

Chapter 1

Introduction

The Food Stamp Program Access study was motivated by a desire to learn whether and how the administrative policies and practices carried out by local food stamp offices influence the likelihood that eligible households will participate in the program. This report addresses the issue from three perspectives. It describes the nature and prevalence of local office practices that are hypothesized to influence participation. It describes households' stated reasons for not participating or ending their participation, along with the households' characteristics, attitudes, and experiences that may be associated with participation behavior. Finally, the report presents exploratory analyses of the association between local office practices and household participation behaviors.

The Food Stamp Program (FSP), administered by the Food and Nutrition Service (FNS) of the U.S. Department of Agriculture (USDA), is the largest Federal food assistance program and the cornerstone of the nation's safety net for low-income persons. Its primary objective is to help low-income households obtain a more nutritious diet by increasing their food purchasing power. The program provides eligible households with electronic benefit transfer cards that are redeemable at authorized food stores for a preset dollar amount. Unlike other Federal income maintenance programs, the FSP has few categorical eligibility criteria, such as the presence of a child, disabled person, pregnant woman, or elderly adult in the household. The majority of FSP recipients are children and approximately one-quarter are in households that receive cash assistance from the Temporary Assistance to Needy Families Program (TANF) (Cunmyngham, 2001).

Policy Setting

A central goal in administering the Food Stamp Program is to assure that all eligible households have access to the program. "Access" is generally interpreted to mean that households are aware of the program, can readily obtain information about it, and, if they wish to participate, can apply and receive benefits without undue difficulty. This program goal has resulted in a long-standing interest in establishing policies and procedures that would facilitate access, and events of the late 1990s intensified that interest.

The late 1990s were characterized by a complete transformation of welfare policy in the U.S. and by dramatic declines in the food stamp caseload. These changes led policymakers and analysts to focus on issues of access to the Food Stamp Program and the role of local office policies and practices as possible barriers to participation.

In 1996, Federal welfare reform legislation—the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA)—was enacted. This law replaced Aid to Families with Dependent Children, a cash assistance entitlement program, with the block-granted, work-oriented Temporary Assistance to Needy Families (TANF) program. The FSP remained essentially a national entitlement program, though PRWORA made a number of important changes to the Food Stamp Program, including:

- Establishing work requirements for able-bodied adults without dependents. These participants were generally limited to three months of food stamp participation in a three-year period unless they were employed or participating in a qualified work program.
- Restricting FSP eligibility for immigrants. Most legal immigrants were made ineligible for food stamp benefits.¹
- Providing States with several new food stamp sanction options, including sanctioning food stamp recipients for noncompliance with TANF requirements and for noncompliance with child support.
- Weakening the linkages between the FSP and cash assistance programs. For example, eligibility interviews for food stamps and TANF could be separate rather than a single combined interview, and the food stamp application form did not have to be combined with the cash assistance form.
- Reducing benefits for all participants by lowering the maximum benefit.

National food stamp rolls declined by almost 40 percent between 1994, when 27.5 million persons received food stamps in an average month, and July 2000, when 16.9 million people received benefits. Two recent USDA studies suggest that roughly half the observed decline in food stamp caseloads was due to the strong economic conditions of the late 1990s and the direct impact of welfare reform on FSP eligibility rules (FNS, 2001 and Wilde et al., 2000). However, over the period, nonparticipation in the Food Stamp Program also increased. The food stamp participation rate, calculated as the ratio of the number of program participants to the number of eligible individuals, declined by 16 percentage points, from 74.8 percent in September 1994 to 59.7 percent in September 2000, indicating that fewer eligible individuals participated in the FSP in the late 1990s than previously.

Two general hypotheses have been advanced to explain the decline in Food Stamp Program participation among eligible individuals. One argument is that the FSP has become less accessible to its intended beneficiaries because of policy and operational changes, particularly at the local office level, that have accompanied welfare reform. Few changes in Food Stamp Program administration were mandated by PRWORA, but many changes have occurred in local welfare offices, most in response to changing objectives regarding cash assistance. It is reasonable to suspect that some of the changes have affected FSP operations in ways that were not intended, and may not support program objectives. For example, anecdotal evidence suggests that some offices may have new procedures that have increased the burden on applicants. In addition, offices may not have revised their practices to ensure that households understand revised eligibility criteria. A second argument is that the behavior of low-income individuals has changed over time due to several different factors. The robust economy may have affected their perceptions of need, promoting a more optimistic outlook for the future. Welfare reform or evolving social mores may have affected their attitudes toward government assistance, increasing the stigma of receiving aid. In addition, confusion over the food stamp

¹ In 1998, eligibility restrictions on immigrants were partly rescinded. Eligibility was restored for permanent residents who were either disabled or were under 18 or aged 65 and older and who were legal residents when the PRWORA legislation was enacted. The 2002 Farm Bill, enacted after data collection for this study was completed, made further restorations by reinstating food stamp eligibility for legal immigrants residing in the U.S. for at least five years, and for all legal immigrant children and disabled individuals.

eligibility rules may have led some to erroneously conclude that they were ineligible to receive food stamp benefits.

Food stamp participation and participation-related policies have changed in important ways since this study began. After reaching a low point of 16.9 million participants in July 2000, the food stamp caseload began growing and reached 23.4 million in January 2004. This growth stemmed partly from a weakening economy, but it also reflected policy changes that expanded eligibility for benefits. Regulatory initiatives in 1999 and 2000 relaxed vehicle ownership rules and expanded the definition of households receiving TANF who would also be eligible for food stamp benefits. The 2002 Farm Bill (P.L. 107-171) restored eligibility for several groups of legal immigrants, including those who have resided in the US for five years, all children of legal immigrants, and all legal immigrants with disabilities. The bill also added transitional benefits for food stamp households reaching the TANF time limit and increased the standard deduction used in the food stamp benefit calculation for some larger households. Other important changes included federal grants for States to perform outreach to nonparticipants, simplification of certain rules for eligibility and benefit determination, and allowing States to reduce household reporting burden by lengthening the interval between required reports.

Research Objectives

As part of an effort to more fully understand the factors that affect Food Stamp Program participation rates, the Economic Research Service in the U.S. Department of Agriculture funded Abt Associates Inc. to examine systematically the ways in which local offices affect food stamp use. The key issue concerns the extent to which local policies and administrative practices in the FSP or in related programs, particularly TANF, can affect levels of participation among potentially eligible households. Specifically, the study examined the impact of various policies and practices on households' decisions to apply for program benefits and their decisions to continue participating once they have been approved for food stamp benefits. In order to address the central research objective, the study utilized two approaches:

- Examining the reasons that presumably eligible nonparticipant households give for not participating in the FSP. These include households that have not applied for program benefits as well as households that applied, but did not complete the application process.
- Examining differences in participation behaviors—entry into the FSP and exit from the FSP—in offices with differing local policies and practices.

The study also addressed two secondary objectives:

- Describing the local office policies and practices that may affect Food Stamp Program accessibility.
- Describing the eligible nonparticipant population, including how nonparticipants differ from FSP participants.

In order to provide a systematic and comprehensive examination of the ways that program policies and procedures may influence the accessibility of the Food Stamp Program, the study selected a nationally representative sample of 109 local food stamp offices and the relevant populations within

their catchment areas.² Numerous separate data collection and analysis efforts were required, involving populations with quite distinct relationships with the FSP—nonparticipants, applicants, current recipients, and former recipients. In addition, extensive data collection was required within the sampled local offices to obtain detailed information on local office policies and practices that might potentially affect accessibility. This report integrates data collected in all aspects of the research study, examining the relationship between local office policies and practices and the participation decisions of eligible households.

The study has produced two previous reports, which address the secondary objectives. The first report, *Food Stamp Program Access Study: Local Office Policies and Practices*, produced by our subcontractor Health Systems Research, Inc., presents a detailed descriptive analysis of local office policies and practices that might affect FSP participation (Gabor et al., 2003). These policies and practices cover a variety of operational aspects of the FSP, including those driven by changes made under PRWORA. The analysis, the first such detailed investigation at the local level, examines office policies that reflect State policy choices in FSP and in TANF as well as those policies and practices that are based on local programs' operational decisions. The characterization of local office policies and practices in this report is derived from this analysis.

The second report, *Food Stamp Program Access Study: FSP Eligible Nonparticipants*, provides an in-depth examination of the population of eligible households that do not participate in the Food Stamp Program (Bartlett and Burstein, 2004). This descriptive report examines the characteristics, experiences, perceptions, and circumstances of households that appear eligible to receive food stamp benefits, but have not applied for them. While a number of previous research studies have examined this issue, this is the first national study conducted since full implementation of welfare reform. Results from the current study are compared with findings from a nationally representative survey of eligible nonparticipants conducted around the time PRWORA was passed (Ponza et al., July 1999).

Previous Research on the Impact of Policies on FSP Participation

During the latter half of the 1990s, a number of research studies used econometric modeling techniques and national household survey or administrative data from the 1980s and 1990s to examine the impact of the economy and of policies associated with welfare reform on the food stamp caseload. As mentioned above, all recent studies found that the booming economy of the late 1990s was responsible for a substantial portion of the food stamp caseload decline in that period. Most studies found that specific policy changes associated with welfare reform were responsible for only a small fraction of the FSP caseload declines, though a few studies found somewhat larger impacts.

Using annual FSP caseload data, researchers examined how changes over time were affected by variables such as the implementation of AFDC waivers/TANF implementation and ABAWD (able-bodied adults without dependents) waivers. The included variables explained less than 10 percent of the FSP caseload declines (Wallace and Blank, 1999; Wilde et al., 2000; Ziliak et al., 2001). Two studies that included additional State-level policy variables, such as TANF time limits, sanctions, and earnings disregards, were able to explain 15–20 percent of the FSP caseload decline of the late 1990s (Kornfeld, 2002; Jacobson et al., 2000).

² Catchment area is the geographic area served by the local office. It was operationally defined using the telephone prefix or zip code of FSP applicants and participants in the office.

Several studies examined the impact of specific FSP policies on the caseload declines. Kornfeld (2002) and Kabbani and Wilde (2003) examined the impact of frequent recertifications, which increase participation costs for recipients, on FSP caseloads. They estimated that shorter certification periods explained between 7 and 10 percent of the FSP caseload declines during the latter half of the 1990s. Using household-level data, Currie and Grogger (2001) found that shorter certification periods were associated with decreases in food stamp receipt, at least among single-parent households. McKernan and Ratcliffe (2003) also found that households with shorter certification periods (four to six months) were less likely to participate in the FSP than households with longer periods between recertifications.

Kabbani and Wilde (2003) also included a measure of Federal food stamp outreach expenditures in their models. This variable increased participation rates for working households, but had no impact on nonworking households. This suggests that outreach may be successful at informing some households about the FSP.

Studies that included a variable measuring EBT implementation found little or no impact on FSP caseloads (Ziliak et al., 2001; Wilde et al., 2000; Currie and Grogger, 2001; Kornfeld, 2002; McKernan and Ratcliffe, 2003).

Gleason et al. (2001) also included a single indicator in their model for the post-PRWORA period. This variable, which measured the timing of the welfare reform legislation and was constant across States, accounted for 26 percent of the FSP caseload declines between 1994 and 1999. The general indicator variable could be measuring a number of different concepts—unmeasured policies (including changes in food stamp eligibility rules under PRWORA), changes in attitudes towards public assistance, and implementation of policies by local welfare workers.

Two studies, conducted during 2000–2001, used case study methodology to examine strategies that might promote participation in the FSP (and Medicaid) among working families, many of whom were former welfare recipients. Pavetti et al. (2002) conducted case studies in 15 sites located in 12 States and collected data from welfare office staff, clients, and client advocacy groups. Quint and Widom (2001) conducted surveys and interviews with staff, interviewed clients, and observed worker-client meetings in welfare offices in four large urban areas. Two strategies—increasing program awareness through outreach activities and simplifying the application and recertification processes to make them easier and less burdensome—were cited by both studies as likely to increase FSP participation in the post welfare reform era. Pavetti et al. also suggested that, because of the changes in TANF, Medicaid, and food stamp eligibility and the increased complexity of determining which programs households are eligible, having well-trained office staff, explicit case processing procedures, and sophisticated automated systems will help insure that benefits are accurately determined.

As the discussion above suggests, food stamp participation and participation-related policies have been examined in national studies using State-level data and in studies of a small number of selected local offices. The present study has attempted to fill some of the space between these approaches. To examine the effects of policies that vary within States, the study collected both policy and participation data at the local office level. To support generalization to the nation as a whole, the study used a nationally representative sample of 109 local offices in 39 States and the District of Columbia.

Organization of the Report

This report brings together data from all aspects of the research study to examine the relationship between local office policies and practices and the participation decisions of eligible households. Chapter Two describes the study design, including sampling and data collection activities. Chapters Three through Six examine different subgroups of the food stamp eligible population—nonparticipants, households that applied for FSP benefits, TANF diverted households, and households that left the Food Stamp Program. The analyses examine the characteristics of these groups and the types of households that were more likely to apply and continue participating in the program. Households' experiences and perceptions of the FSP were also examined along with the stated reasons households gave for choosing not to receive FSP benefits. Chapter Seven uses data collected in local food stamp offices to describe policies and practices that might be hypothesized to affect FSP participation. Chapter Eight then presents a set of multivariate models that examine the food stamp participation decisions of eligible households. The models relate households' decisions at various stages of the food stamp participation process to local office policies and practices, household characteristics, and contextual variables. The final chapter uses findings from the descriptive and multivariate analyses to examine potential implications for public policy to improve accessibility of the Food Stamp Program.