

## The Food Stamp Program and the Importance of Nonparticipation

The Food Stamp Program (FSP), managed by the Food and Nutrition Service (FNS) of the U. S. Department of Agriculture, helps low-income households buy the food they need for a nutritionally adequate diet.<sup>1</sup> The rules are complex, but the most important factors that determine eligibility for food stamp benefits are income, the number of persons who live and eat together, and the amount of available liquid assets, such as money in checking and savings accounts. Food stamps serve households with gross incomes less than 130 percent of the federal poverty guidelines (FPG) for the household size.<sup>2</sup>

Nonparticipation, defined as the failure of eligible persons to enroll in programs, is widespread across many means-tested federal, state, and local social welfare programs (Bendrick, 1980). Nonparticipation seems particularly high in the FSP. Blank and Ruggles (1996), for example, found that FSP participation rates across all eligible participants ranged from 50 to 65 percent, depending on the method of estimation used. More recently, Cunnyngham (2002) found that FSP participation among those eligible declined between 1994 and 1999 from 75 to 58 percent, followed by a slight rise in 2000 to 59 percent. Furthermore, a recent report by the USDA (2003) estimated that there are 2.6 million nonparticipating individuals who are eligible for a relatively high monthly benefit of \$200. Three-quarters of these individuals are in families with children, while 60 percent are in households with earnings.

Focusing on working households, Stavrianos (1997) estimated that fewer than half of all FSP-eligible working households were participating in 1994, while McConnell and Ponza (1999) found that only 46 percent of eligible households were receiving food stamps. Among families with earnings in the prior year, Castner (2000) estimated take-up rates between 53 percent (1994) and 47 percent (1998).

Examining FSP participation rates among families, Zedlewski and Brauner (1999), using the National Survey of America's Families (NSAF), found that among those who leave the FSP, two-thirds remain eligible. Recent studies of food stamp leavers in four states have added to our knowledge of nonparticipation rates among eligible families. These studies examine how those who left the food stamp program are faring two years later. They generally find lower food stamp participation rates than would be expected by income levels. In Illinois, for example, while 62 percent of families report income less than 130 percent of the FPL two years after leaving the FSP, only 22 percent report receiving food stamps (Rangarajan and Gleason, 2001). Likewise, in South Carolina, between 62 and 66 percent of nonwelfare families who left the Food Stamp program in 1997 met gross income tests for food stamp receipt in 1999, yet only between 26 and 29 percent were in receipt of food stamps (Richardson et al., 2003).<sup>3</sup>

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<sup>1</sup> Food stamp benefits can be used to buy any food or food product for human consumption, plus seeds and plants for use in home gardens to produce food.

<sup>2</sup> Federal poverty guidelines are established by the Office of Management and Budget, and are updated annually by the Department of Health and Human Services. Gross income includes all cash payments to the household, with a few exceptions specified in the law or the program regulations.

<sup>3</sup> While 55 percent of TANF and 46 percent of Non-TANF families in Phoenix area of Arizona were shown to have income less than the FPL, only 33 percent of TANF and 21 percent of Non-TANF families report receiving food stamp benefits in 1999 (Mills and Kornfeld, 2000). The study of food stamp leavers in Iowa, while not directly distinguishing households with children from all households again finds high nonparticipation rates. 42 percent of all those who left the FSP in 1997 were

Families formerly enrolled in the TANF program, the group that is the focus of this research, are a particularly important segment of the vulnerable population. A review of the U.S. Department of Health and Human Services, *TANF Leaver Studies* by Isaacs and Lyon (2000), found that food stamp participation among families 12 months after leaving TANF ranged from between 20 and 40 percent<sup>4</sup> (also see Loprest, 1999; Dion & Pavetti, 2000). Miller et al. (2002) found that among families that leave cash assistance and food stamps, between 50 and 60 percent remain eligible based on survey-reported income data. Similarly, Zedlewski and Gruber (2001), using the NASF, found that among very-low-income families (incomes less than 50 percent of the poverty level), only one-half continued to receive food stamps.

Understanding both the prevalence and concentration of FSP nonparticipation is important for several reasons. First, given the low wages among many TANF leavers, transitional benefits such as food stamps may be critical to self-sufficiency and may prevent returns to welfare. Even after controlling for employment status at TANF exit and other factors, a 2001 IFS study found that families that lost both Medicaid and food stamps were nearly three times more likely to return to TANF compared with only 20 percent of those who kept both benefits (Illinois Families Study, 2001). Food security for low-income families might also be jeopardized. Approximately one-fourth of former TANF recipients from three of the ASPE leaver studies reported not having enough to eat, skipping meals, and cutting meal sizes (Isaacs & Lyon, 2000). TANF leaver studies also indicate that a significant number of former TANF families are experiencing hardship. Brauner and Loprest (1999) reviewed indicators of well-being across leaver studies and found that about one-third of those who left TANF in Michigan, Washington, and Wisconsin report trouble providing food for their families, also reported by 17 percent of respondents in South Carolina.

Second, nonparticipation clearly reflects system ineffectiveness and indicates that policymakers' original intentions for the system are not being fully met (Van Oorschot, 1995). Furthermore, knowing who among the working poor is not using food stamps is critical in understanding the distributional consequences of the program. If nonparticipation is most predominant among the most able of poor families (who, for example, believe that their economic conditions will soon improve), policymakers may have fewer concerns than if it is concentrated among the most economically disadvantaged. An understanding of who is choosing not to participate is instrumental in guiding state policymakers on how best to respond to the problem at the local level and how to design effective outreach strategies and incentives.

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enrolled in the program two years later, but almost 90 percent had incomes, which would make them eligible to do so (Jensen et al., 2002).

<sup>4</sup> In 1998, the U.S. Department of Health and Human Services, Assistant Secretary for Planning and Evaluation (ASPE) awarded \$2.9 million in grants to states to study the effects of welfare reform on TANF leavers. This group of studies is known as the TANF Leaver Studies.