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Food Stamp Participation Rate Down in Urban Areas But Not in Rural

Sheena McConnell
(202) 484-4518
smcconnell@mathematica-MPR.com

James Ohls
(609) 275-2377
johls@mathematica-MPR.com

The Food Stamp Program is a cornerstone of America's federally administered nutrition assistance to those in need. While the program serves a predominantly urban population, nearly a quarter of food stamp recipients live in rural areas and they receive just under a quarter of all food stamp benefits. In a recent study of rural-urban differences in food stamp participation, researchers found that the number of people eligible to receive food stamps declined in both urban and rural areas between 1996 and 1998. However, the participation rate—the proportion of people eligible for food stamps who participate in the program—declined in urban areas, but not in rural areas.

Urban and rural food stamp participants differ in demographic and economic characteristics. Rural households that receive food stamps are less likely to have children and more likely to include an elderly person than their urban counterparts. Most food stamp recipients in rural areas are White, non-Hispanic. In contrast, most food stamp recipients in urban areas are Black or Hispanic. Rural food stamp households

have slightly higher average incomes than urban food stamp households.

The 1996 Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) completely overhauled the cash welfare system. While PRWORA, or welfare reform as it is more commonly known, decentralized the cash welfare system and moved from a cash entitlement to a work focus, it made relatively small changes to the Food Stamp Program. The most impor-

tant change to the Food Stamp Program was to restrict food stamp eligibility for two groups: permanent resident noncitizens and able-bodied adults without children. As a result, many noncitizens are now ineligible for food stamps, and able-bodied adults without children are restricted to 3 months of benefits in every 36 months unless they work or participate in a qualifying employment and training program. In fiscal 1995, before welfare reform, these two groups made up less



Although welfare reform left the Food Stamp Program relatively unchanged, it may have had unintended consequences for food stamp recipients.

Credit: USDA.

McConnell is a senior economist and Ohls is a senior fellow with Mathematica Policy Research, Inc. This study was funded under a grant from the Economic Research Service, USDA, and support from Mathematica Policy Research, Inc.

than 10 percent of all food stamp participants.

Welfare reform also had important *unintended* consequences on the Food Stamp Program. Changes in the cash welfare system may have led to a decline in the food stamp rolls by reducing the likelihood that people who are eligible for food stamps would participate in the program. For example, persons who are no longer receiving cash welfare may be less likely to know they are eligible for food stamps. The reduction in the participation rate was primarily in urban areas. This article discusses the effect of welfare reform on Food Stamp Program participation in rural and urban areas.

Food Stamp Rolls Fell More in Urban Areas

To encourage self-sufficiency, PRWORA imposed work requirements and time limits for the receipt of benefits on recipients of cash assistance. As a result, cash welfare caseloads fell dramatically. The number of people on welfare fell 34 percent between 1996 and 1998. Unexpectedly, this decline in the number of cash welfare recipients was accompanied by a decline in the number of food stamp recipients. Between 1996 and 1998, the number of food stamp recipients fell 23 percent.

The size of the decline in food stamp participation varied significantly by State. For example, between 1996 and 1998, food stamp participation dropped less than 10 percent in South Carolina and South Dakota and more than 30 percent in Texas, Ohio, and Mississippi.

Data from the Food Stamp Program's quality control system show that food stamp use fell more in urban counties than in rural counties. (An urban county is defined as a county within a metropolitan statistical area. All other counties are defined as rural.) Between 1996 and 1998, the number of food stamp

recipients fell 25 percent in urban areas, compared with 17 percent in rural areas (fig. 1).

These findings are sensitive to the data used to estimate food stamp participation. If the March supplement to the Current Population Survey (CPS), a nationwide household survey conducted by the U.S. Census Bureau, is used to estimate the decline in food stamp participation rather than the Food Stamp Program's quality control data, the decline in rural areas is larger than the decline in urban areas. We found that differences in the findings using the two data sets vary by State and cannot be accounted for by a single data problem in one or a few States. We believe that the Food Stamp Program's quality control data is the stronger data set for this analysis because the CPS tends to substantially undercount Food Stamp Program recipients, as well as recipients in other assistance programs that use income as an eligibility criterion. Nevertheless, the discrepancy between the two data sets should be kept in mind in assessing the overall findings.

The number of food stamp participants can fall for two reasons. First, the number of people who are eligible to receive food stamps could fall. Second, the participation rate could

fall—that is, fewer people who are eligible for food stamp benefits could decide to participate. Since 1996, both the number of people who are eligible for food stamps and the participation rate have fallen nationwide, but the relative importance of these two factors varies between rural and urban areas. In urban areas, both the number of people eligible for food stamps and the participation rate declined. In rural areas, only the number of eligible people declined.

Number Eligible Fell More in Rural Areas...

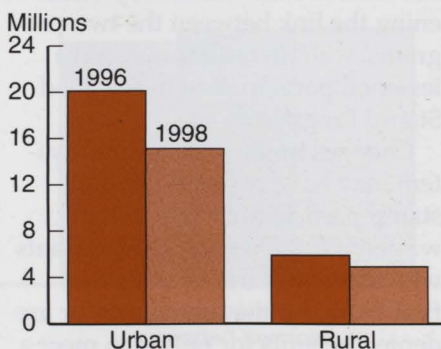
Researchers at Mathematica Policy Research, Inc., under a contract for USDA's Food and Nutrition Service (FNS), estimated the number of people eligible for food stamps using a complex simulation model. The model uses data from the March 1997 and March 1999 CPS's to determine household eligibility for food stamp benefits. The model mimics the work of a food stamp caseworker, using information on the household's demographic and economic characteristics to determine eligibility.

The number of people who are eligible for food stamps has fallen in both rural and urban areas, but the decline was greater in rural areas. Overall, the number of people eligible for food stamps in the United States fell 16 percent between 1996 and 1998. The decline in rural areas was 19 percent, compared with a 15-percent drop in urban areas (fig. 2).

One reason for the larger decline in the number of eligible people in rural areas is the larger decline in the number of people in poverty in rural areas. While the poverty rate is still higher in rural areas, the number of people in poverty between 1996 and 1998 decreased 10 percent in rural areas, more than double the 4-percent decline in urban areas.

Changes in food stamp eligibility rules do not seem to explain why

Figure 1
Food Stamp Caseloads Dropped More in Urban Areas Than in Rural



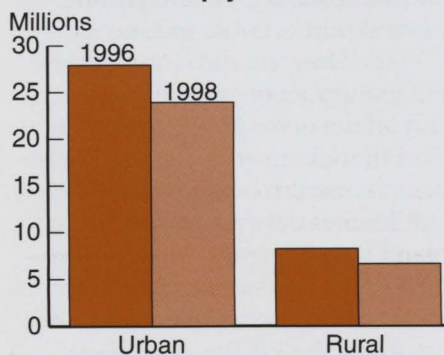
Source: Fiscal 1996 and 1998 Food Stamp Program Quality Control Sample.

the number of eligible people fell more sharply in rural areas than urban areas. Noncitizens, the group most affected by changes in eligibility rules, are concentrated in urban areas. In 1994, prior to welfare reform, noncitizens constituted 14 percent of all people eligible for food stamps in urban areas but less than 4 percent in rural areas. Also, rural areas contain a slightly smaller proportion of people eligible for food stamps who are able-bodied adults without children—another group that faced food stamp restrictions following welfare reform.

...While Urban Areas Had Bigger Declines in Participation

The Food Stamp Program was designed to provide food assistance to anyone in need, regardless of where the person lives. The participation rate is an important indicator of how well the program is fulfilling its mission. We measure the participation rate as the annual average number of people receiving food stamp benefits divided by the annual average number of people who are eligible for food stamps. (Our participation rates differ slightly from FNS's official participation rates. FNS rates refer to a particular month and make some

Figure 2
Number of Food Stamp Eligibles Fell More Sharply in Rural Areas



Source: March 1997 and 1999 Current Population Surveys.

imputations and other adjustments that we did not make.)

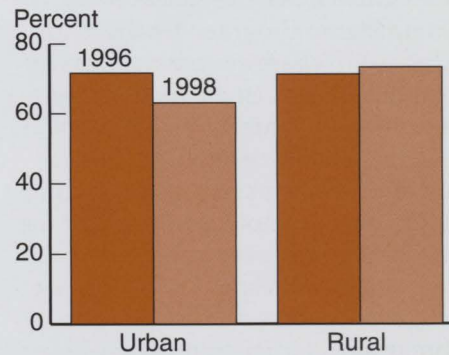
The overall participation rate in the Food Stamp Program fell from 71 percent in 1996 to 65 percent in 1998. This fall, however, was due only to a decline in the participation rate in urban areas. Between 1996 and 1998, the participation rate in urban areas dropped from 72 percent to 63 percent, while the participation rate increased slightly in rural areas from 71 percent in 1996 to 73 percent in 1998, higher than in urban areas (fig. 3).

Historically, food stamp participation rates fall as the economy improves. Thus, the strong economy of the second half of the 1990's partly explains the overall fall in the food stamp participation rate (see "Strong Economy and Welfare Reforms Contribute to Drop in Food Stamp Rolls" elsewhere in this issue). However, rural-urban differences in economic growth are unlikely to explain the differences in the urban and rural participation rates. We would expect that the larger decline in the number of rural people in poverty would have led to a decline in the rural participation rate rather than a small increase.

Welfare reform may have reduced the rate of participation in the Food Stamp Program indirectly by reducing the number of people receiving cash welfare. Food stamp use is higher among people who receive cash welfare than among those who are eligible for food stamps but do not receive cash welfare. By weakening the link between the two programs, welfare reform may have lessened participation in the Food Stamp Program.

Changes in the cash welfare system may have reduced the food stamp participation rate in four ways. First, food stamp participants who leave welfare (because they find work, hit the time limits, or are denied benefits for failing to meet a program requirement) may think they are no longer eligible for food

Figure 3
Food Stamp Participation Rates Down for Urban Areas, Up Slightly for Rural



Source: Fiscal 1996 and 1998 Food Stamp Program Quality Control Sample and the March 1997 and 1999 Current Population Surveys.

stamps. Second, food stamp participants who leave welfare may not feel the benefits of receiving only food stamps outweigh the time and other burdens associated with staying on food stamps. Third, policies designed to divert people from enrollment in TANF by providing one-time financial assistance or job placement assistance may inadvertently discourage people from applying for food stamps. Fourth, welfare reform, by placing a greater emphasis on self-sufficiency, may have increased the stigma of receiving food stamps.

Experiences of Urban Food Stamp Users Differ From Rural Users

If welfare reform has contributed to the fall in the participation rates, why has it had much more of an impact in urban areas than in rural areas? Studies of experiences with the program from both participants and eligible nonparticipants suggest that at least part of the explanation may be differences in experiences at rural and urban local food stamp offices.

In 1996 and 1997, Mathematica Policy Research, Inc., conducted

the National Food Stamp Survey (NFSS) for FNS to obtain information about Food Stamp Program experiences. As part of the study, Mathematica interviewed 2,000 randomly chosen food stamp recipients and about 450 randomly chosen eligible nonparticipants.

The high degree of overall satisfaction with the program was perhaps the most notable finding of the NFSS. More than 85 percent of participants who responded to the survey were satisfied with the overall program, and participants expressed similarly high rates of satisfaction with the application and recertification procedures. Satisfaction with the application and re-certification process was comparable in rural and urban areas. Satisfaction with the overall program was slightly higher in rural areas—89 percent of rural participants reported that they were satisfied with the overall program, compared with 87 percent of urban participants.

The NFSS revealed differences between urban and rural areas in respondents' perceived treatment by food stamp office caseworkers (fig. 4). The NFSS divided participants into three groups: urban, rural, and mixed (those residing in areas with both rural and urban components). In rural areas, 96 percent of respon-

dents said that their caseworkers treated them respectfully, compared with 90 percent of respondents in urban areas. Similarly, a higher proportion of respondents in rural areas said their caseworkers provided them the necessary services.

These rural-urban differences confirmed similar findings from focus group discussions conducted by Mathematica as part of a 1996 study for FNS on the reasons for low Food Stamp Program participation among the working poor and the elderly. The study comprised focus group discussions in six sites—two in urban areas (Baltimore City, Maryland, and Houston, Texas), two in suburban areas (Baltimore County, Maryland, and the area surrounding the cities of Eugene and Springfield, Oregon), and two in rural areas (Polk County, Texas, and Lincoln County, Oregon). The focus group members were working or elderly and either (1) receiving food stamps or (2) not receiving food stamps, but with sufficiently low incomes to qualify them for food stamps.

Focus group members in the urban areas, both those currently receiving food stamps and those nonparticipants with sufficiently low incomes to be eligible for food stamps, emphasized problems with the food stamp office staff. Some

focus group members complained that the staffs' attitudes were unpleasant and that staff often treated food stamp clients disrespectfully. One member of an urban focus group commented: "It's the attitude of the people that work there. You know...they act like they don't really care whether they help you or not." Focus groups in the rural areas reported fewer complaints about the food stamp office staff. Rural focus group members talked about smaller food stamp offices where the staffs were more personable and had a greater sense of community.

Whether rural residents are more affected by the stigma of receiving food stamps than urban residents is not clear. In the NFSS survey, respondents in rural areas perceived less stigma associated with receiving food stamps than those in urban areas. In the 1996 focus group study, stigma-related issues were brought up more often in rural areas. When asked why they didn't apply for food stamps, focus group members typically replied, "It's pride," "I want to be independent," "I would find it very embarrassing," "I would feel like a failure."

The embarrassment felt by rural area participants was mainly due to using food stamps in grocery stores. While urban residents could use food stamps in stores and retain anonymity, rural residents felt there was not a store in town that they could go to without likely running into someone they knew. As one focus group member in Lincoln County, Oregon, said, "You go to the grocery store...and the clerks and all the other people around you kind of look down on you because you are using food stamps."

All States either currently use or plan to use electronic benefits transfer (EBT) systems in which ATM-like cards replace paper food stamp coupons. The EBT system allows food stamp recipients to authorize the transfer of their Government

Figure 4
Rural Food Stamp Participants More Satisfied With Caseworkers



Source: 1996 National Food Stamp Program Survey.

benefits to a food retailer's account to purchase food. The focus groups felt that the EBT system reduced but did not eliminate the stigma of using food stamps.

These differences in experiences between recipients of food stamps in rural and urban areas suggest an explanation for the rural-urban difference in the trends in food stamp participation rates. Studies list confusion about eligibility as one of the most important reasons that eligible people do not receive food stamps. Confusion about food stamp eligibility at a time of major changes in the cash welfare system may well be greater in urban areas. Less confusion may occur in smaller rural offices, where fewer clients are affected by the changes in the cash welfare system and caseworkers may spend more time ensuring that clients receive the assistance they need.

Falling participation rates are a concern if people who need food assistance are not receiving food

stamps. For this reason, understanding why participation rates are falling in urban areas is important. USDA's Economic Research Service is continuing the research efforts of FNS to examine how practices in local food stamp offices and reforms to cash welfare have affected participation in the Food Stamp Program.

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