of these results suggest that the combined effect of the ABAWD and non-citizen rules of PRWORA can probably account for roughly ten percent of the total caseload decline from 1994 to 1999.

The combined effects of the ABAWD and non-citizen rules, economic trends, and all other measured policy changes can account for one-half to two-thirds of the 1994-1999 decline in aggregate caseloads. Even if one accepts the largest of these estimates, a substantial proportion of the decline remains unexplained. Unmeasured effects of the economy, demographic shifts, attitudes, or policies could all account for the unexplained proportion of the decline.

## 7.5 Conclusions

AFDC and TANF policies explain 15-22 percent of the decline in aggregate caseloads from 1994 to 1999, and the effects of AFDC and TANF policies, FSP administrative features, and economic trends together explain 38 to 54 percent of this decline. The effects of PRWORA's rules for ABAWDs and non-citizens can account for perhaps an additional ten percent of this decline. The estimated contributions of specific policies to caseload decline sometimes vary across the statistical models used in this report. AFDC and TANF policies still reduce caseloads in each of the models tested in the previous chapter, because many estimated effects persist in all models, and because some estimated effects change in offsetting ways. The contribution of estimated effects of policies and economic trends varies by type of household, a finding that underscores the value of conducting separate analyses of important subgroups of households. This analysis also illustrates the value of estimating the effects of specific policy changes rather than simpler indicators for TANF or PRWORA: time limits, sanctions, and reporting requirements reduced caseloads by different amounts, while EBT increased caseloads.

These results are consistent with some other recent research. Currie and Grogger (2001), a study of FSP caseloads from different types of households that relied on survey-provided data on food stamp receipt, also found that shorter recertification periods and TANF policies could explain some of the recent caseload decline, although this study employs somewhat different policy measures. Gleason et al (2001) find that indicators for strong work requirements and the imposition of “PRWORA” explain about 30 percent of the caseload decline from 1994 to 1999, while the economy can explain almost half of this decline. These results are inconsistent with Ziliak, Gundersen, and Figlio (2001), a study

that found that policies explain virtually none of the caseload decline. This report and the study by Ziliak, Gundersen, and Figlio (2001) differ in that the latter examines aggregate caseloads using a longer time series and a dynamic specification with several lagged caseload terms and simpler indicators for TANF plans and waiver policies.

All of the caveats about the estimated effects of the policy variables that were discussed in the previous chapter apply to the findings in this chapter as well. The estimated effects of policies could reflect the real effects of these policies, but they could also reflect other unmeasured factors. Some findings are sensitive to the choice of model and some estimated effects of TANF policies persist for households that do not contain children. Nevertheless, the results indicate that sanctions, time limits, and reporting requirements may have contributed to some of the recent caseload decline.