

## Report Overview

It has long been recognized that many families that are eligible for the Food Stamp Program (FSP) do not participate in it. This report addresses the relationship between eligibility and the take-up decision in Illinois among an important component of the working poor, namely, those families that leave cash assistance. We focus on this group because the FSP is often argued to play an important role in facilitating the transition from welfare receipt to independence. Our primary research question is who among Temporary Assistance for Needy Families (TANF) leavers does not participate in the FSP when eligible to do so. We consider three sets of factors that could affect this decision. First, following much of the existing literature, we consider the importance of individual- and family-level socioeconomic and demographic characteristics, such as work history or number of children in the household. Second, and something that has not been addressed extensively in the literature, we address how neighborhood characteristics and the local district office responsible for administering the FSP affect whether an eligible family will use benefits. Finally, we extend existing research by considering how knowledge of food stamp program eligibility when employed and attitudes of potential participants toward the welfare system affect the take-up decision. This research, which we believe is best pursued by combining administrative data with survey evidence, allows us to identify a more holistic view of the determinants of FSP take-up among welfare leavers.

Our main hypothesis is that FSP nonparticipation (defined as the failure to participate when eligible to do so) is not random, but is instead focused among families and neighborhoods with select characteristics. We hypothesize that both individual- and community-level factors, including the characteristics of the administrative district office, may influence the take-up decision. First, a family's history of work experience, family formation, and education are likely to directly affect take-up, reflecting differing need within the eligible population. Furthermore, we believe that local-area economic and demographic factors, such as the level of neighborhood poverty, may influence the participation decision independent of individual characteristics. In areas of high poverty, for example, the stigma often associated with participation in means-tested programs may be less, making individual participation more likely. Take-up rates may also depend on the district office where clients receive food stamps. We assume that practices and efficiencies, including outreach and communication about the FSP, differ across offices, and because of this we hypothesize that the district operation itself may affect individual participation rates. We also believe that the density of social networks may play a role in the participation decision. This social network density refers to the ties that individuals have with family, friends, and acquaintances. These ties, which can vary in their nature, are instrumental in achieving certain tasks, particularly employment or accessing public benefits. Because informal communication is more likely to occur in urban relative to rural neighborhoods, residents in Chicago may be more likely than downstate residents to tell each other about continued food stamp eligibility on leaving the TANF program. The density of the neighborhood networks in Illinois Department of Human Services (DHS) office areas may thus mediate the effects of district office outreach strategies. Although we do not have measures of network densities, we expect to see differences in the effects of district offices in Chicago compared with the remainder of the state.

To test our hypotheses, we use both administrative and survey data. Our primary method uses linked state-level administrative data on TANF, food stamps, and Unemployment Insurance

(UI) wage records to 1) estimate FSP eligibility and take-up among those leaving TANF, and 2) to provide a series of simple descriptive statistics and multivariate models to examine how nonparticipation varies by family socioeconomic and demographic characteristics and administrative district offices. We use census data to examine how nonparticipation varies by neighborhood compositional characteristics.

A major advantage of using administrative data is the ability to analyze complete service populations relative to the typically much smaller size of survey samples. The flip side of this is that information about these populations is limited to the periods during which they received services or benefits. The greatest drawback, however, is that the range of information on socioeconomic and demographic characteristics of participants and nonparticipants is typically limited, while information on mental health status, attitudes toward welfare, and knowledge of FSP eligibility tend to be nonexistent. As a result of these limitations, we use the Illinois Families Study (IFS), a longitudinal survey of a random sample of adults who were primary TANF grantees in nine Illinois counties in fall 1998. We choose this survey because it contains detailed information on mental health status, attitudes toward welfare and welfare reform, and knowledge of the FSP, and because it enables us to examine how important these variables are in the nonparticipation decision.

Because the IFS is our only source of information on attitudes toward welfare and program knowledge, we begin our empirical analysis with a model of the importance of individual-level characteristics in the decision to use food stamps among the eligible population using only the IFS survey. This reveals a number of important findings. First, although there is little evidence from the IFS that mental health and attitude help to predict FSP participation, program knowledge, and specifically, the belief that food stamps can be continued after employment is found, is important to the participation decision. Second, we find the borderline significance of some of the individual-level variables, including marital status, work experience, and race, which typically play a significant role in predicting take-up.

These findings affect our research design in a number of ways, and lead us to combine the IFS survey evidence with state-level administrative data to best understand the role of individual, neighborhood, administrative, and knowledge in the take-up decision. The lack of statistical significance of many of the individual-level factors in determining take-up may, in part, be explained by the small sample size of the IFS. It may simply be too difficult to tease out independent, individual-level effects from the relatively small sample of eligible food stamp respondents. As a result, we turn to administrative data, and the population of those who were in TANF, to further explore the take-up decision. Because of the demonstrated importance of knowledge of eligibility rules in the survey analysis, we would ideally include a measure of it in our administrative data model of nonparticipation. We believe that respondents are most likely to obtain information on the program rules through district offices, and because dissemination of eligibility information may be better at some offices than at others, the proportion of respondents who have accurate program knowledge will differ across offices. No measure of FSP knowledge is available in the administrative data. What we do is aggregate individual-level survey responses on program knowledge to the district office level (for those offices included in the IFS sample) to build a measure of the proportion of respondents in the district office who know that they remain eligible for food stamps when working. Hence, although we do not know the level of FSP knowledge of all individuals in the larger administrative dataset, we can use the IFS data to estimate average levels of knowledge in district office communities. We can then incorporate

this measure as a characteristic of the district office in the administrative data model of take-up in the IFS counties. This measure, in turn, can be used to test the hypothesis that differences in program knowledge at the district office level will influence take-up.

We note the importance of other factors in the participation decision, including lack of knowledge about eligibility, stigma, and difficulties with bureaucracy. We recognize their omission is a limitation in this study, and believe that future analyses will address these issues.