

Background

The Food Stamp Program (FSP) helps needy families purchase food so that they can maintain a nutritious diet. Families and individuals are eligible for the program if their financial resources fall below certain income and asset thresholds. However, not all those eligible participate in the program. Some choose not to, while others do not know they are eligible. The participation rate - the ratio of the number of participants to the number of eligible individuals - reveals the degree to which eligible families participate.

From September 1994 to September 1999, the number of participants in the FSP fell by 9 million, or 35 percent. Participation has been affected by both the strong economy and significant legislative changes:

- The strong economy helped low-income families find jobs, earn more money, and leave the program or not apply in the first place.
- The food stamp provisions of the 1996 welfare reform legislation restricted the eligibility of many permanent resident aliens and required many able-bodied adults without children to work in order to continue receiving food stamps.
- Legislation in 1997 expanded funding for employment and training opportunities for able-bodied adults without children and put in place additional exemptions from the work requirements. Legislation in 1998 restored food stamp eligibility to some noncitizen children, elderly, and disabled individuals.

- The 1996 federal welfare reform legislation replaced Aid to Families with Dependent Children (AFDC) with the work-oriented Temporary Assistance to Needy Families (TANF) program. Changes to the welfare system may also have affected many food stamp recipients because of the overlap of the two populations.

Because the number of participating individuals fell by more than the number of eligible individuals from 1994 to 1999, the participation rate decreased (from 74 to 57 percent). This means a decreasing percentage of eligible individuals are relying on the FSP for food assistance. More are leaving the FSP, or not participating in the first place, even though they are eligible.

This report examines trends in FSP participation rates since 1994. It focuses on trends in the rates before and after welfare reform, and throughout much of the economic expansion of the 1990s. It also examines trends in participation rates among subgroups of the eligible population such as those with and without earnings, with and without children, and with and without welfare. It also looks at participation rates of aliens and able-bodied adults without children.

Methodology

The method for estimating participation rates in this report allows for a consistent comparison of rates over time. The participation rate is calculated as the ratio of participating individuals to eligible individuals. The estimates are calculated for September of each year. Data from the Current Population Survey (CPS) are used to estimate the number of eligible individuals, and administrative data from the FSP are used to count the number of participants. Because the CPS does not capture

the characteristics needed to identify aliens and able-bodied adults without children who remained eligible under welfare reform, we impute the eligibility of these individuals on the basis of patterns observed in other data sources.

Findings

The Proportion of Eligible Individuals Served by the FSP

Overall, the FSP has reached proportionately fewer eligible individuals in every year since 1994. From 1994 to 1999, the participation rate has fallen 17 percentage points, from 74 percent to 57 percent. In each year of this period, both the number of eligible individuals and the number of participants has decreased, with the number of participants decreasing more rapidly. The individual participation rate fell most sharply from 1996 to 1997, dropping five percentage points as a result of an 8 percent decline in the number of eligible individuals and a 15 percent decline in the number of participants. From 1997 to 1998, the participation rate fell another four percentage points, and then fell another two percentage points between 1998 and 1999. The five-year drop in rates (from 1994 to 1999) appears to be slowing down, and may have reached bottom.

Highlights in Trends Among Subgroups

In general, participation rates for most subgroups have been falling since 1994 due to larger decreases in the number of participants than in the number of eligible individuals. However, some subgroups experienced increases in rates while others experienced stable or fluctuating rates over this time period.

Recent trends in subgroup participation rates are easier to understand if they are put in the context of historical trends for those subgroups. FSP participation rates historically have been high for children, public assistance recipients (TANF, SSI), individuals with very low income, and individuals eligible for large benefits. On the other hand, elderly, individuals in households with earnings, individuals in households with income above poverty, and those eligible for

small benefits typically have participated at a low rate. The period of declining participation rates occurred during a time when fewer low-income individuals received cash welfare benefits (associated with high participation rates) and more relied on earnings (associated with low rates).

Subgroups with Falling Participation Rates

Many subgroups have experienced declines in participation rates since 1994 (or, in some cases, since 1995). This trend mirrors the decline in rates among the total FSP eligible population. Subgroups with declines in rates include:

- Children
- Non-elderly Adults
- Individuals in Households With Earnings
- Individuals in Households With High Benefits
- Individuals in Households With Income Well Below Poverty
- Individuals in Married-Couple Households With Children
- Individuals in Single-parent Households

Subgroups with Rising Participation Rates

Contrary to overall participation rates, some subgroups experienced increases in participation rates. For these groups, the FSP is serving an increasing proportion of eligible individuals. Subgroups with increases in rates include:

- Individuals in Households Receiving AFDC/TANF

Subgroups with Stable Participation Rates

A few subgroups experience relatively stable participation rates over time. These groups tend to be those least affected by the economy or welfare reform. Subgroups with stable rates include:

- Elderly Adults
- Individuals in Households Without Children

Subgroups with Fluctuating Participation Rates

A number of subgroups have fluctuating participation rates that do not show a consistent pattern over time. Subgroups with no consistent trend for more than two years over this time period include:

- Disabled Individuals
- Individuals in Households Without Earnings
- Individuals in Households With Income From 51 to 100 Percent of Poverty
- Individuals in Households With Low Benefits
- Individuals in Multiple-Adult Households With Children (Excluding Married-Couple Households)
- Individuals in Single-Parent Households

Long Term Trends in Participation Rates

During the period of economic expansion from 1994 through 1999, participation rates have been declining. However, during an earlier period of economic expansion, participation rates increased significantly. From 1976 through 1980, participation rates increased sharply despite an improving economy due to the elimination of the purchase requirement, which increased participation substantially. Rates changed very little from 1980 until 1988, a period of relative stability in both the economy and the FSP. However, beginning in 1988, participation rates rose again, jumping 13 percentage points through 1994 due to a surge in the number of participants with only a modest increase in the number of eligible individuals.

This rise in rates occurred during a period with expansions in the Medicaid program, increased outreach services, and a weakening economy from 1988 through 1994. Then, from 1994 to 1999, a period with a strengthening economy and major legislative changes due to welfare reform, the participation rates declined steadily, falling by 17 percentage points.

The U.S. Department of Agriculture (USDA) prohibits discrimination in all of its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, political beliefs, genetic information, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.)

Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write: USDA, Director, Office of Adjudication, 1400 Independence Avenue, SW, Washington, DC 20250-9410; or call (866) 632-9992 (Toll-free Customer Service), (800) 877-8339 (Local or Federal relay), or (866) 377-8642 (Relay voice users) or (800) 845-6136 (Spanish Federal-relay). USDA is an equal opportunity provider and employer.