

Food Stamp Participation and the Economic Well-Being of Single Mothers

In new research entitled *Food Stamps and AFDC: A Double Life-Line for Low-Income Working Single Mothers*, the Institute for Women's Policy Research (IWPR) shows that eligible families of single working mothers are more likely to participate in the Food Stamp Program during the months in which they receive Aid to Families with Dependent Children (AFDC). The study also shows that major losses in family purchasing power occur when they do not receive food stamp benefits but are eligible to do so.

Food Stamp Program

The primary goal of the Food Stamp Program, administered by the U.S. Department of Agriculture's Food and Nutrition Service, is to increase the purchasing power of low-income households and the quality of their diet by providing monthly "stamps" that can be exchanged for food items. Prior research suggests that food stamps do increase the nutritional well-being of poor families, that the availability of all nutrients to the household is positively associated with food stamp benefit levels, and that the dietary effects of changes in benefits are considerably larger than those due to changes in cash income.

A second goal of the program is to strengthen the food industry and the agricultural sector of the economy by encouraging low-income individuals to increase their consumption and purchase of food items.

Proposed Cuts

In recent months Congress has proposed subjecting both the Food Stamp and the AFDC programs to cut-backs in financing, exclusions of currently eligible participants, curtailments in benefits, and decreases in the federal role in setting minimum standards. The impact

of cuts in either of these programs is likely to be a drop in the Food Stamp Program rolls. What is especially troubling is that decreases in the AFDC rolls will likely lead to declines in food stamp participation, even when families remain eligible for the program. Thus, cuts in AFDC could have a doubly negative effect on the living standards of single mothers and their families.

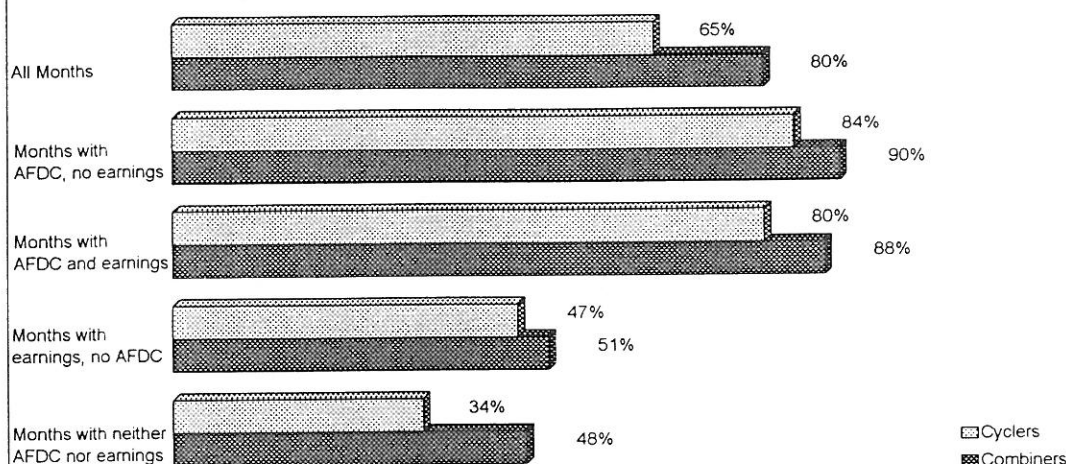
To determine if this concern is warranted, the IWPR study examines the importance of AFDC receipt as a predictor of food stamp participation among single working mothers who receive AFDC.

Study Sample

The study uses the 1984, 1986, 1987, and 1988 panels of the U.S. Census Bureau's Survey of Income and Program Participation (SIPP). The SIPP is a panel survey that tracks a nationally representative sample of respondents for approximately 30 months, revealing changes in their work behavior, jobs, earnings, family structures, and participation in government assistance programs.

Our sample consists of 502 single mothers who received AFDC for at least two months during a 24-month period and who worked for at least 300 hours. These women represent 1.2 million working single AFDC recipients with an estimated 2.3 million children. On average, these mothers--referred to as work/welfare packagers--are employed for 1,903 hours and receive AFDC for 14 months over the two year study period. The work/welfare packagers are divided into two subgroups--cyclers and simultaneous combiners. Cyclers tend to cycle between work and welfare reliance, receiving their income from these sources sequentially rather than simultaneously. Simultaneous combiners, by contrast, tend to receive both earnings and welfare benefits at the same

Figure 1
Comparison of Food Stamp Participation Rates* for Cyclers and Combiners



* The Food Stamp Participation Rate is the average of the monthly participation rates over the 24 month study period. The monthly participation rate is defined as the number of single mothers receiving food stamps divided by the number of single mothers eligible to receive food stamps.
Source: IWPR calculations based on the U.S. Census Bureau Survey of Income and Program Participation, 1984 and 1986-1988 panels.

to receive both earnings and welfare benefits at the same time, combining these two sources of income for at least four months of the survey. For each of these groups, we examine food stamp usage for eligible participants under four conditions: 1) months in which they receive AFDC only; 2) months in which they neither receive AFDC nor engage in paid employment; 3) months in which they combine AFDC receipt with paid employment; and 4) months in which they engage in paid employment but do not receive AFDC.

Relationship Between Eligibility and Usage

The study found that participation in the AFDC program has a strong and independent effect on the likelihood that those individuals who are eligible for food stamps receive this benefit. Eligible combiners and cyclers are at least eight times more likely to participate in the Food Stamp Program during months in which they receive AFDC than in months in which they do not (data from regression analysis not shown). The study also found that food stamp participation rates are higher among eligible combiners than among eligible cyclers, with 81 percent of the former participating in the pro-

gram compared to 65 percent of the latter. The higher food stamp participation rate for eligible combiners may be explained by their longer period on the AFDC rolls and by their greater likelihood of experiencing prior AFDC spells. In other words, eligible combiners are more likely to have access to food stamps through the AFDC certification process and may have greater knowledge of the Food Stamp Program through their prior participation in AFDC. Even *eligible combiners, however, were about half as likely to receive food stamps in those months in*

which they were employed but did not receive AFDC than in those months in which they packaged these two income sources (with 51 percent and 88 percent participation rates, respectively--see Figure 1). Food stamp participation rates among both eligible combiners and cyclers *were lowest in the months when they neither received AFDC nor engaged in paid employment*. These were the months during which these families were the most impoverished. These months may represent transition periods with lags between qualification and actual receipt of benefits.

Poverty, Loss of Purchasing Power, and Food Stamp Receipt Patterns

IWPR findings show that, despite their efforts to put together a variety of sources into an income package the families of combiners and cyclers have average incomes that are below the poverty line for families of their size. As expected, food stamp receipt improves the living standards for eligible families. Overall, food stamp receipt increases the level of family income for these families from 65 percent to 88 percent of the poverty line (see Table 1). These food-stamp eligible fam-

Table 1.
Effect of Food Stamps on Reducing Family Poverty

Pattern of AFDC, Food Stamp, and Earnings Receipt	Family* Income plus Food Stamp Benefits (if received) as a percent of the Poverty Line		
	Packagers	Cyclers	Combiners
Population	1, 198,955	636,626	562,329
Sample	502	275	227
All Months			
Months with food stamps	88%	84%	92%
Months eligible but not receiving	65%	62%	70%
Months with AFDC, no earnings:			
Months receiving food stamps	73%	74%	71%
Months eligible but not receiving	49%	49%	51%
Months with AFDC and earnings:			
Months receiving food stamps	115%	122%	110%
Months eligible but not receiving	88%	88%	88%
Months with earnings, no AFDC:			
Months receiving food stamps	103%	105%	101%
Months eligible but not receiving	84%	81%	88%
Months with neither AFDC nor earnings:			
Months receiving food stamps	49%	47%	53%
Months eligible but not receiving	24%	24%	25%

*Family is defined as the actual or potential food unit.

Source: IWPR calculations based on the U.S. Census Bureau Survey of Income and Program Participation, 1984 and 1986-1988 panels.

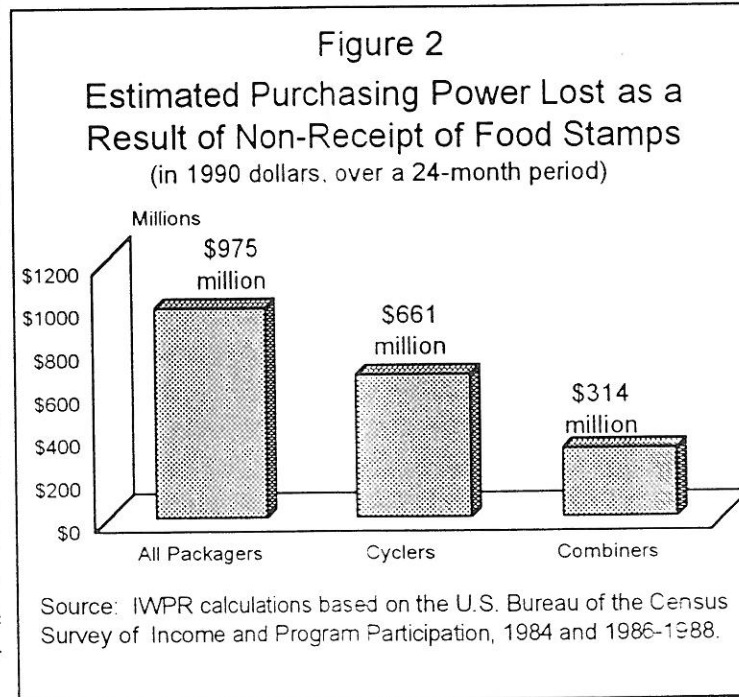
lies are most likely to escape poverty in months when they package paid employment, AFDC, and food stamps. During these months, their income averages 115 percent of the poverty line (including the cash value of food stamps). During the months when mothers receive neither earnings from employment nor AFDC benefits, when their families experience the worst levels of poverty, food stamps double their family income from 24 percent to 49 percent of the poverty line.

These working welfare mothers may sometimes fail to participate in the Food Stamp Program because they lack knowledge about the program or are unaware that they qualify for benefits, or because the transaction costs of receiving benefits in months when their earnings are greater may be high. Due to such factors, in addition to lags between qualification and benefit receipt, these women and their families lose an average of \$814 (in 1990 dollars) in food stamp benefits over

the 24-month study period. When multiplied by the total population of combiner and cyclist families, these losses amount to \$975 million dollars in lost purchasing power over a 24-month period, or close to \$488 million per year (see Figure 2). Eligible cyclers lose twice as much as eligible combiners, and both groups lose the most during periods when they do not receive AFDC.

Entry and Exit Patterns

To provide a more in-depth look at patterns of entry onto or exit from the food stamp rolls, IWPR looked at a sub-sample of single mothers, half of whom are combiners and half of whom are cyclers. The average single mother in this sub-sample makes 2.2 transitions onto or off of the food stamp rolls



stamp rolls starts when these single mothers experience decreases in their own earnings as a result of job loss, wage declines, or decreased hours of paid employment. These declines in earnings result in subsequent drops into poverty for their families, followed by a simultaneous movement onto the AFDC and food stamp rolls.

A second pattern begins with the break-up of families, births of additional children, or the loss of earnings by family members other than the mother. This pattern is more likely to occur among cyclers. These changes result in the need for additional financial resources. The mothers in these families try to compensate for losses in income and to provide additional resources by entering the AFDC and food stamp rolls.

The sequence of events that results in exits from the Food Stamp Program appears to be the mirror image of entries, with increases in employment and reformulation of families often triggering these exits. The most common exit pattern for both cyclers and combiners occurs when the mother improves her employment situation and her earnings increase.

Policy Conclusions

Both the Food Stamp and the AFDC programs are extremely vulnerable to cutbacks in funding, tightening of eligibility requirements, and loss of federal control over the programs if many current proposals are enacted. The results of this study, done under current (1995) eligibility rules and benefit levels, suggest a

double negative effect on the well-being of single mothers and their children if such proposals are implemented. As the AFDC program is transformed into a transitional employment program and as job losses are less likely to be cushioned by AFDC receipt, food stamp participation rates among eligible recipients are likely to fall. Families' nutritional standards are likely to decline unless programmatic changes that emphasize outreach are implemented. If the proposed cutbacks in the Food Stamp Program become law, outreach programs that encourage food stamp use are unlikely to be implemented. As a result, lack of awareness of eligibility will increase while a major gateway to the Food Stamp Program, AFDC, closes. Furthermore, as a result of a likely emphasis on cutting food stamp costs, fewer poor single mothers will likely be eligible for the program and the amounts they receive will be smaller.

Given these likely outcomes, food stamps will have a much smaller impact on poverty reduction and on increasing purchasing power than our findings based on current policy show. The greatest losses in well-being may occur among those who are the poorest--those who neither receive AFDC nor find employment. These losses in purchasing power will likely not only decrease the well-being of poor families but are also likely to result in substantial lost revenues to the food industry.

*This fact sheet is based on the report entitled **Food Stamps and AFDC: A Double Life-Line for Low-Income Working Single Mothers**, by Roberta Spalter-Roth and Enrique Soto. The study was funded by the United States Department of Agriculture and is now available from IWPR for \$15.00, item # D427, ISBN 1-878428-16-0. This fact sheet was prepared by Andrew Groat and Kris Ronan with the assistance of Roberta Spalter-Roth, Jackie Chu, and Jill Braunstein in September 1995. The Institute for Women's Policy Research is an independent, nonprofit, scientific research organization founded in 1987 to meet the need for women-centered, policy-oriented research. Members of the Institute receive regular mailings including fact sheets such as this. Individual memberships begin at \$40. Please contact Terri Morgan, Coordinator of Membership and Publications, at (202)785-5100 for details on how to become a member of the IWPR Information Network, or use your credit card to order publications by fax at (202)833-4362. Residents of the District of Columbia add 5.75% tax to publication orders.*