

## **Background**

The Food Stamp Program (FSP) helps needy families purchase food so that they can maintain a nutritious diet. Families are eligible for the program if their financial resources fall below certain income and asset thresholds. However, not all eligible families 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 eligibles—reveals the degree to which eligible families participate.

From 1994 to 1998, the number of participants in the FSP fell by 8 million, or 31 percent. Participation has been affected by the recent strong economy and by welfare reform, both of which have encouraged low-income families to work. The economy created more jobs for low-income individuals, and 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. Welfare reform further affected participation rates by restricting the eligibility of many permanent resident aliens and by requiring many able-bodied adults without dependents (ABAWDs) to work in order to continue receiving food stamps.

During this same time, the participation rate fell from 71 percent to 59 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. In light of these substantial drops in participation in the FSP, it is important to determine whether the FSP continues to reach its target population.

This report concentrates on trends in the 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.

## **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 eligibles, 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 ABAWDs 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 is reaching proportionately fewer individuals in 1998 than it did in 1997 and prior years. The individual participation rate decreased by 5 percentage points from 1997 to 1998, to 59 percent, the largest one-year drop since the rates began to decline. Since 1994, the participation rate has fallen 11 percentage points, from 71 percent to 59 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.

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## 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 fluctuating or stable participation rates over this time. Below we highlight the trends for selected groups.

### Subgroups with Falling Participation Rates

As the number of participants decreased relative to the number of eligible individuals, participation rates fell for major subgroups. For example, children, individuals in single-parent households, and individuals in households without earnings have all experienced decreases in participation rates since at least 1995.

**Children.** The participation rate for children fell each year. It was 86 percent in 1994 and fell to 69 percent by 1998. The decrease occurs among preschool-age and school-age children alike.

**Individuals in Single-Parent Households.** Since 1995, the participation rate for individuals in single-parent households decreased 21 percentage points. In 1995 it was 92 percent (after increasing from 87 percent in 1994) and fell to 72 percent by 1998. Participation rates among individuals in married-couple households with children and other multiple-adult households with children fluctuated during this time.

**Individuals in Households Without Earnings.** Although the participation rate increased from 81 percent in 1994 to 85 percent in 1995 for individuals in households without earnings, it decreased 3 to 6 percent each of the next three years, falling to 70 percent by 1998.

**Individuals in Single-Parent Households Without AFDC/TANF.** The participation rate for individuals in single-parent households without AFDC/TANF fell from 57 percent in 1996 to 51 percent by 1998. For those individuals living in

households without AFDC/TANF, but with earnings, the participation rate fell much more. It was 63 percent in 1995 and fell to 46 percent by 1998.

**Individuals in Households with High Benefits.** Among individuals in households with the highest benefits (51 to 99 percent of the maximum), the participation rate fell each year. In 1995, the rate was 94 percent, and it dropped slowly each year, until 1998 when it dropped 9 percentage points to 82 percent. The households with the highest benefits are generally those with the lowest income, and similar drops in the participation rates are seen from 1995 to 1997 for households with income from 1 to 50 percent of poverty. However, this latter subgroup experienced a 1 percentage point increase in the rate, from 95 percent in 1997 to 96 percent in 1998.

### Subgroups with Increasing Participation Rates

The least common trend seen among subgroups is an increasing trend. Generally the increasing rates are a result of large decreases in the number of eligible individuals paired with decreases in the number of participants. Occasionally an increasing rate results from an increase in the number of participants.

**Individuals in Households Receiving AFDC/TANF.** Because the number of individuals participating in AFDC/TANF has decreased significantly since 1994, the number of individuals eligible for and participating in the FSP who receive AFDC/TANF has also decreased significantly. As a result of the large decline in the number of eligible individuals, the participation rate has increased since 1994. The rate was 118 percent in 1994 and reached 133 percent in 1998. The increasing rates are not consistent across all household types with AFDC/TANF. Single-parent households with AFDC/TANF have experienced decreasing rates while married-couple and multiple-adult households with children and AFDC/TANF have experienced increasing rates since 1995.

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### **Subgroups with Fluctuating Participation Rates**

Participation rates fluctuated since 1994 for other subgroups. Often a subgroup experiences an increase or decrease in a participation rate in a particular year, breaking what appeared to be a consistent trend. Other subgroups show no trends, with the rate fluctuating each year. The participation rate for individuals in households with earnings is an example of a broken trend, while the participation rate for individuals in households with low benefits is an example of a fluctuating rate.

**Individuals in Households With Earnings.** The participation rate for individuals in households with earnings rose from 48 percent in 1995 to 52 percent in 1997. However, in 1998, the participation rate fell to 47 percent. The increase in the participation rate from 1996 to 1997 was due to a small increase in the number of participating individuals. The decrease in the participation rate from 1997 to 1998 was due to a large decrease in the number of participating individuals, paired with an increase in the number of eligible individuals.

**Individuals in Households With Low Benefits.** For individuals in households with low benefits (less than 50 percent of the maximum), the participation rate fluctuated since 1994. It fell from 50 percent in 1994 to 44 percent in 1996. It then rose 5 percentage points in 1997, and fell back another 5 percentage points in 1998. By 1998, the participation rate was 44 percent.

### **Subgroups with Stable Participation Rates**

A few subgroups experience little variation in participation rates over time, fluctuating within a small range, or decreasing slowly each year. Often both the number of eligible individuals and the number of participants remain fairly constant from one year to the next. Both the elderly and disabled showed stable participation rates since 1994. Individuals in households without children have shown only small decreases in participation rates each year.

**Elderly.** Since 1994, the participation rate for the elderly has seen little change. At that time it was 32 percent, and it fell to 29 percent in 1996 before increasing to 30 percent in 1998. This is the only age group to show such a constant trend. The participation rates for both children and non-elderly adults have generally been falling since 1994.

**Disabled.** Since 1994, the participation rate for disabled individuals has been generally stable. The rate was near 50 percent in 1994, 1996, and 1997. It rose briefly to 54 percent in 1995, and reached 53 percent in 1998.

**Individuals in Households Without Children.** The participation rate for individuals in households without children has fallen most years since 1994, but the decrease is typically very small. The rate was 44 percent in 1994 and reached 40 percent in 1998. This is in contrast to households with children, for which the participation rate fell from 82 percent in 1994 to 68 percent in 1998.

### **Long Term Trends in Participation Rates**

During the period of economic expansion from 1994 through 1998, participation rates have been declining. However, during an earlier period of economic expansion, participation rates increased significantly (Figure 1). From 1976 through 1980, participation rates increased sharply due to the improving economy and the elimination of the purchase requirement. 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 eligibles. 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 1998, a period with a strengthening economy and major legislative changes due to welfare reform, the participation rates declined steadily, falling by 12 percentage points.

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