

FOOD STAMP USE AMONG FORMER WELFARE RECIPIENTS

The Food Stamp Program has long been an important part of the nation's anti-poverty policy and has assumed an even bigger role with the advent of time-limited welfare. Since the passage, in 1996, of the welfare reform law that placed a five-year time limit on the receipt of federally funded benefits, the welfare rolls have dropped dramatically. More families are likely to leave welfare in the coming years as they begin reaching their time limits. Meanwhile, public officials and program administrators who work with people making the transition from welfare to work have begun to focus more on policies, such as the Earned Income Tax Credit and childcare subsidies, designed to ensure that these families are not left in poverty. Food Stamps figure prominently in this equation, and they are an important income support, as well, for families who leave welfare but are not working.

Nonetheless, many families eligible for Food Stamps do not receive them. In fact, participation in the Food Stamp Program has fallen substantially since the mid-1990s, in part because fewer eligible families are participating. This trend has heightened concerns about the well being of families who are leaving welfare and has led to efforts to find out why some of them are not staying on Food Stamps.

This report examines Food Stamp use among families who leave welfare. It uses a unique data set consisting of people who were targeted for several welfare-to-work programs that have been evaluated over the past decade. The data cover more than 60,000 people who left welfare, across seven programs in 11 states. Each of the programs was evaluated using a random assignment design, in which people were assigned at random to either the program group, subject to the new program being tested, or the control group, subject to the existing welfare system in the state at the time of the evaluation. Using these data, the report examines how many welfare leavers stay on Food Stamps, what types of families continue to use them, and why some families do not stay. We also follow families over time to see how long they remain on Food Stamps after leaving welfare and, if they did not stay on initially, when and if they return. Finally, in an effort to glimpse the effects of welfare reform, we examine whether patterns of Food Stamp use differ for people in the program groups and, therefore, subject to the welfare-to-work program in each evaluation, compared with people in the control groups. The programs evaluated include three key components – mandatory participation in employment or education activities, enhanced financial incentives, and time limits—used alone and in combination, covering the range of policies states have put in place in response to welfare reform.

Findings in Brief

- Forty-two percent of the welfare leavers continued on Food Stamps after leaving welfare. Rates of use varied across types of families. Controlling for a range of background characteristics, for example, black and Hispanic leavers were more likely to stay on than white leavers, and leavers in public housing were more likely to stay on than those in private housing. Rates of use also varied considerably across states, even after controlling for differences in the characteristics of welfare leavers. Leavers in California, for example, were less likely to stay on Food Stamps than those in Vermont or Oregon.
- Differences in eligibility partly explain why some families do not remain on Food Stamps; those who do not stay on have higher incomes than those who do, usually because of the presence of other earners in the household. Nonetheless, a majority of welfare leavers who do not stay on Food Stamps appear to be eligible, and most of these families have incomes low enough to qualify for substantial Food Stamp benefits. Lack of information about eligibility rules and (particularly for

single, working parents) the hassles of applying or reapplying for benefits are important reasons families do not stay on. Stigma associated with benefit receipt does not appear to be an important deterrent to Food Stamp use.

- The duration of most Food Stamp use after leaving welfare is fairly short; half of the families leave within one year. For these families, the costs of reapplying for benefits may be one reason they do not stay on Food Stamps for very long. (Many states, seeking to avoid fiscal penalties for payment error rates, require working families to visit the Food Stamp office to reapply for benefits every three months. In many cases, these families must provide substantial documentation to verify their income and wages.)
- Although low Food Stamp participation rates among welfare leavers has been a persistent problem, the evidence from the evaluations suggests that the problem has not gotten worse as a result of welfare reform. First, there were no big differences in patterns of Food Stamp use between welfare leavers in the program groups in each evaluation and those in the control groups. In fact, welfare leavers in the program group in two of the programs were more likely to stay on Food Stamps than those in the control group. Second, among the states examined in this analysis, there is no strong evidence to suggest that people who left welfare in the late 1990s were less likely to stay on Food Stamps than those who left in the early 1990s. This finding, however, is not conclusive since it is based on a few states and a few years for each state. Finally, the data show rates of Food Stamp use fairly consistent with those found in recent studies covering post-welfare reform years. But while the low rate of Food Stamp use among welfare leavers is not a new phenomenon, the recent fall in welfare caseloads has contributed nonetheless to the drop in Food Stamp caseloads because more and more families have moved from a group that has high rates of Food Stamp use (welfare recipients) to a group that has lower rates of Food Stamp use (the working poor).
- Findings from two welfare-to-work evaluations suggest that increased interaction with case workers may help more families gain access to Food Stamps as they leave welfare. Welfare leavers in one program that offered integrated case management and those in another that imposed time limits on receipt of welfare benefits were more likely than their counterparts not subject to these programs to remain on Food Stamps. One possible reason for the success of the time limit program in assuring the continuation of Food Stamp benefits: Eligible welfare leavers were given an exit interview, during which eligibility for continuation of other benefits was assessed. These results should be interpreted with caution, however, given that the groups being compared may have differed in other ways that also contributed to their rates of Food Stamp use.
- Among those who do not continue on Food Stamps after leaving welfare, only about 30 percent had returned within a year. Most Food Stamp returnees were also returning to welfare.

The findings highlight the need for strategies to increase access to Food Stamps for eligible working families. They suggest, too, that this could be done through increased information and outreach to families leaving welfare, perhaps through increased attention from caseworkers before and at the point of the exit. The application and reapplication process could be made less burdensome for families who have already left welfare.

The U.S. Department of Agriculture has recently taken several steps designed to increase access to Food Stamps. Among the new measures, states are now allowed to provide families leaving welfare with up to three months of transitional Food Stamp benefits. Similar “continuous eligibility” provisions have been successful in increasing Medicaid enrollment among eligible families leaving welfare. States have also been given the option to reduce the frequency of income reporting requirements for working families. The findings reinforce those from a recent study of the implementation of welfare reform in several large cities (Quint and Widom 2001) and suggest that these new policies are a step in the right direction.