

Background

The number of people receiving food stamps fell by over 5.9 million between summer 1994 and summer 1997, with most of the decline occurring in the year between September 1996 and September 1997. This decline occurred during a period of strong economic growth – unemployment fell, inflation stayed low, and the percentage of Americans living in poverty fell slightly. In the same period, Congress enacted and States implemented sweeping reforms to the Food Stamp Program (FSP) and to the nation's welfare programs.

Some point to the participation decline as proof that the strong economy is lifting all boats, providing job opportunities and higher wages for all, including low-income families. Welfare reform is credited with moving millions of families from dependence on the state to work.

However, others raise more troubling questions. Suppose families are not leaving the safety net for paid employment and self-sufficiency but rather remain poor but without assured access to sufficient food to meet their basic needs? Suppose people leaving welfare remain eligible for food stamps but don't realize that these benefits are still available to them? These critics cite the increased demand for assistance at food pantries and soup kitchens as evidence that declining caseloads are not necessarily a sign of success.

These questions cannot be answered conclusively yet. However, an analysis of food stamp administrative data provides some initial insights into the changes that have occurred in the Food Stamp Program. This analysis examines FSP administrative data from 1994, when FSP caseloads peaked, and 1997, the most recent year when full data are available. 1997 was a transition year as States replaced the Aid to Families with Dependent Children (AFDC) program with Temporary Assistance for Needy

Families (TANF) and when changes to the FSP took effect. Thus this report provides information about caseload changes during the early stages of implementation. This analysis focuses on those groups most affected by welfare reform – single parents, legal immigrants, and unemployed childless adults.

Findings

General Trends

Three major groups accounted for almost all the drop in the food stamp caseload between 1994 and 1997. The number of legal immigrants fell by 54 percent, accounting for 14 percent of the total decline. The number of childless unemployed adults fell by 44 percent, accounting for 8 percent of the total decline. Finally, the number of families receiving welfare benefits fell by 28 percent. Because this group accounts for such a large share of the FSP caseload, they represented 61 percent of the decline. Only 17 percent of the decline came from other groups, including elderly, the disabled, and households with earnings and no welfare income.

Thus, the steepest declines in participation occurred among legal immigrants and unemployed childless adults, the two groups affected by tough new restrictions under welfare reform. However, most of the reduction occurred among the large group of cash welfare households.

Trends Among Single Parent Families

Among other changes, welfare reform was designed to move families from welfare to work. The Aid to Families with Dependent Program (AFDC), which was an entitlement for needy single parents with children, was replaced by block grants to States to operate the Temporary Assistance to Needy Families (TANF), which

was designed to provide short term assistance to help poor families become economically self-sufficient.

The number of single-parent families, the group most affected by welfare reform, fell by 17 percent. Within this group, the number receiving AFDC or TANF benefits fell by 27 percent but the number of those not receiving welfare rose by 9 percent. This suggests that welfare reform has been partially responsible for the drop in welfare caseloads. Had it been solely the strong economy, the number of food stamp households with welfare and without welfare would have both fallen by similar amounts. It also suggests that at least some families that no longer receive welfare continue to receive food stamps.

Among single-parent families, the number of those with earnings rose by 10 percent. And while the number of single-parents receiving AFDC or TANF benefits fell overall, the number of those who combined welfare with work also rose by 9 percent. This points to an increased reliance on work among single parents.

However, it is important to note that the number of single-parent households with no income from either welfare or work also rose by 9 percent. Also, the number of single-parent food stamp households receiving welfare dropped by nearly 900,000, while the number not receiving welfare rose by only 120,000. Because we only have data on food stamp participants, we don't know whether the households leaving both welfare and food stamps found jobs and are economically independent, or are unemployed and in need.

Trends Among Legal Immigrants

Welfare reform legislation made most legal immigrants ineligible for food stamps. Those who were participating at the time the law went into effect could participate until September 1997. New applicants became ineligible starting October 1996.

In 1994, nearly 1.5 million legal immigrants received food stamps. This number dropped

sharply after welfare reform was enacted. The number of legal immigrants receiving food stamps declined steadily throughout late 1996 and most of 1997. The decline was gradual throughout the year, rather than falling sharply between August and September 1997. This indicates that as current immigrants left the program, they were not replaced by new immigrant participants.

Restrictions on participation by legal immigrants appear to have deterred participation by their children, many of whom retained their eligibility for food stamps. Participation among U.S. born children living with their legal immigrant parents fell faster than participation among children living with native-born parents. The number of children living with legal immigrants fell by 37 percent, versus 15 percent for children living with native-born parents.

The number of naturalized citizens receiving food stamps rose by 173,000 between 1994 and 1997, an increase of 66 percent. This reflects the surge in naturalizations starting in 1993.

Trends Among Childless Unemployed Adults

Welfare reform restricted most childless unemployed adults to no more than three months of food stamps in a 36-month period, unless they were employed or participating in qualified work programs. Many parts of the country were exempt from the work requirement and time limit, due to waivers granted to areas with high unemployment rates or insufficient jobs.

As expected, the number of unemployed childless adults fell by 476,000, a drop of one third, between August 1996 and September 1997. This decline was sharpest in the period between January and March, 1997, as States implemented the time limits.

Trends Among the Elderly

The number of households with aged members dropped by 86,000 from 1994 to 1997, a decline of less than five percent. Over time, the number of elderly receiving benefits is very steady, while the share of the caseload that they represent fluctuates. During periods of caseload

expansion, elderly households represent a declining share of the food stamp population. During periods of caseload decline, they represent a larger share.

Changes in Ethnic/Racial Composition

Some have raised a concern that those finding work and leaving welfare are predominantly non-Hispanic whites, leaving the welfare caseload even more disproportionately minority. The data do not support this claim. The racial composition of the food stamp caseload as a whole is virtually unchanged between 1994 and 1997, despite steep drops in participation overall.

The same is true for AFDC/TANF recipients. Whites left the food Stamp Program and welfare at the same rate as minorities. The number of whites receiving welfare and food stamps between 1994 and 1997 fell by 32 percent, compared to a 31 percent drop for African Americans and a 27 percent drop for Hispanics. As a result, the caseload composition is very similar for both years.

The one group where the racial/ethnic composition did change significantly is the unemployed childless adult group subject to time limits. While the proportion of blacks in this group remained unchanged between 1994

and 1997, the proportion of whites fell, while the proportion of Hispanics doubled. However, this is a relatively small group that may be heavily affected by State waiver policy.

About the Data

The data come from Food Stamp Quality Control records. The cases are derived from State samples of caseloads pulled each month for a review on payment accuracy. Records from all States for all months during a fiscal year are combined into one file. Each year, there are about 50,000 households represented in the data. The files are then edited for consistency and weights are assigned.

We analyzed data from two years -- 1994, the year participation peaked; and 1997, the most recent year that we have complete data.

Limitations of the Analysis

The analysis compares snapshots of the food stamp population at different points in time. It does not follow individuals or families over a course of time, showing their movements on and off jobs, welfare, or food stamps. Nor does this analysis provide any information about low-income households not receiving food stamps, including former participants.

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