

Chapter Two

Characteristics of Food Stamp-Eligible Nonparticipants

This chapter examines the characteristics of households that were apparently eligible for food stamp benefits, but, for whatever reason, chose not to participate in the Food Stamp Program. The objective of the analysis is to understand who these nonparticipants are and what characteristics may inhibit program participation. The analysis also examines how needy these nonparticipants are, as defined by their economic circumstances and their level of food security.

As discussed in Chapter One, this analysis is based on a sample of households that were apparently eligible for food stamp benefits, based on their responses to several questions concerning their households' circumstances. Throughout this report, we often use a shorthand terminology, referring to these households as eligible nonparticipant households or simply nonparticipants. It must be kept in mind that we have only been able to approximate food stamp eligibility and some households have undoubtedly been misclassified.

In this chapter, we compare the sample of eligible nonparticipant households to two other populations. First, to the extent data are available, we compare the characteristics of the eligible nonparticipants to the characteristics of current food stamp recipients. An examination of the differences between these two groups may shed some light on the reasons nonparticipants are not currently participating in the Food Stamp Program. Second, we compare eligible nonparticipant households in 2000 to a comparable group of nonparticipants from 1996, obtained from a nationally-representative random-digit-dialing survey conducted for USDA by Mathematica Policy Research.¹²

As discussed in the previous chapter the proportion of food stamp eligible households participating in the FSP declined substantially between 1996 and 2000. The pool of food stamp eligible households also declined as the robust economy increased the incomes of many low-income households. However, the eligible nonparticipant population grew both in absolute numbers and as a proportion of all eligibles. At least some of the growth occurred because households that received food stamp benefits in 1996 left the food stamp rolls, though remained eligible for benefits (FNS, 2001). As a result of these shifts, we expect to see a shift in the characteristics of the eligible nonparticipant population between 1996 and 2000.

In comparing the 1996 and 2000 eligible nonparticipant populations we could not conduct tests of statistical significance as 1996 published reports do not contain standard errors. Instead, we established a criterion for a "meaningful" difference between the two years. Throughout the rest of this report, we only highlight changes between the two years if the difference is at least ± 5 percentage points.¹³

¹² The RDD survey was conducted between June 1996 and January 1997. Results are reported in Ponza et al. (1999).

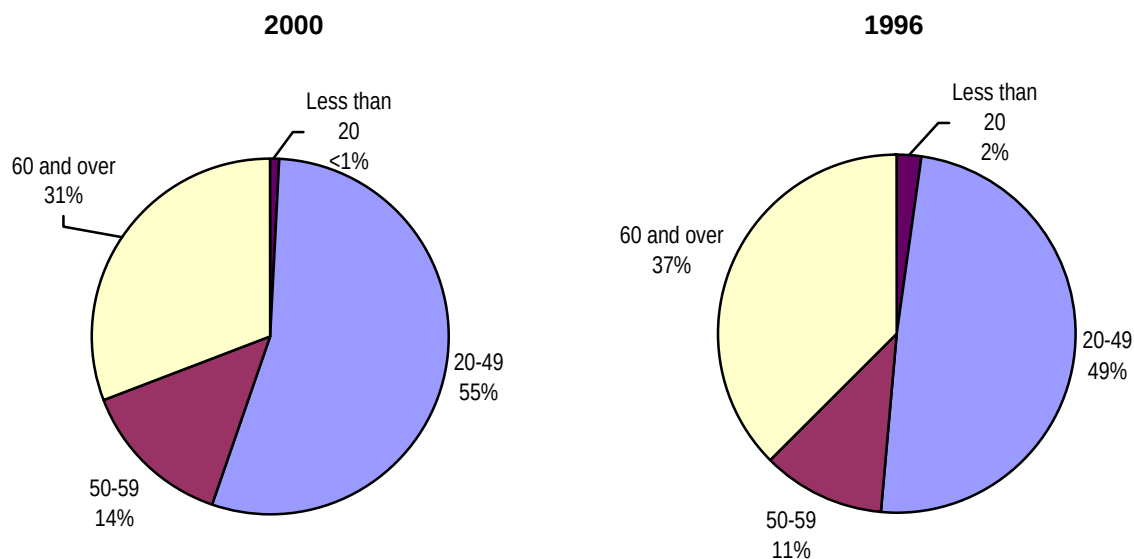
¹³ All differences discussed in the chapter are at least ± 5 percentage points as calculated using both the full analytic sample and the sample restricted to households whose incomes, calculated using the detailed information from the full survey, were equal to or below 130% of the federal poverty level.

This chapter begins with a discussion of the demographic characteristics of apparently eligible nonparticipants, examining the characteristics of the household head and household composition. In the second section, we turn to an analysis of the economic circumstances of nonparticipant households, focusing on earnings, unearned income, and assets. Information on their housing situation is also examined. The third section analyzes data on the food security of nonparticipant households and examines their use of community resources as an income supplement.¹⁴

Demographic Characteristics

Over half (55 percent) of nonparticipant households in 2000 were headed by an individual between the ages of 20 and 49 (figure 2.1).¹⁵ The heads of most (31 percent) of the remaining households were over 59 years old. The age of eligible nonparticipant household heads had declined somewhat since 1996, when 37 percent of household heads were over 59 years of age and just under half were 20 to 49 years old. Over a third (37 percent) of all nonparticipant households included one or more elderly members in 2000. This represents a decrease from 1996 when 44 percent of nonparticipant households had elderly members.

Figure 2.1—Age of case head, eligible nonparticipant households: 2000 and 1996



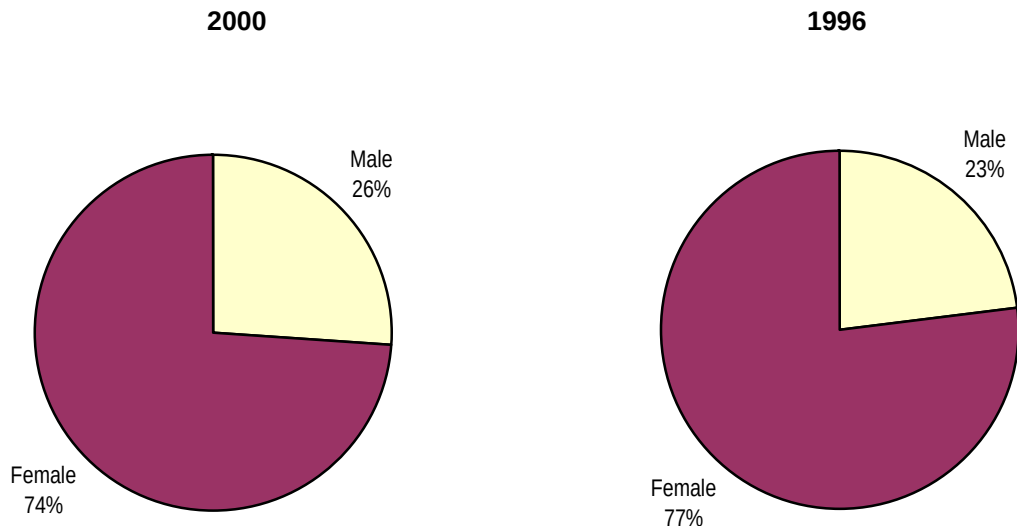
Eligible nonparticipant households in 2000 were three times more likely to be headed by a female than by a male (figure 2.2). This mirrors the gender distribution of household heads found among the population of Food Stamp Program participants in 2000, indicating that nonparticipant households were similar to households that received food stamp benefits along this dimension. The proportions of

¹⁴ Appendix B contains detailed tables on which exhibits and text are based.

¹⁵ All demographic characteristics are presented in table B.1 and household composition appears in table B.2.

female-headed and male-headed households among eligible nonparticipants in 1996 were similar to the corresponding proportions in 2000.

Figure 2.2—Gender of case head, eligible nonparticipant households: 2000 and 1996



A little over half of eligible nonparticipant households in 2000 were headed by individuals who reported their race as white, non-Hispanic (figure 2.3). About a quarter of households were headed by blacks and 12 percent were headed by Hispanics. The remaining 9 percent of households were headed by individuals belonging to other ethnic groups, including Asians, Native Americans and those of mixed-race heritage.

In 2000, eligible nonparticipant households were somewhat more likely than households receiving food stamp benefits to be headed by whites (53 vs. 47 percent) and by persons classified as “other” race (9 vs. 4 percent), and somewhat less likely to be headed by blacks (26 vs. 35 percent).¹⁶ These differences in the racial distributions of participants and nonparticipants indicate that blacks have a higher FSP participation rate than do whites, a finding that has been shown in numerous other studies.

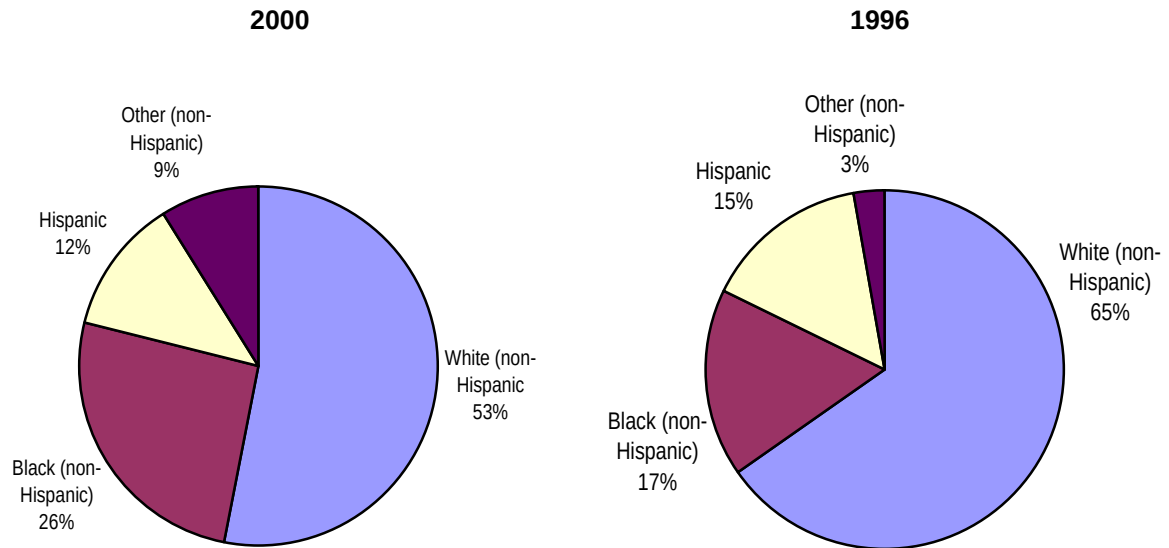
The racial/ethnic distribution of eligible nonparticipants appears to have changed somewhat during the four years after welfare reform was implemented. In 1996, almost two-thirds of nonparticipant households were headed by whites. By 2000, this figure had dropped to 53 percent. Conversely, the percentage of nonparticipant households headed by blacks increased from 17 percent in 1996 to 26 percent in 2000.

Between 1996 and 2000, the racial/ethnic distribution of households participating in the Food Stamp Program was essentially stable. This fact, combined with the changes observed in the racial/ethnic distribution of eligible nonparticipants, suggests that eligible blacks were much more likely to participate in the Food Stamp Program than eligible whites in 1996. By 2000, black-headed

¹⁶ See table B.1 for racial/ethnic distribution of heads of food stamp households.

households still had a higher participation rate than white-headed households, but the difference between the two groups was much smaller than four years before. Put another way, during the four years after welfare reform, the participation rate among blacks declined more than the participation rate among whites.

Figure 2.3—Ethnicity of case head, eligible nonparticipant households: 2000 and 1996



Almost all (95 percent) eligible nonparticipants in 2000 were U.S. citizens.¹⁷ A small proportion (3 percent) of households were headed by noncitizens and included children who were U.S. citizens. Essentially the same proportion of food stamp recipients were reported being U.S. citizens. English was the primary language of 94 percent of eligible nonparticipant households in 2000. Spanish-speaking households represented an additional 5 percent of these households. The remaining 1 percent of eligible nonparticipant households spoke some other language.¹⁸

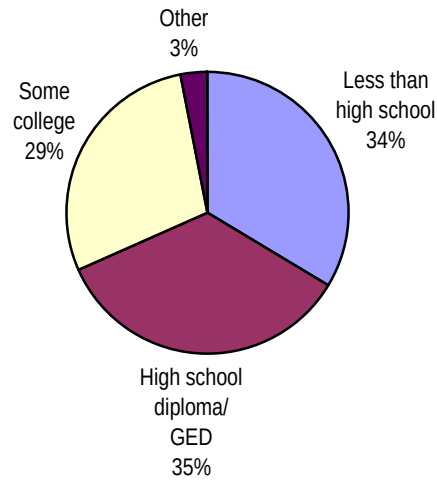
One-third of eligible nonparticipant households in 2000 were headed by persons with less than a high school education and an equal percentage were headed by high school graduates (figure 2.4). Almost 30 percent reported that they had attended college, though only 7 percent received an associate degree or higher.

In 1996, a similar number—36 percent—of household heads had completed less than a high school education. It is difficult to compare the educational status of other eligible nonparticipants in 2000 and in 1996 as the survey questions and response categories differed in the two surveys. In 2000, one possible response category was “some college.” This was not a separate response category in 1996 and it seems likely that those who completed high school and attended college, but did not receive a degree, were classified in the “high school diploma” category. Only those that completed an associate or BA degree (11 percent) were classified as “some college” in 1996.

¹⁷ Published reports do not provide information on citizenship for nonparticipants in 1996.

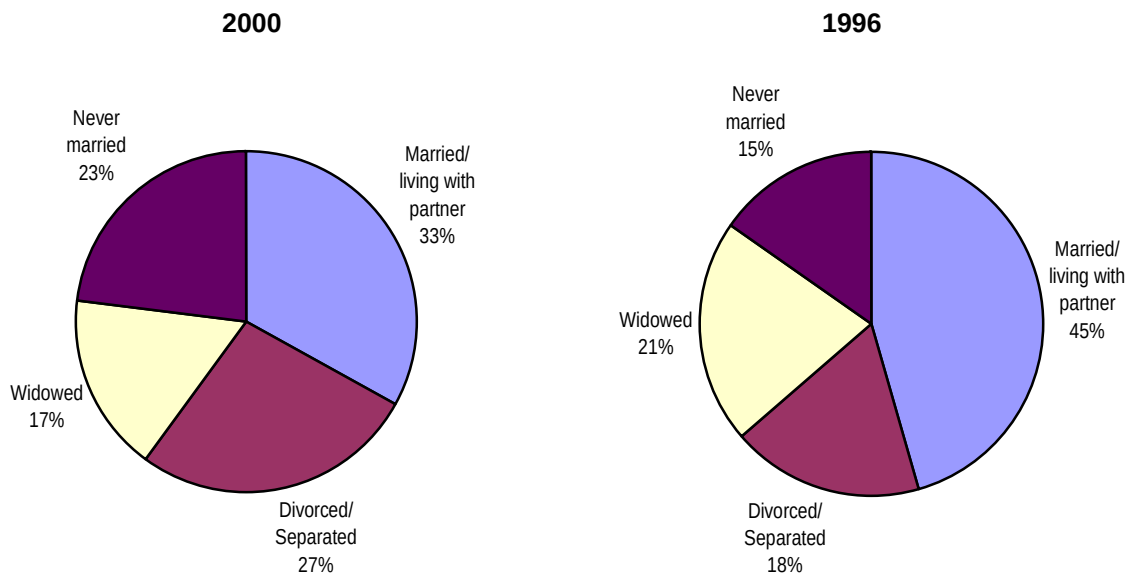
¹⁸ See tables B.1 and B.2.

Figure 2.4—Education of case head, eligible nonparticipant households in 2000



The marital status of eligible nonparticipant household heads appears to have changed somewhat between 1996 and 2000 (figure 2.5). In 2000, 33 percent of household heads reported being married or living with a partner. Almost one-quarter had never married and 27 percent responded that they were either separated or divorced. The remaining 17 percent were widowed. In contrast, more households—45 percent—were headed by married persons or persons living with partners in 1996. In addition, compared to 2000, fewer household heads in 1996 reported that they were divorced, separated, or never married and more household heads reported that they were widowed.

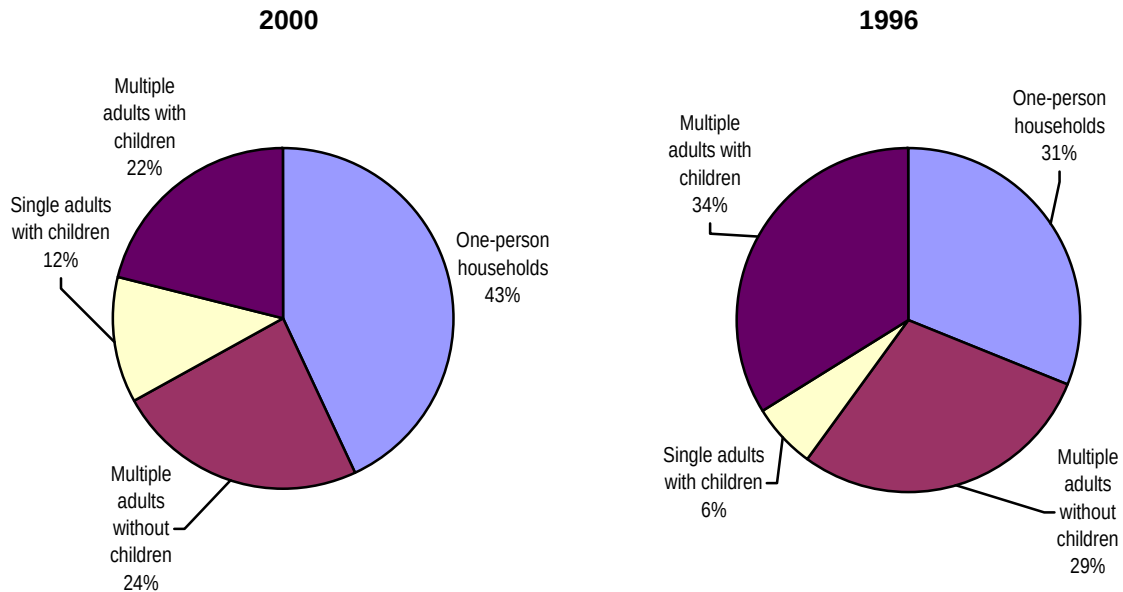
Figure 2.5—Marital status of case head, eligible nonparticipant households: 2000 and 1996



In 2000, two-thirds of FSP eligible nonparticipant households were childless. Most of these (43 of the 67 percent) were one-person households and most of them (47 of the 67 percent) contained at least

one elderly member or member with a disability (figure 2.6, table B.2). The other 33 percent of households included one or more children—22 percent in multiple-adult households and the remainder in households with one adult. About 18 percent of nonparticipant households included pre-school-aged children.

Figure 2.6—Composition of eligible nonparticipant households: 2000 and 1996



Eligible nonparticipant households were much less likely to include children than households receiving food stamps (table B.2). Just over half of all food stamp households contained children compared to only about a third of nonparticipant households. Food stamp recipient households were much more likely than nonparticipant households to be comprised of a single adult and children (39 percent vs. 12 percent), and were much more likely to include pre-school-aged children (28 percent vs. 18 percent). In contrast, nonparticipant households were more likely than recipient households to include multiple adults and children (22 percent vs. 12 percent). Similar percentages of participant and nonparticipant households were comprised of one adult. Thus, the typical food stamp household was likely to contain either one adult or one adult with children. In contrast, the typical nonparticipant household had no children and was most likely a single-person household.

The composition of FSP eligible nonparticipant households changed substantially between 1996 and 2000. The percent of households headed by single adults with children increased from 6 percent in 1996 to 12 percent in 2000. This change may be directly related to welfare reform. In the four years following welfare reform, the number of families, most of whom were single parent households, receiving welfare payments declined dramatically. Studies suggest that many of these families still remained eligible for food stamps. If they were uncertain of their eligibility status, or confused about the requirements for continued FSP participation, they might have left the food stamp rolls at the same time they left welfare. In this situation, we would expect to see an increase in the proportion of single parent families in the food stamp eligible nonparticipant population.

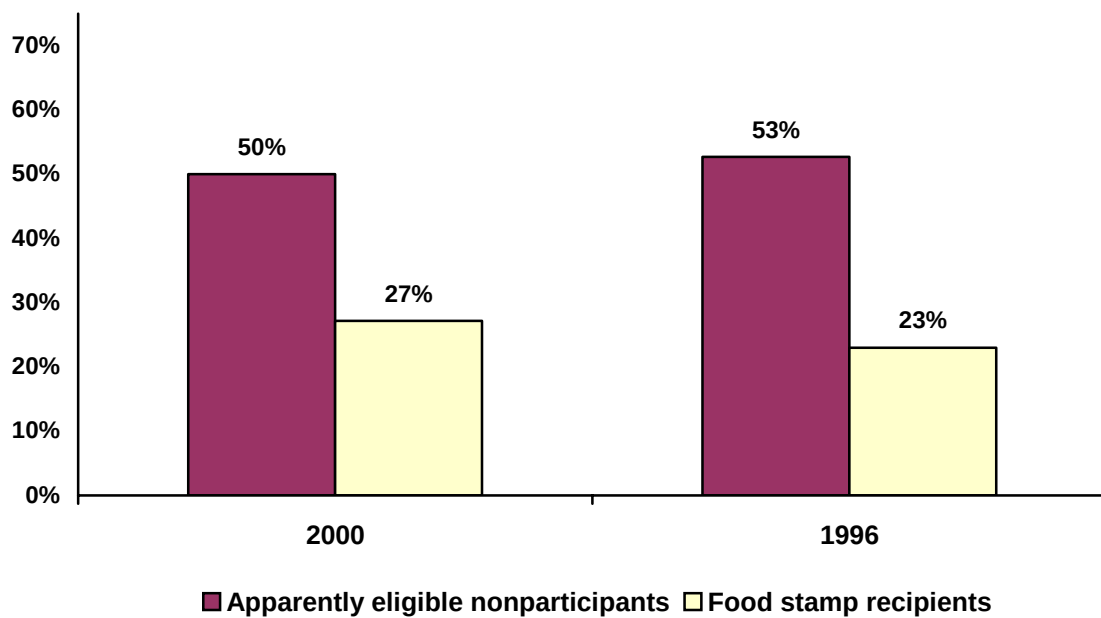
The percentage of nonparticipant households containing multiple adults and children declined over the four years, from 34 to 22 percent. This shift may have reflected the strengthened economy, which

enabled many low-income households to find employment and become self-sufficient. The increase in single-person households, from 31 percent in 1996 to 43 percent in 2000 may also have reflected the economic boom and the elderly and other one-person households that were left behind.

Economic Characteristics

Fifty percent of the FSP eligible nonparticipant households in 2000 reported that at least one household member was employed and received earnings in the month prior to the survey. In 1996, a similar proportion (53 percent) of eligible nonparticipant households reported receiving earnings (figure 2.7).¹⁹

Figure 2.7—Percent of households with earnings



Eligible nonparticipant households in 2000 were more likely than households receiving food stamp benefits to report receiving earnings. Even among households with earnings, nonparticipant households earned 60 percent more than food stamp recipient households—\$1,181 vs. \$749 per month. These differences in employment rates and earnings may help explain why some apparently eligible households were not participating in the Food Stamp Program. Because they were more likely to be employed and have higher earnings, nonparticipant households may have had different perceptions of need than households receiving food stamp benefits. Nonparticipant households may have had a more optimistic outlook on their future earnings potential and felt that they could manage without food stamp benefits, at least for the time being.

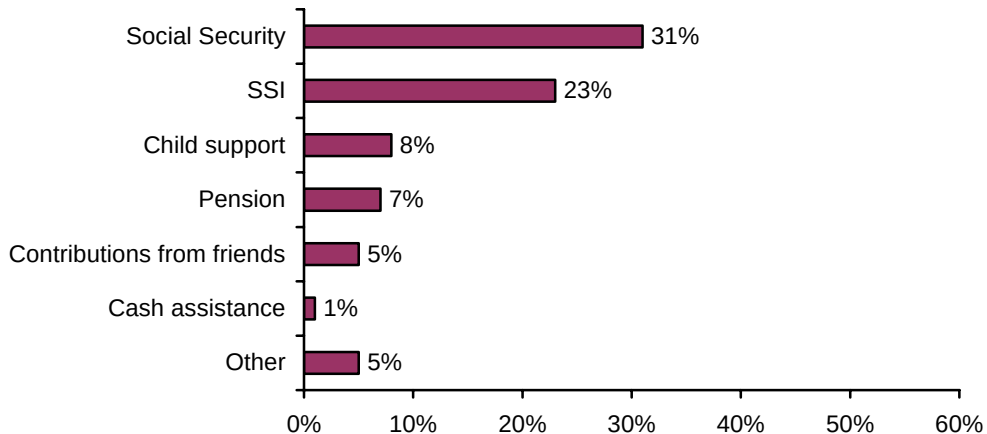
Eligible nonparticipant households received unearned income from a variety of sources during 2000 (figure 2.8).²⁰ Social security was the most common source of unearned income—31 percent of

¹⁹ Employment and earnings data are presented in table B.3.

²⁰ Data on unearned income are found in table B.4.

households reported receiving this type of income. A quarter of households received Supplemental Security Income (SSI). Few households participated in cash assistance programs, including TANF and General Assistance (GA). Receipt of other types of unearned income was reported by 10 percent of less of eligible nonparticipant households.

Figure 2.8—Unearned income of eligible nonparticipant households in 2000



Published data (Cunyngham, 2001) provide information on unearned income received by food stamp recipients, though somewhat less detail is available than from the survey of eligible nonparticipants. Food stamp households were much more likely than nonparticipant households to receive cash assistance in 2000. Just over 30 percent of food stamp households participated in TANF or GA programs. One-quarter of all food stamp recipient households received social security income and 32 percent received SSI income. A small percent of recipients reported other types of unearned income.

In both 1996 and 2000, few eligible nonparticipant households reported receiving cash assistance. The reporting of social security income and SSI differs in the two years. In 1996, 37 percent of households reported receiving social security income. However, in 2000, only about 31 percent received income from this source. In contrast, reported receipt of SSI income increased from 7 percent in 1996 to 23 percent in 2000. The observed decrease in the percent of food stamp nonparticipant households receiving social security income might indicate that these households, while remaining stable in absolute number, became a smaller portion of the nonparticipant pool. The increase in the percent of nonparticipants receiving SSI could be due, in part, to households leaving TANF to go on disability and being confused about their FSP eligibility. The observed differences could also be a result of measurement error caused by respondent confusion between the categories.

Total mean monthly income of eligible nonparticipant households in 2000 was \$982 (table B.5). As discussed in Chapter One, all households that completed the full interview reported total household income less than 130 percent of the poverty level in the screening interview. However, when more detailed questions were asked, and a second measure of income calculated, the total income of some households exceeded 130 percent of poverty. Excluding these households, average monthly income drops to \$777. Eligible nonparticipant households in 2000 had very low incomes, using both the full analytic sample and the restricted sample.

The financial assets of food stamp eligible nonparticipant households were quite low in 2000, as expected given the food stamp eligibility criteria. Households, except those with elderly members, are not eligible for food stamps unless their financial assets are \$2,000 or less. The financial assets of elderly households cannot exceed \$3,000.

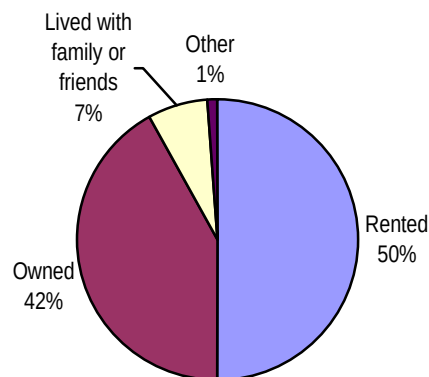
Sixty percent of eligible nonparticipant households in 2000 reported that they had a checking account, a third reported having a savings account, and 10 percent reported some other financial asset (table B.6). On average, the assets of nonparticipant households were just \$804. Among households with some financial assets, the average value across all accounts was \$915.

In order to be eligible for food stamp benefits in 2000, households could only own vehicles worth a limited amount, unless the vehicles were used to produce income directly or transport persons with disabilities. Eligibility criteria stipulated that the value of a vehicle in excess of \$4,650 was counted in the asset limit, effectively limiting the total value of cars or trucks a household could own.²¹ As a proxy for the eligibility criteria, the survey collected information on the age of the vehicle(s) owned by the household. Households with vehicles less than five years old were deemed to be ineligible for food stamps.

Nearly 40 percent of all nonparticipant households surveyed did not own any cars or trucks. The remainder reported that they owned at least one vehicle and 18 percent reported owning two or more vehicles.

Eligible nonparticipant households reported a variety of different housing arrangements in 2000 (figure 2.9). Half of all households rented their home or apartment and an additional 42 percent owned their own home. Nearly all other households reported living with family or friends. The asset limits for calculating food stamp eligibility exclude the value of homes owned by households, and thus home ownership is not inconsistent with food stamp eligibility.

Figure 2.9—Housing arrangements of eligible nonparticipant households in 2000



²¹ The 2002 Farm Bill changed the eligibility rules involving vehicles. The rules described here were in effect when the RDD survey was conducted.

One-fifth of nonparticipant households received government assistance with their housing expenses. Fifteen percent of all households reported living in public housing. An additional 4 percent of households received Section 8 housing subsidies that reduced their monthly rent.

Almost all (96 percent) households spent money for housing. Average non-zero expenditures were \$521 per month. For almost half of all households, this amount included all utility payments. Average expenditures for those households that paid separately for their utilities were \$220 per month.

Food Security

Food security measures a household's access to food that provides a nutritionally adequate diet for its members. Food secure households are those in which all household members have access, at all times, to enough food for an active, healthy life. Food insecure households, in contrast, have limited or uncertain availability of nutritionally adequate food, due to limited resources to purchase food.

Data to measure food security were collected using a battery of eighteen questions developed by USDA in collaboration with other government agencies, academic experts, and private researchers. The survey questions all relate to conditions and behaviors known to describe households that are having difficulty meeting basic food needs. Using responses to these questions and the methodology described in Bickel et al. (2000), households were classified into three categories, reflecting the severity of deprivation in basic food needs: food secure; food insecure without hunger; and food insecure with hunger.

Somewhat over half of all food stamp eligible nonparticipant households in 2000 were food secure during the year prior to administration of the survey (figure 2.10).²² A quarter of nonparticipant households experienced hunger at some point during the year. Households with children were substantially less likely than households without children to be food secure (44 percent vs. 61 percent).

Food insecurity among food stamp eligible nonparticipant households appears to have increased in the years since welfare reform legislation was passed. In 1996, 34 percent of all eligible nonparticipant households experienced food insecurity (figure 2.10). By 2000, the prevalence of food insecurity among nonparticipant households had increased to 45 percent. Much of the increase over the four years was among households that experienced hunger—the prevalence of hunger increased from 14 percent of all nonparticipant households in 1996 to 25 percent in 2000.

The observed increase between 1996 and 2000 in levels of food insecurity does not necessarily indicate that poor households in general became more food insecure over time. Rather, observed food insecurity among nonparticipants increased as food stamp recipients left the FSP while remaining eligible for benefits.

Since food insecurity and hunger result from insufficient resources, the prevalence of these conditions is much greater among the low-income population than among other households. Using data from the Current Population Survey (CPS), Andrews et al. (2000) report that 90 percent of all U.S. households were food secure during the twelve months prior to April 1999 and only 10 percent were food

²² Food security data are presented in table B.7.

insecure. Only three percent of all U.S. households experienced hunger during the year. The prevalence of food insecurity was much greater among households with incomes below 130 percent of the poverty level. One-third of low-income households experienced food insecurity during the twelve months prior to the survey. Eleven percent of them experienced hunger at some time (figure 2.11).

Figure 2.10—Food security status of eligible nonparticipant households

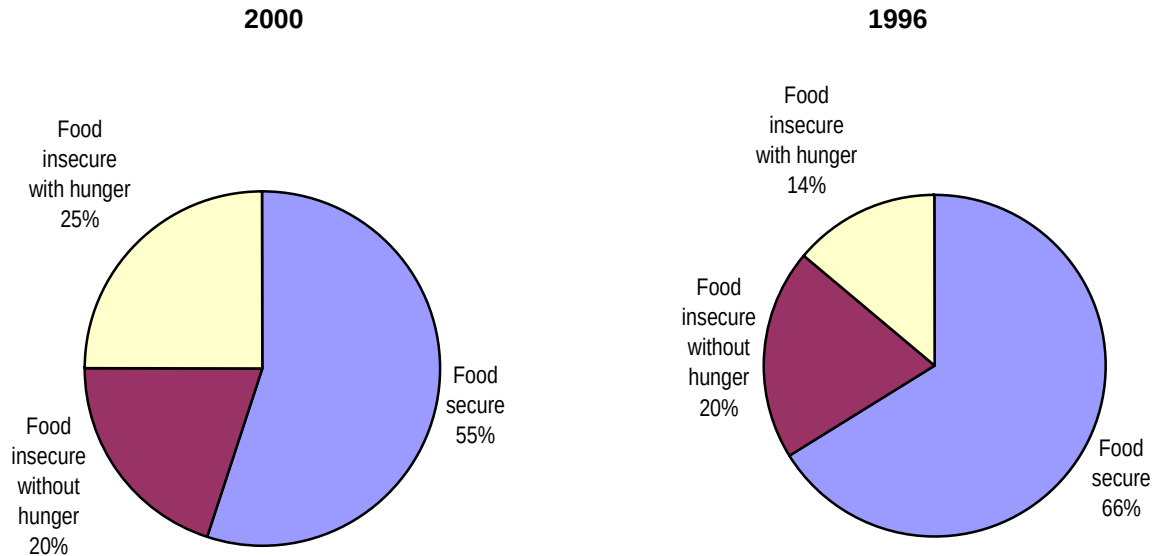
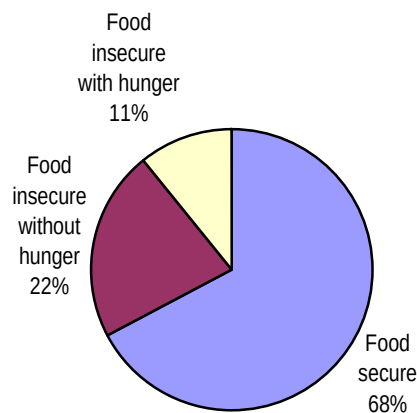


Figure 2.11—Food security status of households below 130 percent of poverty in 1999



Source: Andrews et al. (2000).

The prevalence of food insecurity and hunger reported in the 2000 survey of food stamp eligible nonparticipants (45 percent) is greater than that reported among households with incomes below 130 percent of the poverty level in the 1999 CPS survey (33 percent). Several factors may account for the observed differences. First, the time periods for the two surveys differ. The eligible nonparticipant

survey was conducted during early 2001 and the food security questions asked about households' experiences during the prior twelve months. The 1999 CPS survey was conducted in April 1999 and the food security questions pertained to the period between April 1998 and April 1999. According to CPS data, the prevalence of food insecurity among low-income households increased between 1995 and 1999. Food insecurity may have continued to increase for this group between 1999 and 2000. Second the group of households with incomes below 130 percent of the poverty level includes food stamp recipients who are less likely to be food insecure. Finally, in order to qualify for food stamps, households can have very limited assets—less than \$2,000 or \$3,000 (depending upon household composition) in total financial assets. Thus, food stamp eligible households are likely to have fewer resources available to purchase food than other low-income households. This may lead to greater food insecurity among the food stamp eligibles. This analysis suggests that many food stamp eligible nonparticipant households have a very real need for FSP benefits.

CPS data also show that the prevalence of food insecurity among households with incomes less than 130 percent of the poverty level increased in the latter half of the 1990s. However, in contrast to the findings from the eligible nonparticipant surveys, CPS data indicate that the prevalence of hunger among these households declined between 1995 and 1999 (Andrews et al., 2000).

A small proportion of eligible nonparticipant households turned to churches, food pantries, and soup kitchens to provide some of their food needs during the year prior to the survey (table B.8). Nine percent of households reported receiving food from a local church at least once and an equal percentage used food pantries and/or food banks as a source of some of their food needs. Very few households reported obtaining meals from soup kitchens.

Some households also received assistance in meeting other basic needs (table B.9). Nine percent of eligible nonparticipant households received free medical services in the year prior to the survey and 11 percent received help paying for their utilities. Small percentages of households received other types of assistance from organizations in their communities.

Summary

Eligible nonparticipant households were predominantly headed by females and by those who classified themselves as non-Hispanic white in the 2000 survey. Half were headed by young or middle-aged persons (aged 20 to 49) and 31 percent were headed by individuals 60 or older. Approximately 33 percent of the households included children and 37 percent included elderly members. Compared to food stamp recipient households, nonparticipant households were more likely to include multiple adults and less likely to include children. As the number of eligible nonparticipant households grew in the late 1990s, their demographics appear to have changed somewhat. Eligible nonparticipant households in 2000 had younger household heads and were more likely to be headed by blacks and less likely to be headed by whites than in 1996. In 2000, the proportions of nonparticipant households headed by single parents, the group most affected by welfare reform, were larger than in 1996.

Food stamp eligible households are, by definition, fairly poor. They have few financial assets. However, 42 percent of nonparticipant households owned their own home in 2000. Compared to food stamp participants, eligible nonparticipants were more likely to work and to report higher earnings. Nonparticipants were less likely to receive government assistance, particularly TANF and SSI, than

households receiving food stamp benefits. The economic well being of eligible nonparticipant households does not appear to have changed much between 1996 and 2000, at least along the dimensions measured in the surveys.

Households that were apparently eligible for food stamp benefits reported fairly high levels of food insecurity. In 2000, 45 percent experienced food insecurity during the year prior to the survey. Many—25 percent of all households—experienced hunger at some point. The level of food insecurity appears to have increased during the four years after welfare reform among food stamp eligible nonparticipant households. In 1996, 34 percent of all households reported periods of food insecurity and only 14 percent of all households experienced hunger. Eligible nonparticipant households also reported higher levels of food insecurity than other low-income households according to comparisons with CPS data.