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# Multiple Program Participation in the Income Maintenance System

Joyce E. Allen

Keywords: Income maintenance systems, in-kind transfer, multiple benefits, work incentives, benefit combination, income adequacy, market value, recipient value.

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ABSTRACT

Federal outlays for the income maintenance system increased from \$28.5 billion in fiscal 1964 to \$347 billion in fiscal 1983. This increase reflected the introduction of new programs, receipt of multiple benefits by many households, and higher benefit payments in response to inflation. Multiple benefits are widespread among households receiving benefits from the public assistance programs, a component of the income maintenance system. However, only a small percentage of households receive concurrently five or more income maintenance benefits.

Keywords: Income maintenance system, in-kind transfer, multiple benefits, work incentives, benefit combination, income adequacy, market value, recipient value.

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## SUMMARY

Several studies have addressed the incidence of multiple participation in various public assistance programs, the demographic characteristics of households receiving multiple benefits, and the adequacy of income of multiple benefit households. These studies indicate that:

- o The receipt of multiple benefits is relatively common among public assistance households.
- o Only a small percentage of multiple benefit households receive the same combination of benefits.
- o A small proportion of households receive concurrently five or more benefits; many of these households contain two subfamilies.
- o On average, households participating in several programs simultaneously have incomes exceeding the Federal poverty level. However, some households still do not have adequate incomes although they participate in several programs.
- o Studies that rely on hypothetical situations or simulation models tend to overstate the total income received by low-income persons participating in the various income maintenance programs.

Data from the 1983 Survey of Income and Program Participation (SIPP) should greatly enhance research on the receipt of multiple benefits. Until the SIPP data are available, the 1979 Income Survey Development Program, a prototype for the SIPP, provides a smaller nationwide data base for studying multiple program participation. The 1977-78 Nationwide Food Consumption Survey and the annual March supplement to the Current Population Survey are alternative data sets that can be used in studies on multiple program participation. Data from the Nationwide Food Consumption Survey are especially useful for identifying multiple participation in the food assistance programs and for assessing the effects of multiple participation on nutritional status.

Additional research is needed on the incidence of multiple program participation at the national level. To provide useful information to policymakers and administrators of the various programs in the income maintenance system, the research would need to describe the level and incidence of benefits received, and the characteristics and economic status of persons receiving multiple benefits.

Since many benefits are in the form of goods and services rather than cash, the cash value of the goods and services will need to be estimated to determine economic status (that is, income adequacy) of persons receiving multiple benefits. Economists generally agree that the recipient value of the goods and services received is the theoretically preferred method for imputing values to in-kind benefits. However, policymakers may prefer the market value approach since it measures the private market cost of the goods and services transferred to recipients.

# Multiple Program Participation in the Income Maintenance System

Joyce E. Allen

## INTRODUCTION

The proliferation of programs in the income maintenance system has greatly increased Federal outlays. Between 1964 and 1983, outlays for the income maintenance system rose from \$28.5 billion to \$347 billion (fig. 1). In constant 1972 dollars, outlays rose by 334 percent, from \$37.5 billion in 1964 to \$162.6 billion in 1983 (fig. 2). At least nine new programs were established during this period. Multiple program participation may result in some households receiving more total (cash plus in-kind) benefits than Congress intended, thus adding to Federal budgetary costs.

This report consolidates existing information on the extent of multiple benefits, the distribution of these benefits, and procedures for imputing monetary values to in-kind benefits. The report also addresses the characteristics of households receiving multiple benefits and the need for further research on the receipt of multiple benefits. Emphasis is placed on the public assistance programs, particularly the food programs administered by the USDA's Food and Nutrition Service.

The public component of the income maintenance system consists of social insurance programs and public assistance programs (Lynn). The social insurance programs, which provide partial replacement of earnings lost because of unemployment, retirement, or disability, accounted for a large proportion of outlays for income maintenance in 1983, about 78.8 percent.<sup>1/</sup> Social security, government pensions, and unemployment insurance are examples of social insurance programs (U.S. Congress, Congressional Budget Office, Poverty Status of Families Under Alternative Definitions of Income; Lynn). In contrast, the public assistance programs, which provide benefits based on need, accounted for 21.2 percent of the 1983 outlays for income maintenance. Under the public assistance programs, cash transfers and in-kind (noncash) transfers such as food, medical care, educational assistance, and housing aid are distributed to low-income persons.

Low-income households may receive benefits from several public assistance programs simultaneously. For example, a female-headed household with dependent children may receive food stamps, free school lunches, free school breakfasts, and cash payments through the Aid to Families with Dependent Children

<sup>1/</sup> The social insurance programs are financed with earmarked payroll taxes. The public generally considers social insurance benefits to be an earned right (Lynn).

Figure 1 -- Federal Outlays for the Income Maintenance System

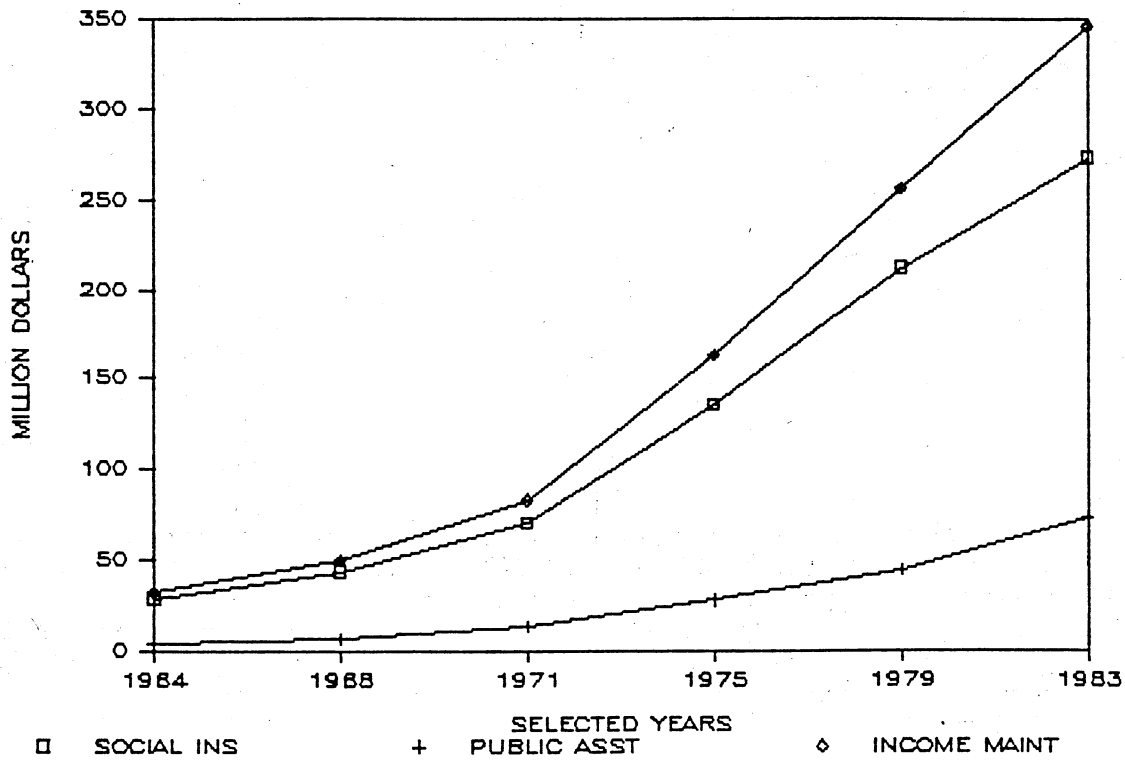
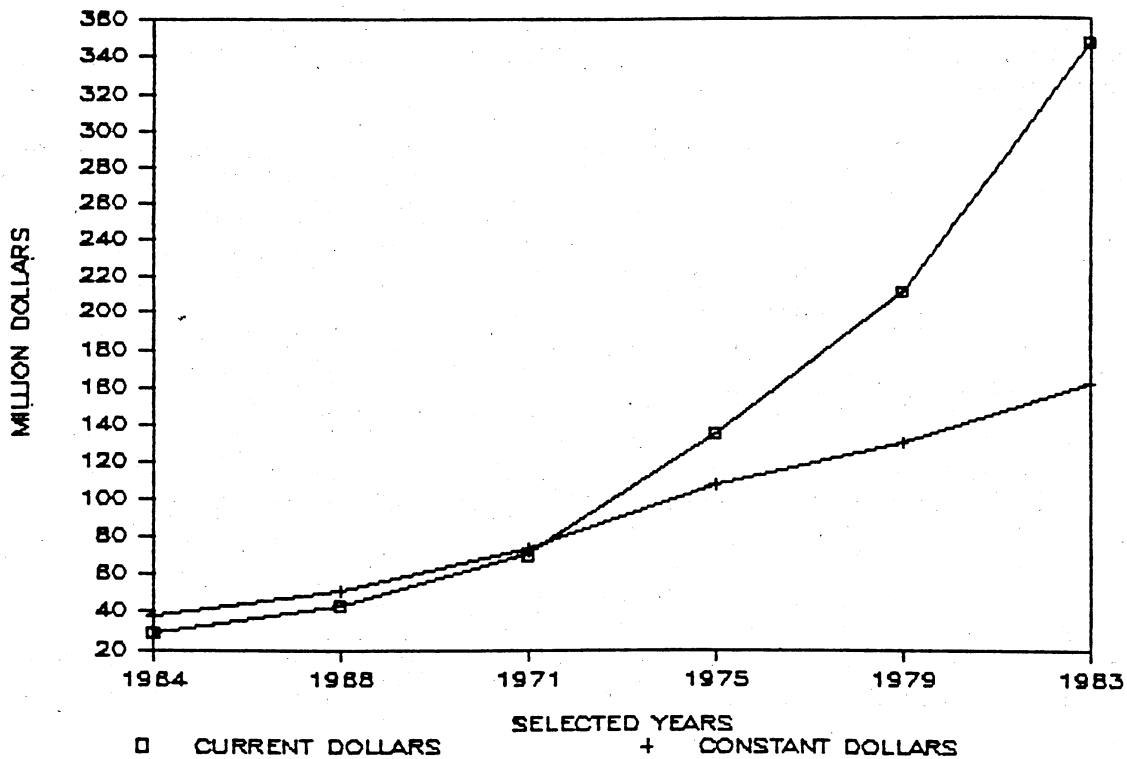


Figure 2 -- Federal Outlays for Income Maintenance:  
Current versus Constant 1972 Dollars



The implicit price deflator for personal consumption expenditures was used to deflate the outlays.



(AFDC) program. The household could also receive cash payments from one or more of the social insurance programs if a household member met the eligibility criteria for those programs.

#### DEVELOPMENT OF THE INCOME MAINTENANCE SYSTEM

The economic hardships caused by the Depression of the 1930s provided the impetus for Federal aid to the needy. During the New Deal era, work relief, food assistance programs, housing programs, and other programs were implemented to assist persons and selected industries until the economy recovered.<sup>2/</sup> The programs designed for able-bodied persons generally provided goods and services rather than cash.

To provide a more permanent form of income security, Congress enacted the Social Security Act of 1935. Under this act, special classes of the low-income population received cash benefits from one of the three newly established public assistance programs -- Aid to the (indigent) Aged, Aid to the Blind, and Aid to Dependent Children (ADC). Persons fitting into these categories were generally considered unable to work. The act provided income protection to workers through old age insurance and unemployment insurance. The inadequacy of benefits and restrictions on eligibility for programs established by the Social Security Act of 1935 contributed to expansion of existing programs and establishment of new programs (Lynn). For example, social security benefits were extended to dependents and survivors of covered workers in 1939, a public assistance program for the disabled was established in 1950, the ADC program extended benefits in 1950 to an adult in ADC families, and in 1962 the States were permitted to provide assistance under the ADC program to families with unemployed fathers (Lynn) <sup>3/</sup>. New food programs, medical assistance programs, housing programs (section 8 and section 235), education programs, and other income security programs were initiated during the 1960s and 1970s (see table 1).

Most of the programs introduced since the New Deal era provide in-kind benefits. By 1983, cash represented only 30 percent of Federal outlays for the public assistance programs whereas outlays for in-kind benefits represented 70 percent of Federal outlays (table 2). Approximately one-third of the outlays for in-kind benefits were for food assistance.

#### CASH VERSUS IN-KIND ASSISTANCE

One of the recurring policy issues is whether assistance should be provided in cash or in-kind. Lampman has argued that in-kind transfers may be the most politically feasible form in which to transfer income. However, from the recipient's viewpoint, cash would be more desirable since the recipient would have greater freedom of choice in allocating personal income. A recent study of the Food Stamp Program by Giertz and Sullivan concluded that from the standpoint of the donor (taxpayer), an in-kind transfer is superior to a cash transfer. The underlying theoretical framework for this conclusion is utility interdependence which in this case means that the donor's utility is affected

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<sup>2/</sup> The following food programs were established during the New Deal period: the Commodity Donation Program, the first Food Stamp Plan, and the Penny Milk Program.

<sup>3/</sup> The 1962 law changed the name of the ADC program to Aid to Families with Dependent Children [AFDC] (Lynn).



Table 1--Major Federal public assistance programs

Program	Date enacted	Form of aid	Eligibility	Avg. number of participants per month, FY 1983
Veterans' pensions	1933	Cash	Low-income permanently and totally disabled veterans, aged wartime veterans, and their dependents and survivors.	<u>Thousand</u> 1,723
Aid to Families with Dependent Children	1935	Cash	Needy female-headed families with children under 18 years of age and families in which the father is incapacitated. Twenty-seven States provide assistance where both parents are present but the father is unemployed.	10,712
Food Distribution Program <u>1/</u>	1935	In-kind, food	Low-income households on Indian reservations and in the Trust Territory of the Pacific Islands.	98
Housing assistance <u>2/</u>	1937	In-kind, housing	Low-income households.	<u>3/</u> 3,700
National School Lunch Program	1946	In-kind, food	Eligibility extends to all elementary and secondary school children. Children from low-income families are eligible to receive either free or reduced-price lunches.	<u>4/</u> 11,919
Special Milk Program	1954	In-kind, food	Free milk to children who would qualify for free meals under the National School Lunch Program. All other children pay for milk at reduced prices. The Special Milk Program is restricted to schools and institutions that do not participate in any other federally subsidized meal program.	<u>5/</u> _____
Food Stamp Program	1964	In-kind, food	Available to all low-income households.	21,625

Continued--

See footnotes at end of table.

Table 1--Major Federal public assistance programs--Continued

Program	Date Enacted	Form of aid	Eligibility	Avg. number of participants per month, FY 1983
Medicaid <u>6/</u>	1965	In-kind, medical services	AFDC recipients are categorically eligible for Medicaid and in 35 States, SSI recipients are categorically eligible. In States with programs for the medically indigent, persons are eligible if they meet an income and resource test and also fit into one of the categories of people covered by the cash welfare programs.	<u>Thousand</u> 23,000
School Breakfast Program	1966	In-kind, food	Eligibility extends to all elementary and secondary school children. Children from low-income families are eligible to receive either free or reduced-price breakfasts.	<u>4/3,045</u>
Commodity Suppl. Food Program	1968	In-kind, food	Infants, children to age 6, pregnant women, postpartum mothers (up to 6 weeks) and breast-feeding women (up to 1 year postpartum) in low-income families. <u>7/</u>	138
Special Suppl. Food Program for Women, Infants & Children	1972	In-kind, food	Infants, children to age 5, pregnant women, postpartum mothers (up to 6 months), and breast-feeding women (up to 1 year postpartum) who are at nutritional risk due to low income and inadequate nutrition. <u>8/</u>	2,537
Supplemental Security Income <u>9/</u>	1972	Cash	Low-income aged, blind, and disabled persons.	3,873
Basic opportunity (Pell) grants	1972	In-kind, education	Need-based grants to undergraduate students.	2,594
Child Care Food Program	1975	In-kind, food	Meal service is available to all children attending child-care centers and day-care homes participating in the program. Needy children qualify for either free or reduced-price meals.	925

Continued--

See footnotes at end of table.

Table 1--Major Federal public assistance programs--Continued

Program	Date enacted	Form of aid	Eligibility	Avg. number of participants per month, FY 1983
				Thousand
Summer Food Service Program	1975	In-kind, food	The program is restricted to areas where poor economic conditions exist (areas in which at least 50 percent of the children are eligible for either free or reduced-price school meals.) Meals are served free of charge to attending children, except in camps that charge for meals served to non-needy children.	10/1,062
Earned income tax credit	1975	Cash	Wage earners with children are eligible for tax credits if they earn less than \$10,000.	NA
Low-income energy assistance	1980	Either cash or in-kind, energy costs	Low-income households and households with members eligible for AFDC, Supplemental Security Income, Food Stamp Program, or income-tested Veterans Administration benefits.	11/52

NA = Not available. 1/ This program is now known as the Needy Family Program. 2/ Several housing programs have been established since the Housing Act of 1937. These programs provide housing assistance to low-income families, including mortgage interest rate subsidies (section 235 housing), rental subsidies (section 8 housing), and rent supplements. 3/ Households living in housing subsidized by the Department of Housing and Urban Development. 4/ Free and reduced-price meals only. Average participation per day excluding June - August 1983. 5/ FNS measures participation in the Special Milk Program by number of half-pints of milk served rather than number of participants. Approximately 187 million half-pints were served during fiscal 1983, of which 5.5 percent were served free. 6/ Medicaid succeeded earlier welfare-linked medical care programs, most notably the Kerr-Mills program of medical assistance for the aged, and extended medical coverage to participants in the Aid to Families with Dependent Children, Aid to the Blind, and Aid to the Permanently and Totally Disabled programs. 7/ The Commodity Supplemental Food Program was available in only 27 sites (counties, cities) in FY 1983. 8/ Persons may not simultaneously participate in both the Commodity Supplemental Food Program and the Special Supplemental Food Program for Women, Infants, and Children. 9/ The Supplemental Security Income (SSI) program replaced three joint Federal-State programs -- Old Age Assistance, Aid to the Blind, and Aid to the Permanently and Totally Disabled. 10/ Average participation from June - August 1983. 11/ Fiscal 1981 data.

Sources: Budget of the United States Government, FY 1985 - Appendix. Economic Report of the President, 1978. Longen, Domestic Food Programs: An Overview. Food and Nutrition Service, Management Information Data: January 1984.

Table 2--Federal outlays for the major public assistance programs, selected fiscal years

Program	1964	1968	1971	1975	1979	1983	1984 (est.)
	<u>Million dollars</u>						
Veterans' pensions	1,739.9	2,051.9	2,330	2,726.0	3,552.4	3,894	3,940
Aid to Families with Dependent Children	884.4	1,394.8	3,040	4,587.9	5,872.0	8,392	8,079
Food distribution <sup>1/</sup>	197.1	124.0	321.2	55.7	21.3	38.2	41.4
Housing assistance <sup>2/</sup>	197.0	290.1	1,243	2,052	3,559.1	9,556	10,041
National School Lunch Program <sup>3/</sup>	315.7	435.7	809.5	1,707.3	2,718.0	3,213.2	3,012.2
Special Milk Program	99.2	101.8	91.1	122.9	141.1	14.9	19.3
Food Stamp Program	28.6	173.1	1,522.7	4,385.5	6,478.0	11,839.2	11,236.0
Nutrition Assistance for Puerto Rico <sup>4/</sup>	---	---	---	---	---	814.2	825.0
Medicaid	---	1,837	3,362	6,743.0	11,559.8	18,985	20,237
School Breakfast Program	---	2.0	19.4	86.1	227.1	344.2	371.6
Commodity Suppl. Food Program	---	---	12.8	17.3	15.2	23.7	30.1
Special Suppl. Food Program for Women, Infants, and Children	---	---	---	76.7	429.7	1,126.1	1,222.8
Suppl. Security Income	---	---	---	4,779.2	6,828.7	8,724	8,554

See footnotes at end of table.

Continued--

Table 2--Federal outlays for the major public assistance programs,  
selected fiscal years--Continued

Program	1964	1968	1971	1975	1979	1983	1984 (est.)
<u>Million dollars</u>							
Basic opportunity (Pell) grants	---	---	---	166.3	1,954.7	2,898	2,897
Child Care Food Program	---	---	5/19.9	5/96.5	182.8	334.1	354.9
Summer Food Service Prog.	---	---			112.5	91.6	104.3
Earned income tax credit	---	---	---	---	773	1,213	1,123
Low-income energy assistance	---	---	---	---	---	1,993	1,887
Total Federal outlays	3,461.9	6,410.4	12,771.6	27,602.4	44,425.4	73,494.4	73,975.6
<u>Percent</u>							
Cash as pct. of total	75.8	53.8	42.0	43.8	38.3	30.2	29.3
In-kind as pct. of total	24.2	46.2	58.0	56.2	61.7	6/ 69.8	6/ 70.7
Food as pct. of in-kind	76.5	28.2	37.8	42.2	37.7	34.8	32.9

--- = Program not in operation.

1/ Commodities in lieu of food stamps only.

2/ Low-rent public housing only.

3/ Total Federal payments (include value of donated commodities).

4/ Puerto Rico transferred from the Food Stamp Program to a substitute nutrition assistance program in fiscal 1982.

5/ The Child Care Food Program and the Summer Food Service Program were originally components of the Special Food Service Program. In October 1975, Congress provided the two components with separate legislative authorization.

6/ Includes the Low-Income Energy Assistance Program.

Sources: Budget of the United States Government, respective years; unpublished data from the Food and Nutrition Service.

by the food consumption levels of food stamp households. Several studies have shown that food stamps are at least twice as effective as cash transfers in increasing food expenditures (Reese, Feaster, and Perkins; Neenan and Davis; Salathe; Allen and Gadson). Thus, the donor's utility is increased through the use of a restricted transfer such as food stamps rather than through a cash transfer.

The trend towards providing in-kind benefits rather than cash benefits facilitates multiple program participation. By definition, the public assistance programs are all "income-tested," that is, eligibility is limited to units (households, families) with incomes below specified levels, where income is defined as cash income. Although the receipt of in-kind benefits such as food, medical care, and housing increases the household's economic well-being, these benefits are not taken into account in determining eligibility for the food programs and other public assistance programs. The incidence of multiple program participation would be reduced if a broader income concept such as one that included the value of in-kind benefits was used in determining program eligibility.<sup>4/</sup> Some households would still be eligible to participate in several programs simultaneously even if in-kind benefits were counted as income because the household's total (cash and noncash) income would be relatively low.

#### ISSUES UNDERLYING MULTIPLE RECEIPT OF BENEFITS

Proponents of multiple program participation contend that multiple benefits are supplementary in nature and that the programs are logically additive. (See appendix for the objectives of the major income maintenance programs.) They also argue that taxpayers prefer to support specific needs of the poor (such as the need for adequate food, medical care, and housing) through a multiplicity of programs rather than meeting general needs through a single income maintenance program.

Critics, on the other hand, contend that multiple benefits are often duplicative and thus contribute to excessive total costs for the income maintenance system (Congressional Record). They also contend that program interactions were not generally taken into account by policymakers when new income maintenance programs were established and that the multiple system of benefits produces results quite different from those intended by policymakers when each program was enacted individually.

The receipt of multiple benefits exacerbates work disincentives, horizontal equity, and administrative complexities (Storey; Garfinkel; Elsener, Murray, and Tweeten; MacDonald). The following discussion summarizes the factors that contribute to these effects.

Under most public assistance programs, benefits are reduced as the household's income increases. For example, food stamp benefits are equal to the cost of the Thrifty Food Plan, reduced by 1 percent, minus 30 percent of a household's net

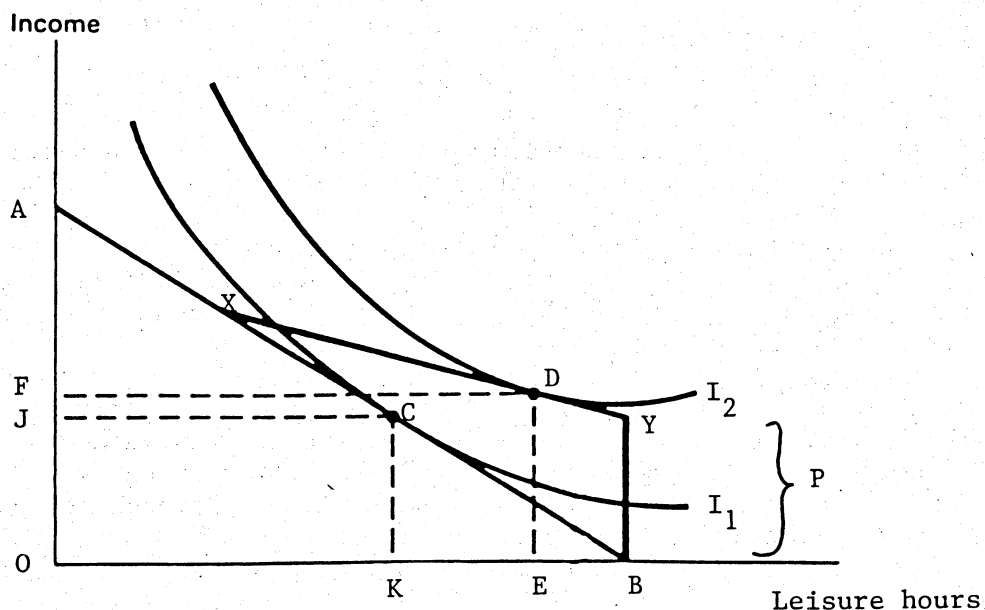
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<sup>4/</sup> Eligibility for many of the income maintenance programs is based on the Federal poverty level. In 1983, 35.3 million people or 15.2 percent of the U.S. population were living below the poverty level, based on cash income only. However, if noncash benefits were counted as income the poverty rate would be between 10.2 and 14 percent, depending on the benefits included and the method for valuing benefits (Rich). This rate would mean that between 23.7 million and 32.5 million people were living below the poverty level, based on their cash and noncash income.

monthly income. In effect, the marginal "tax rate" on income for food stamp households is 30 percent since each additional \$1.00 increase in income leads to a 30-cent decrease in food stamp benefits. Low-income households that participate in several public assistance programs concurrently may be subject to much larger tax rates. The rate may be as high as 85 percent, according to a study prepared by Storey for the use of the Joint Economic Committee, U.S. Congress. Work incentives are reduced because of these high marginal tax rates (Danziger, Garfinkel, and Haveman; MacDonald).

Figure 3 depicts the commonly accepted work disincentive scenario associated with the receipt of income maintenance benefits. The combination of leisure (nonwork time) and earned income available to a low-income household, prior to participation in an income maintenance program, is represented by line AB.<sup>5/</sup>

Figure 3. Tradeoffs Between Income and Leisure for Recipients of Income Maintenance Benefits



Source: Nicholson.

<sup>5/</sup> Some researchers contend that individuals do not have the flexibility to select the number of hours that they will work and that therefore, flexibility of work is an invalid assumption. The flexibility of work assumption may be justified in the following manner. Rather than viewing the work-leisure tradeoff model over a short time period, the model may be taken to represent a relatively long time span, for example, over a person's lifetime. The individual makes tradeoffs between work and leisure by choosing to work a fixed number of hours during certain periods and zero hours during other periods. Individuals exercise control over the number of hours they work by moving in and out of the labor market at different stages in their lifetime (Nicholson). Low-income persons are more likely than the general population to move in and out of the labor market (Devens). Thus, low-income persons have considerably more flexibility in the number of hours of work.



Utility maximization can be illustrated by superimposing the budget constraint, AB, onto the household's indifference curve map. The indifference curve map shows the alternative combinations of leisure (which is preferred to work) and income from which the household obtains equal levels of satisfaction (utility). Assuming the household faces budget constraint AB, its utility-maximizing choice is OK hours of leisure and OJ dollars of income.

If the household participates in at least one income maintenance program, it faces a new budget constraint, AX'YB, and receives P amount of benefits where P is the distance between the two budget constraints. The household's utility increases with the new budget constraint as depicted by the household move to a higher indifference curve (from  $I_1$  to  $I_2$ ). The utility maximizing choice for a household participating in an income maintenance program is OE hours of leisure and OF dollars of income.

Under the income maintenance program, the household prefers more leisure time, represented by KE. That is, household members reduce the number of hours that they work. Two factors are largely responsible for households reducing their work efforts. The guarantee of goods and services or cash to buy goods and services induces an income effect that causes households to reduce their hours of work and have more leisure. Also, because of the benefit reduction (that is, the marginal tax rate), the "real" increase in income for each hour of work is smaller after participation in the income maintenance program. Thus, households will substitute leisure for hours of work (Nicholson). This effect is intensified if households receive benefits from several income maintenance programs simultaneously.

Interaction of public assistance programs can also have an adverse effect on work incentives through income notches which are created at some income levels. An income notch is the point at which benefits lost as income increases exceed the increase in income. That is, a dollar increase in income results in more than a dollar lost in public assistance benefits. Notches are generally created when eligibility in a particular program (such as Medicaid) is dependent on participation in another program (such as AFDC).<sup>6/</sup>

Horizontal equity, which means that people in similar circumstances are treated similarly, is often cited as one of the goals for reform of the public assistance system. Under the current system, benefits are targeted toward specified categories of people that are frequently less capable of supporting themselves -- the elderly, disabled, and female-headed families with dependent children. Persons generally prohibited from participating in the public assistance programs tend to be males younger than age 65 and female-headed households without dependent children. These persons may have the same pretransfer income as the target population that is eligible to receive public assistance benefits. Categorical eligibility creates horizontal inequities and the receipt of multiple benefits by the target population exacerbates these inequities.

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<sup>6/</sup> Elsener, Murray, and Tweeten depicted the notch effect in their study of potential benefits available to AFDC families in Payne County, Oklahoma. Their study showed that if an AFDC mother's net monthly income increased from \$470 to \$471 in 1975, the household would lose all of its AFDC benefits (\$12 per year) because its income exceeded the income eligibility guidelines. However, the household would lose all its Medicaid benefits (\$1,100), and day care benefits (\$2,643) because eligibility for these programs is limited to AFDC participants. Thus, the family would have lost \$3,755 in benefits because of the \$1 per month increase in net monthly income.

The provision of multiple benefits may be costly in terms of excessive administrative expenses (MacDonald). Records containing similar information on household composition, income, and outlays are maintained at different offices. Moreover, persons are employed in these offices specifically to review applications and determine eligibility. Efforts are currently being made to reduce administrative costs through increased coordination of the public assistance programs.<sup>7/</sup> The Food Stamp Act Amendments of 1982 (Title I, subtitle E of PL 97-253) require States to implement a system which allows a single interview to be conducted for determining eligibility for food stamps and the AFDC program.

#### STUDIES ON MULTIPLE PROGRAM PARTICIPATION

Some of the earliest studies on the incidence of multiple benefits were conducted between 1972 and 1974 for the use of the Subcommittee on Fiscal Policy of the Joint Economic Committee, U.S. Congress. Three of the studies published in the series titled "Studies in Public Welfare" specifically addressed the extent of multiple benefits and the characteristics of households receiving multiple benefits.

Storey in paper number 1 of the "Studies in Public Welfare" series reported that 26 of the largest income transfer programs provided benefits to 119 million beneficiaries in fiscal 1972.<sup>8/</sup> However, no more than 60 million different persons actually received benefits.

Storey also used data on cash income transfer payments from the 1967 Survey of Economic Opportunity (SEO) to document the incidence of multiple program participation. The SEO data showed that two-fifths of U.S. households received at least one benefit from the cash income transfer programs in 1966. About 11 percent of the households received two benefits, 1 percent received three benefits, and less than 0.5 percent received four benefits. The incidence of multiple benefits would have been higher, of course, if in-kind benefits were included.

The data showed that female-headed households were most likely to receive multiple cash income transfer payments. Twenty percent of female-headed households in the SEO reported receipt of multiple cash income transfer payments versus 10 percent of male-headed households.

Storey concluded that the level of total cash benefits received from the income maintenance system depends on place of residence, age and sex of household head, and number of dependent children in the household. In general, benefits were lower for childless couples and nonaged couples. Conversely, families with children and the elderly tend to receive more adequate benefits.

Storey and others in paper number 6 of the "Studies in Public Welfare" discussed the distribution of public welfare benefits in six selected low-income areas

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<sup>7/</sup> Federal payments to States for the costs of administering the Medicaid, AFDC, and Food Stamp programs totalled \$2.2 billion in fiscal 1983, excluding the cost of activities designed to control fraud and abuse (Budget of the United States Government, FY 1985).

<sup>8/</sup> Storey used the term income transfer programs to refer to public programs that either maintained or supplemented personal living standards through cash or in-kind benefits. This definition is consistent with the definition for the income maintenance system given on page 1.

of the United States: an eastern city, a southern city, a midwestern city, a western city, and a group of contiguous rural counties.<sup>9/</sup> The findings by Storey and others indicate a significant degree of multiple program participation. In fact, between 59 and 74 percent of households receiving benefits in each study site received two or more benefits. A relatively large proportion of these households (from 12 to 26 percent) received benefits from at least five different programs.

To evaluate the various combinations of benefits received, Storey and others grouped 100 public welfare (that is, income maintenance) programs into nine categories: public assistance benefits, social security cash benefits, veterans cash benefits, other cash benefits, food program benefits, health care benefits, housing benefits, education and manpower benefits, and other benefits in-kind. While this grouping facilitates analysis of benefit combinations, it precludes any analysis of benefit combinations within a particular category such as the food programs (for example, food stamps or food distribution, child nutrition).

A relatively small number of low-income households in the six selected areas received any one specific benefit combination. The largest combination was of households receiving only social security benefits, with 12 percent of the households receiving this benefit package. The other households were widely scattered among 144 unique combinations of benefit categories.

Storey and others addressed the question of who receives multiple benefits by analyzing households that received five or more benefits. These households accounted for 11 percent of the households in the sample but they received 41 percent of the cash and in-kind benefits and 35 percent of the aggregate benefit amount.

The demographic characteristics of households receiving at least five benefits varied by urbanization. Storey and others found that 90 percent of the multi-benefit households at the rural site were headed by elderly persons (over age 65), 67 percent were headed by males, and 93 percent had no children present in the household. Conversely, urban multibenefit households were more likely to be headed by women and to contain dependent children. From 54 to 83 percent of multibenefit households at each urban site were headed by women and from 56 to 79 percent included dependent children.

A relatively large proportion of households receiving five or more benefits consisted of more than one family. One-fifth of the rural site households that received five or more benefits contained more than one family. On average, one-third of the multibenefit households in urban areas contained more than one family. The proportion of urban multibenefit households containing more than one family varied substantially by site, from 4 percent in the eastern city to 45 percent in the southern city.

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<sup>9/</sup> The authors used a broad definition of public welfare programs. All programs providing cash benefits and cash substitutes directly to individuals were classified as public welfare programs. Approximately 100 programs met this criteria (for example, AFDC, SSI, social security, civil service retirement, agriculture price support payments, food programs, vocational rehabilitation, legal aid, veterans educational assistance [GI bill]). These programs are generally referred to as income maintenance programs in this paper.

Multibenefit households (that is, households with five or more public welfare benefits) averaged more total income per capita than all beneficiary households in five of the six low-income sites.<sup>10/</sup> In these sites, the total income received by multibenefit households was from 4 to 55 percent higher, on the average, than the total income received by all beneficiary households. Multibenefit households in one location, the southern city, averaged 9 percent less total income per capita than did all beneficiary households, \$115 per month versus \$125 (Storey and others).

Households may not value in-kind benefits at their market value; multibenefit households in the study area received a relatively large proportion of their benefits in the form of in-kind assistance. Thus, the total income of multibenefit households may be somewhat overstated.

The findings by Storey and others show that, in general, multibenefit households have higher incomes than households with at least one benefit from the income maintenance programs, but this finding does not imply income adequacy. Storey and others did not attempt to measure the extent to which the total income of low-income households receiving income maintenance benefits was inadequate, adequate, or excessive based on a benchmark such as the poverty guidelines.

Paper number 17 of the "Studies in Public Welfare" reports the results from a nationwide sample of households certified as eligible in November 1973 to participate in either the Food Stamp Program or the Food Distribution Program. A total of 22 income maintenance programs were considered in the study, 5 of which were food programs administered by USDA's Food and Nutrition Service.<sup>11/</sup>

A major finding of paper number 17 is that food stamp and food distribution households, on average, received benefits from three Federal income maintenance programs concurrently. Nearly one out of three food stamp households received benefits from four or more income maintenance programs (including the Food Stamp Program) and one out of ten received five or more benefits. Households receiving six or more benefits represented about 2 percent of the total households in the sample. Food distribution households participated in slightly more programs concurrently than the food stamp households but, in general, the two groups exhibited the same behavior in terms of program participation.<sup>12/</sup>

Results from paper number 17 document the unique combination of benefit packages received by low-income households. Of the income sources considered in the study, the social security/food stamp combination represented the largest unique combination, with 11 percent of the total food stamp sample receiving this combination. Eight percent of the sample received the AFDC/food stamp/school lunch combination, 7 percent received only food stamps, 6 percent received the AFDC/food stamp combination, and 5 percent received the food stamp/school lunch combination.

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<sup>10/</sup> Income includes the value of in-kind benefits which Storey and others estimated at market value.

<sup>11/</sup> The food programs were the National School Lunch Program, the Special Milk Program, the School Breakfast Program, the supplementary food programs, and the Special Food Service Program (now divided into the Child Care Food Program and the Summer Food Service Program).

<sup>12/</sup> The authors tended to exclude households that were eligible but not participating in either the Food Stamp Program or the Food Distribution Program because very few eligible nonparticipants were in the sample.

Paper number 17 in the public welfare series also showed that households receiving five or more benefits from the selected income maintenance programs tended to consist of two subfamilies.

The Rand Corporation studied the incidence and level of multiple welfare benefits received in December 1974 by participants in the AFDC program in New York City (Lyon and others). Only a small number of income maintenance programs were considered in the study, specifically, the AFDC grant and shelter allowance, food stamps, Medicaid, social services (for example, day care, homemaker services), and employment-related programs (for example, social security, workmen's compensation, and unemployment insurance). Data on program participation were obtained from the files of 17 percent of the AFDC caseload, or 42,450 cases. A case was defined as the unit that received benefits from either the AFDC program or the AFDC-Unemployed Fathers program.

About 94 percent of the AFDC cases received food stamps.<sup>13/</sup> The annual cash value of food stamps for these cases averaged \$531 per case and accounted for 8 percent of the total income (cash plus in-kind benefits) received by AFDC cases. Food stamps were valued at their market value (that is, bonus stamp value).

One of the conclusions of the Rand Corporation study is that the receipt of multiple benefits greatly enhances the economic well-being of AFDC households whose average total income exceeded the Federal poverty level. However, between 10 and 20 percent of the AFDC caseload had total incomes below the poverty level. Since AFDC participants were automatically eligible to participate in the Medicaid and Food Stamp programs at the time of the Rand Corporation study, it can be assumed that the majority of these households with total income below the poverty level participated in more than one public assistance program. Thus, some households remain in poverty despite the receipt of multiple benefits.

Lyon and others in the Rand Corporation study compared their findings on actual benefits received by AFDC families in New York City with findings on potential benefits reported in paper number 8 of the "Studies in Public Welfare." They found that Bernstein and Shkuda in paper number 8 overestimated by \$1,200 the annual benefits an average AFDC case actually received in New York City in 1974. Most of this difference was attributed to estimates of the value of day care benefits. Paper number 8 indicated that total income of an average AFDC case was \$8,400 in 1974 (Lyon and others). Only 18 percent of all four-person AFDC families in New York City actually had total incomes in excess of \$8,000 (Lyon and others).

Elsener, Murray, and Tweeten analyzed the value of potential benefits available to a low-income family in Payne County, Oklahoma. Their study focused on income adequacy of a hypothetical family eligible to participate in various combinations of six income maintenance programs: AFDC, Medicaid, day care, vocational rehabilitation, food stamps, and housing subsidies. The total income available to a four-person family under five different benefit and earning combinations could have varied in 1975 from \$7,169 to \$10,439. The poverty level for a nonfarm family of four was \$5,500 in 1975. These results imply that the total income of AFDC families receiving concurrent benefits from several income maintenance programs could be substantial.

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<sup>13/</sup> AFDC families had a high rate of participation in the Food Stamp Program because they were automatically eligible, prior to the enactment of the Food Stamp Act of 1977, to participate in the Food Stamp Program.

It should be pointed out that Elsener, Murray, and Tweeten assumed that the hypothetical family participated in most of the programs available to the family. However, there was no indication of the percentage of families that actually participated in the prescribed benefit packages and, thus, had the relatively high income levels cited in the study. The findings by Lyon and others suggest that hypothetical studies such as the one conducted by Elsener, Murray and Tweeten overstate the benefits received by multiple program participants.

A study by Bendick and others on the Special Supplemental Food Program for Women, Infants, and Children (WIC) revealed that there is considerable overlap between the WIC program and the other food assistance programs.<sup>14/</sup> Nearly half of the WIC households in 1975 were also participating in the Food Stamp Program, about two-fifths of the households contained children receiving either free or reduced-price lunches under the National School Lunch Program, and nearly one-tenth contained children receiving free or reduced-price breakfasts under the School Breakfast Program. These results are based on a survey of 3,600 WIC participants.

A recent study by Hill, Piovio, and McGhee also addressed the issue of multiple receipt of public assistance benefits. This study, however, focused only on black households. Using data from a nationwide survey of 3,000 black households conducted during the fall and winter of 1979, they found that 60 percent of all poor black households participated in at least two public assistance programs.<sup>15/</sup> The public assistance programs included in the study were welfare (that is, AFDC), Supplemental Security Income, Medicaid, Food Stamp Program, free school lunches, public housing, and rent subsidies. Twenty percent of all poor black households received three benefits concurrently, 15 percent received four benefits concurrently, and 9 percent received five or more benefits concurrently.

One of the most comprehensive studies on multiple benefits and income adequacy was conducted by MacDonald for the Food and Nutrition Service. Using data from the second wave (Spring 1979) of the nationally representative Income Survey Development Program research panel, MacDonald found that nationwide less than one-fourth of the households receiving any income maintenance benefits received benefits from two or more programs simultaneously. Households receiving social insurance benefits (that is, social security and unemployment compensation) represented a large proportion of the income maintenance recipients and these households were likely to receive only one income maintenance benefit.

Multiple receipt of benefits, however, was widespread among households receiving cash public assistance (that is, AFDC, General Assistance), SSI, food stamps, and Medicaid. In fact, about 85 percent of these households received benefits from at least one other income maintenance program. Some programs (for example, Medicaid) extend automatic program eligibility to recipients of AFDC, which

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<sup>14/</sup> The WIC program is designed to provide supplemental foods to persons who are determined by local health professionals to be nutritional risks due to low income and inadequate nutrition. Eligibility extends to pregnant women, postpartum mothers (up to 6 months), breastfeeding mothers (up to 12 months), and infants and children up to age 5 (Longen).

<sup>15/</sup> Poor households were defined as households with annual incomes of under \$6,000.

explains the high degree of multiple participation among households receiving public assistance benefits.

MacDonald compared the number of income maintenance benefits received by food stamp participants and eligible nonparticipants. His findings indicate that 84 percent of the food stamp participants received two or more benefits concurrently compared with 13 percent of the eligible nonparticipants. Moreover, slightly more than half of the eligible nonparticipant households did not receive benefits from any of the income maintenance programs included in the study.<sup>16/</sup>

A more detailed analysis of the number of benefits received by food stamp households showed that 16 percent received benefits from only one program, 20 percent received benefits from two programs, 42 percent received benefits from three programs, and 20 percent received benefits from four programs. Households receiving five or more benefits concurrently accounted for 2 percent of the food stamp households (MacDonald).

MacDonald's findings on benefit combinations reveal that social security benefits are the most frequent combination received by food stamp participants and eligible nonparticipants, with 27 percent of the households receiving this combination. Sixteen percent of the households received the food stamps/cash public assistance/Medicaid combination whereas nine percent received the food stamps only combination. Only a small percentage of the food stamp participant and eligible nonparticipant households reported receiving other unique combinations of the major income maintenance programs.

The analysis by MacDonald shows that the proportion of food stamp households with income equal to or greater than 150 percent of the poverty level increased from 6 percent, prior to counting income maintenance benefits as income, to 10 percent after these benefits were counted as income. The majority of low-income households remain poor even after the receipt of income maintenance benefits. For example, 81 percent of the food stamp households were below 130 percent of the poverty level after the receipt of income maintenance benefits.<sup>17/</sup> About 91 percent of the food stamp households were below this level, prior to counting income maintenance benefits as income.

MacDonald also focused on the income adequacy of households receiving various combinations of income maintenance benefits. He found that 96 percent of the food stamp/(cash) public assistance households had income below 130 percent of the poverty level when income maintenance benefits were excluded from income. After counting income maintenance benefits (including the face value of food stamps) as income, 81 percent of the households remained below this level. Thus, income adequacy is increased as a result of multiple benefit reciprocity but most households still have low-income although they receive multiple benefits.

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<sup>16/</sup> The receipt of benefits from the following programs were analyzed in the study: social security; unemployment compensation; cash public assistance, that is, AFDC, General Assistance; Supplemental Security Income; Food Stamp Program; and Medicaid.

<sup>17/</sup> MacDonald used 130 percent of the poverty level as the benchmark because the current income eligibility standard for the Food Stamp Program is set at this level for nonelderly households.



In general, the studies summarized in the preceding paragraphs were conducted in localized areas, limited to specified sectors of the population, or were hypothetical situations. A major factor affecting the type of studies that were conducted was the quality of available data. Nationwide data on participation in the major income transfer programs have only recently become available. The following section discusses these data sources and their usefulness in estimating the receipt of multiple benefits.

#### DATA SOURCES

In recognition of the growing need for additional data to assess the economic well-being of the U.S. population, the Bureau of the Census initiated the Survey of Income and Program Participation (SIPP) in October 1983. This survey is designed to provide detailed information on the levels and sources of household income and assets, and on the extent to which the U.S. population participates in Federal and State transfer and service programs. Approximately 25,000 households were interviewed in the first wave of the SIPP. These households are representative of the civilian noninstitutional population in the United States. In January 1985 and every January thereafter, a new slightly smaller panel will be introduced (Nelson, McMillen, and Kasorzyk). The Bureau of the Census anticipates that data from the 1983 SIPP will be available in 1985.

The Income Survey Development Program (ISDP), a prototype survey for the SIPP, greatly improves the data base on the income, assets, and levels of program participation of the American population. A longitudinal panel design was the basic approach used in the ISDP, which was conducted from February 1979 to April 1980. Persons at sample addresses were interviewed at regular intervals during the course of a year about their income, household composition, and other socioeconomic characteristics. Two important features of this approach serve to minimize nonsampling errors. First, persons had to recall income and other information only for a short period of time, usually the previous 3 months. Second, the number of questions asked at each interview was reduced (Ycas, and Ycas and Lininger).

Population coverage for the 1979 ISDP is 77.6 million private households in the United States; persons living in institutions or the U.S. territories are excluded. Since a large proportion of the population in institutions and the territories is poor, excluding these categories tends to understate the extent of poverty (U.S. Congress, Congressional Budget Office, Poverty Status of Families Under Alternative Definitions of Incomes). It is likely that the receipt of multiple benefits is also underestimated by omitting institutions and the territories from surveys of the U.S. population.

Preliminary data from the ISDP indicate that 30 million households received benefits from at least one of five income maintenance programs, of which 6.4 million (21 percent) received benefits from two or more programs, and 1.7 million (6 percent) received benefits from three or more programs (Vaughan, Lancaster, and Lininger). The following programs were included in the study: social security, Supplemental Security Income, Food Stamp Program, public assistance (that is, AFDC, general assistance, emergency assistance), and unemployment compensation. Clearly, the incidence of simultaneous program participation would be higher if more transfer programs were considered. Later waves of the ISDP contain information on participation in the National School Lunch Program, the WIC program, and other Federal transfer programs (see table 3).

Table 3--Potential data sources for analyzing the receipt of multiple benefits

Program	Data source 1/						
	NFCS	SIE	CPS	ISDP	PSID	SIPP	
Veterans' pensions	X <u>2/</u>	X <u>2/</u>	X <u>2/</u> <u>3/</u>	X <u>2/</u>		X	
Aid to Families with Dependent Children	X	X	X	X	X	X	
Other public assistance	X	X	X <sup>a</sup>		X	X	
Food distribution							
Housing assistance	X* <sup>b</sup>	X*	X*	X	X*	X	
National School Lunch Program	X <sup>c</sup>		X* <sup>d</sup>	X <u>4/</u>		X*	
Special Milk Program							
Food Stamp Program	X	X	X	X	X	X	
Medicaid		X*	X*		X*	X*	
School Breakfast Program	X <sup>c</sup>			X <u>4/</u>		X*	
Commodity Suppl. Food Program							
Special Suppl. Food Program for Women, Infants, and Children	X*			X <u>5/</u>		X*	
Supplemental Security Income	X	X	X	X	X	X	
Basic opportunity grants (Pell grants)			X	X		X	
Child Care Food Program							
Summer Food Service Program							
Earned income tax credit				X <u>5/</u>			

\* = Does not include benefit value.

1/ The initials are as follows: 1979-80 supplemental low-income Nationwide Food Consumption Survey (NFCS), 1976 Survey of Income and Education (SIE), 1980 Current Population Survey (CPS), 1979 Income Survey Development Program (ISDP), 1979 Panel Study of Income Dynamics (PSID), Survey of Income and Program Participation (SIPP).

2/ Veterans' payment

3/ Veterans' survivor pension

4/ Wave 4

5/ Wave 6

a = Benefits included with AFDC benefits.

b = Includes only public housing projects.

c = Contains information on prices paid for meals and average weekly participation.

d = Free or reduced-price lunch.

Sources: Survey of Household Food Consumption in the United States, 1977-78, Data File Format. Survey of Income and Education, questionnaire. Current Population Survey, questionnaire. Ycas and Lininger, Social Security Bulletin. Panel Study of Income Dynamics, 1979 questionnaire. Survey of Income and Program Participation, questionnaire.

Alternative data sources for assessing the extent of multiple participation include the March supplement to the Census Bureau's Current Population Survey (CPS). In March 1980, the Census Bureau began collecting data on participation in the major noncash programs. The following means-tested noncash programs are now included in the CPS: Food Stamp Program, National School Lunch Program, public and other subsidized housing, and Medicaid. In addition, the amount of cash payments from AFDC, SSI, veterans' payments, and other sources of income are regularly collected in the survey. The population universe for the CPS consists of the U.S. civilian noninstitutional population. The institutional population and the U.S. territories are not covered in the CPS.

Findings from the CPS show that 14.3 million households or one-sixth of the population received noncash benefits from at least 1 of the means-tested programs in 1980. Of these 14.3 million households, 8 million (56 percent) received one benefit, 3.7 million (26 percent) received two benefits, 2 million (14 percent) received three benefits, and 0.5 million (3 percent) received all four benefits (U.S. Bureau of the Census).

The CPS data have been widely used to provide information on the income status of U.S. households. Several researchers have used CPS data to estimate the value of in-kind benefits and to measure their effects on reducing poverty. Major deficiencies in the CPS data include underreporting and nonreporting of money income and lack of information on Federal income and payroll taxes (Smeeding [1977], Paglin, Hoagland). Ycas and Lininger have shown that the ISDP is superior to the CPS in terms of income reporting and Manser suggests that reciprocity estimates for Medicaid in the 1979 ISDP are closer to data obtained from the National Medical Care Expenditure Survey than are estimates from the CPS. About 89 percent of aggregate money income is reported in the CPS but only 75 percent of cash public assistance is reported (U.S. Congress, Congressional Budget Office, Poverty Status of Families Under Alternative Definitions of Income). In contrast, 80 percent of public assistance income is reported in the ISDP and virtually all social security income (97 percent) is reported. Further, respondents in the 1979 ISDP reported receiving 101 percent of the federally administered SSI benefits distributed, 92 percent of unemployment compensation, and 86 percent of food stamps (Ycas and Lininger).<sup>18/</sup>

The 1979-80 low-income supplement to the Nationwide Food Consumption Survey (NFCS) contains detailed information on household income and income sources and on participation in four major food programs--Food Stamp Program, National School Lunch Program, School Breakfast Program, and the WIC program. Approximately 3,800 low-income households in the 48 contiguous States participated in the nationally representative survey. A separate survey of low-income households was conducted in Puerto Rico. Low-income households were defined as households either participating or as eligible to participate in the Food Stamp Program. Use of the food stamp population rather than the total population could understate the extent of multiple participation since the eligibility standards for several programs (for example, the WIC program, National School Lunch Program, and School Breakfast Program) are not as strict as the standards

<sup>18/</sup> These results indicate that survey respondents slightly overreported the benefits that they received from the Federal Government through the SSI Program. Most States provide a supplementary payment to SSI recipients and this payment is often administered by the Federal government (U.S. Congress, Congressional Budget Office, Welfare Reform: Issues, Objectives, and Approaches). It is likely that some SSI recipients in the 1979 ISDP reported supplementary State payments as Federal payments.

for the Food Stamp Program. Thus, households that participated in one or more of these three programs but were not eligible to participate in the Food Stamp Program would not be covered by the low-income NFCS.

Major shortcomings in the 1976 Survey of Income and Education (SIE) and the 1979 Panel Study of Income Dynamics (PSID) affect their usefulness for analyzing the receipt of multiple benefits.<sup>19/</sup> The data in the SIE are now dated and the income sources and transfer programs covered by the PSID are limited. For example, the Food Stamp Program is the only food assistance program covered by the PSID.

In summary, the SIPP is specifically designed to gather information on the income and wealth of the U.S. population, on the assistance they receive from the income maintenance programs, and on their socioeconomic characteristics. The SIPP, however, includes data from only four food programs: Food Stamp Program, National School Lunch Program, School Breakfast Program, and the WIC Program. Further, data on the value of benefits are available only for food stamps. Alternative sources of data that can be utilized until the SIPP data are available include the Income Survey Development Program, the Current Population Survey, and the Nationwide Food Consumption Survey.

Both the Income Survey Development Program and the Current Population Survey provide information on participation in selected public assistance programs. However, the number of programs covered by both surveys is relatively small. The Income Survey Development Program covers more food programs than does the Current Population Survey and its data appear to be superior in terms of the amount of money income reported.

One limitation of the low-income supplement to the NFCS is that the survey population consisted of only households eligible to participate in the Food Stamp Program. The basic NFCS covered the civilian noninstitutional population and contains much of the same information as the low-income supplement. However, the basic survey was conducted during 1977-78 versus 1979-80 for the second low-income supplementary survey.

Data from the SIE and the PSID do not appear to be suitable for estimating the extent of multiple program participation.

#### VALUING IN-KIND BENEFITS

The value of in-kind benefits such as food, housing assistance, and medical services must be estimated if the total economic well-being of households is to be measured. Alternative approaches for imputing values of in-kind benefits are (1) the full cost to the Federal Government of providing a particular good or service, (2) the market value of the goods and services received by recipients, and (3) the recipient value of the goods and services received (Paglin, Smeeding [1982]).

A major disadvantage of using the full cost to the government approach for estimating the value of in-kind benefits is that it overstates the value of

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<sup>19/</sup> The SIE was conducted under the auspices of the Department of Health, Education, and Welfare (now the Department of Health and Human Services). The PSID is conducted under the auspices of the University of Michigan's Survey Research Center.

benefits received. The full cost of providing benefits includes all administrative expenses. In 1975, Clarkson estimated that it cost \$1.09 to provide food stamp benefits equal to \$1.00. More recent research by Barmack has suggested that Clarkson's estimate understated the administrative costs associated with the Food Stamp Program. The government cost method is not recommended for valuing in-kind benefits since the economic well-being of food stamp households is not increased by \$1.09 or more for each \$1.00 in food stamps that they receive.

The market value approach is direct, objective, and simple to tabulate (Paglin). It is based on the cost in the marketplace of obtaining the in-kind benefit. For example, the market value of food stamps would be equal to their face value since food stamps can be redeemed in food stores for food equal in value to the face value of the stamps. The market value approach, however, is not responsive to the subjective preferences of the recipients.

The recipient value is the theoretically preferred method for valuing in-kind benefits (Clarkson). This method reflects recipients' subjective valuation of the amount of cash they would be willing to accept in lieu of in-kind benefits. Thus, the recipient value measures the point at which recipients are indifferent between cash and the in-kind benefit. The estimated recipient values are sensitive to the specification of the utility function and are always equal to or less than the market value. Past research has shown that, on average, recipients value \$1.00 in food stamps at only 82 cents (Clarkson).<sup>20/</sup>

#### CONCLUSIONS AND IMPLICATIONS

The literature strongly supports the concept that multiple participation is widespread among recipients of public assistance benefits. This trend does not imply wrongdoing by recipients but simply reflects the fragmented nature of the public assistance system. Multiple participation contributes to more adequate income but a substantial proportion of multiple recipients have incomes (including the value of benefits) below 130 percent of the poverty level, which suggests that the needs of many low-income households are not being adequately met.

Previous studies have concluded that multiple program participation impacts adversely on work incentives, horizontal equity, and administrative costs. A single comprehensive public assistance program would eliminate some of the problems posed by the receipt of multiple benefits in the current income maintenance framework but would lead to less targeting of benefits to meet specified needs. If taxpayers' utilities are affected by low-income households' consumption levels for specified goods such as food, housing, and medical care, then a multi-program income maintenance system could be appropriate from both an economic and political perspective. Better coordination of the various programs will help reduce some of the problems posed by multiple reciprocity.

A major shortcoming of past studies on multiple participation is the failure to include many of the income maintenance programs, particularly the food assistance programs. Further, many studies were conducted in localized areas or limited to specified sectors of the low-income population. A limited data

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<sup>20/</sup> This research was conducted prior to the elimination of the purchase requirement (EPR). The recipient or cash equivalent value of food stamps may have changed as a result of EPR.

base is largely responsible for these shortcomings. Data from the SIPP will enhance the analysis of multiple program participation and provide a more accurate and detailed assessment for policy decisionmaking. However, this data base does not contain information on participation in several of the food assistance programs.

Eligibility for some of the income maintenance programs has been tightened in the past 2 years. It is likely that tighter eligibility will have only a slight effect on the incidence of multiple program participation since those households that were eliminated were generally at the upper ends of the eligibility spectrum and were not likely to participate in many income maintenance programs simultaneously.

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Appendix table 1--Objectives of the major Federal income maintenance programs

Program	Date enacted	Objectives
Veterans' pensions	1933	To assist wartime veterans in need whose non-service-connected disabilities are permanent and total and prevent them from following a substantially gainful occupation.
Aid to Families with Dependent Children	1935	To set general standards for State administration, to provide the Federal financial share to States for aid to families with dependent children, emergency assistance to families with children, assistance to repatriated U.S. nationals, and in Guam, Puerto Rico, and Virgin Islands aid to the aged, blind, permanently and totally disabled also, and administration of these welfare programs, and to monitor performance.
Food distribution	1935	To improve the diets of school children; needy persons in households, on Indian reservations, and in charitable institutions; the elderly; and other individuals in need of food assistance, and to increase the market for domestically produced foods acquired under surplus removal or price support operations.
Low-Income Housing Assistance Program (public housing)	1937	To provide decent, safe, and sanitary housing and related facilities for families of low income through an authorized public housing agency (PHA).
National School Lunch Program	1946	To assist States, through cash grants and food donations, in making the school lunch program available to all school children, thereby promoting their health and well-being.
Special Milk Program	1954	To encourage the consumption of fluid milk by children of high school grades and under through reimbursement to eligible schools and institutions which inaugurate or expand milk distribution service.
Food Stamp Program	1964	To improve diets of low-income households by supplementing their food purchasing ability.
Medicaid	1965	To provide financial assistance to States for payments of medical assistance on behalf of cash assistance recipients and, in certain States, on behalf of other medically needy, who except for income and resources would be eligible for cash assistance.

Appendix table 1--Objectives of the major Federal income maintenance programs--Continued

Program	Date enacted	Objectives
School Breakfast Program	1966	To assist States in providing nutritious breakfasts for school children through cash grants and food donations.
Commodity Supplemental Food Program	1968	To improve the health and nutritional status of infants, preschool children, pregnant, postpartum and breastfeeding women through the donation of supplemental foods.
Special Supplemental Food Program for Women, Infants, and Children	1972	To supply supplemental nutritious foods and nutrition education as an adjunct to good health care to participants identified to be nutritional risks with respect to their physical and mental health by reason of inadequate nutrition or health care or both.
Supplemental Security Income	1972	To provide supplemental income to persons aged 65 and over and to persons blind or disabled whose income and resources are below specified levels.
Basic Educational Opportunity Grant (now Pell Grant)	1972	To assist in making available the benefits of postsecondary education to qualified students.
Child Care Food Program	1975	To assist States, through grants-in-aid and other means, to initiate, maintain, or expand food service programs for children in public and private nonprofit nonresidential institutions providing child care.
Summer Food Service Program	1975	To assist States, through grants-in-aid and other means, to initiate, maintain, and expand food service programs for children in public and nonprofit service institutions and summer camps when school is not in session.
Earned Income Tax Credit	1975	To encourage employment and aid low-income persons with children by providing an income tax reduction or a payment if the tax credit exceeds the person's tax liability.
Low-Income Energy Assistance	1980	To help offset the impact of rising fuel costs on low-income families.

Sources: Catalog of Federal Domestic Assistance, The Budget of the United States Government.