

Food stamps and food need

by Maurice MacDonald

Maurice MacDonald is a professor of Family Resources and an affiliate of the Institute for Research on Poverty. Among his published works is a monograph on the Food Stamp program, *Food, Stamps, and Income Maintenance* (New York: Academic Press, 1977).

The United States will soon be celebrating the two-hundredth anniversary of its Constitution. Pundits with different points of view will assay the document's impact on our way of life today and how we will fare in the future. A predictable and entirely valid theme will be that the Constitution has served well for developing forms of government which meet the majority of our public needs. Those same forms, however, may need to evolve further to yield better performance in a variety of sectors.

The topic examined here is America's performance with respect to sufficiency in meeting the basic need for food—i.e., the problem of persistent hunger. I believe that most of the recent politics of hunger are produced by the tension between federalism and state and local government sovereignty that was intended by our Constitution, a tension that means we can expect future episodes in which the public is challenged by the paradox of rising economic well-being accompanied by hunger for some people during normal times and shocking unmet need for food during severe recessions.

The importance of this theme for managing the welfare system is that signs of increased hunger do not necessarily mean that food assistance programs are designed inadequately, but that their management and control as federal programs are strictly limited by implementation practices at the subnational level.

The Food Stamp program

The largest federal welfare program designed to address the problem of hunger is the Food Stamp program, which was initiated on a small scale in 1964 and expanded in the 1970s.

Food stamps originated from farm surpluses that produced overflowing granaries alongside persistent hunger. As a result, the program was placed under the control of the U.S. Department of Agriculture (USDA). Regardless of whether the underlying motive for the program was to provide income maintenance or agricultural relief, or a combination of both, the stamps were designed to provide food to the needy. Households of all types are eligible, reflecting the view that food is a basic right. Consistent with the consensus that public aid should be income tested, the benefit formula targets more stamps to those whose incomes, net of adjustments for taxes and other designated expenses, fall farthest below the federal poverty guidelines. The maximum benefit for a family of four with no other income is \$268 per month. Families with incomes below 130 percent of the poverty line are eligible. Liquid assets below \$1,500, or \$3,000 for elderly persons, are also required. In this fashion, the program serves 19 million persons at a cost of \$11 billion in FY 1987. Benefits are indexed to changes in the Consumer Price Index.

Since 1974 the program has operated at the county level nationwide, under state administration, with federal funds covering all of the benefits and half of all administrative costs. States have taken advantage of the indexation of benefit funds to alleviate budgetary pressures for them to raise cash welfare assistance levels. As a result, food stamp benefits have increased relative to Aid to Families with Dependent Children (AFDC) and have reduced interstate inequality in total public assistance payments (see Table 1). Despite the declining value of AFDC payments, it is generally agreed that there is less hunger today than existed before the Food Stamp program became national, thirteen years ago.

The main contention over food stamps now centers on whether the program accomplishes all that it could. Controversy surrounds the benefit amounts, eligibility rules, and the extent to which the program is responsive on a timely basis to all the types of eligibles it was designed to serve.

One issue of concern to program critics has been the extent to which it is targeted on the most needy households. This concern stems from the fact that program eligibility is based on income after deductions for certain expenditures, whereas the official poverty line refers to gross income before deductions. Given an expectation that food assistance

Table 1

Comparison of AFDC and Food Stamps, 1976, 1980, 1984
(In constant 1984 dollars, for a mother with two children with earnings equal to three-quarters of the poverty line)

	AFDC		Food Stamps	
	No. of Beneficiaries (average monthly)	Payment Size (annual)	No. of Beneficiaries (average monthly)	Payment Size (annual)
1976	11,339,000	\$3,004	18,500,000	\$ 937
1980	10,597,000	1,857	21,100,000	997
1984	10,868,000	135*	22,300,000	1,364

Source: U.S. House of Representatives, Committee on Ways and Means. *Background Material and Data on Programs within the Jurisdiction of the Committee on Ways and Means* (Washington, D.C.: GPO, 1986), pp. 391, 456, 581-582.

Notes: Food stamp benefits are adjusted for receipt of AFDC. No household, therefore, receives the sum of the two benefits. The rise in food stamp benefits for this population is directly related to the loss of AFDC.

* Reflects the loss of AFDC as an income supplement to earnings due to 1981 legislative change.

should be provided only for those who are officially poor, it has been argued that the eligibility rules for food stamps are too lenient. In 1979 Congress limited the program to households with gross incomes below 130 percent of the poverty line—restricting the extent to which unusually high deductions could permit access to the program.¹ Analyzing evidence for 1979,² I found that 13 percent of food stamp recipients had gross incomes above the poverty line but below 130 percent of that line. And at that time another 9 percent of recipient households had incomes exceeding 130 percent of poverty on a pretransfer basis. Because those above 130 percent are no longer eligible, it follows that the program now mainly serves officially poor households.

How well do food stamps work?

Can food stamp recipients meet their dietary needs by relying on the stamps? Two types of evidence suggest two different conclusions.

Anecdotal testimony taken by the 1983 President's Task Force on Food Assistance³ clearly established that traffic at emergency food pantries and meal programs increases dramatically at the end of the month. Workers who provide such emergency assistance testified specifically that families they believed capable of wisely managing their budgets ran out of food each month. Unfortunately there is no data base which can be used to determine systematically food expenditure and usage patterns within periods as short as a month.

The federal government does conduct exceedingly careful Health and Nutrition Examination surveys (HANES), and those data have been used both to support and to refute the claim that food stamps provide too little. Hunger advocacy groups have pointed to HANES results showing that substantial percentages of low-income persons do not ingest the minimum daily requirements of important nutrients.⁴ But these claims have been countered by the President's Task Force, which cited the fact that those minimum standards were set high enough to ensure that even individuals with greater needs for certain nutrients would achieve sufficiency.⁵

Unfortunately, there is a high degree of subjectivity about both hunger and our expectations concerning how others should or could manage their food shopping and usage better. To me it seems we could afford to raise benefits 5 to 10 percent without encouraging waste or raising the incidence of luxury food stamp purchases at the checkout counter.

Whatever their level, benefit amounts are much easier to change than the extent to which the stamps reach eligibles across localities. Congress can raise benefits, and state agencies have no incentive to protest, because "the feds" pick up the tab. But whenever allegations of delivery problems surface, state and local officials get concerned about the rules and sanctions that may follow. Federal officials may also have a stake in maintaining the status quo if they wish to avoid struggling with the implementation of unpopular new requirements.

Currently the main pressure on the administration of food stamps is the federal regulation that enforces sanctions against overpayment through a quality-control sampling scheme. Underpayments and failure to serve all types of applicants on a timely basis are not penalized. Advocates concerned about hunger have argued that the federal government does little to see that hunger is prevented in all areas of the country.⁶ Their argument is primarily based on estimates of program participation rates, which show substantial variation both across and within states. At the national level the participation rate may be as low as 60 percent, compared to estimates of 80 percent or higher for most other federally funded public assistance.

There are, however, a number of problems in the data and procedures used to estimate food stamp participation rates, especially at the local level. Counts of income eligibles are imprecise because they are based on projections from the decennial census for intercensal years; asset data are usually unavailable; and the income data refer to an entire year, whereas program eligibility is determined on a monthly basis. The first two of these data problems are less important, and they lead to some downward bias in participation rates (a bias that can be evaluated from across-the-board corrections based on more comprehensive but infrequently available data bases such as the 1979 Income Survey Development Program, ISDP). The accounting-period problem is less easily corrected and also commonly misunderstood. As compared to the static picture of income eligibility provided by annual data, the USDA has repeatedly emphasized that the numbers of monthly participants used in the rate estimates fail to reflect the fact that there is substantial turnover in the recipient population within a year. (USDA counts from the ISDP have established that 1.7 times more households received the stamps at some time in 1979 than in any particular month that year.⁷) The USDA therefore claims that the national participation rate may be as high as 80 percent. Yet to my knowledge this claim fails to account for the fact that the ISDP data show even greater turnover in eligibles than among participants. Hence it may well be that there is a national food stamp participation problem.

The need for administrative change

Subnationally, the problem in estimating participation is that the variation over time in incomes, assets, and reciprocity differs from area to area. Nevertheless my own observation of the range in estimated participation rates among states convinces me that some states in the southern, central, and mountain-west areas do have lower participation rates than are consistent with a policy of uniform treatment within a federally mandated program. On the other hand, it is mistaken to claim that the local estimates we can produce are valid enough to identify "hunger counties."⁸ This is not to say that no such counties exist, but only that the estimates may not be reliable.

FOCUS is a Newsletter put out three times a year by the

Institute for Research on Poverty
1180 Observatory Drive
3412 Social Science Building
University of Wisconsin
Madison, Wisconsin 53706

The Institute is a nonprofit, nonpartisan, university-based research center. As such it takes no stand on public policy issues. Any opinions expressed in its publications are those of the authors and not of the Institute.

The purpose of *Focus* is to acquaint a large audience with the work of the Institute by means of short essays on selected pieces of research. A subscription form with rates for our Discussion Papers and Reprints is on the back inside cover. Nonsubscribers may purchase individual papers from the Institute at \$3.50 for a Discussion Paper and \$2.00 for a Reprint. *Focus* is free of charge, although contributions to the U.W. Foundation-IRP Fund sent to the above address in support of *Focus* are encouraged.

Edited by E. Uhr. Unsigned articles written by Elizabeth Evanson and E. Uhr.

Copyright © 1987 by the Regents of the University of Wisconsin System on behalf of the Institute for Research on Poverty. All rights reserved.

States in which the food stamp participation rate is far below average certainly need to be encouraged to improve their performance by providing more aid and expertise at the county level, with federal sanctions if they fail to attempt this in a serious manner. More federal administrative funds are also needed to demonstrate and evaluate procedures to find what works best in various locales. Furthermore, citizen involvement may be required in the form of local boards to review practices intended to facilitate participation.

These suggestions are intended to address the essential management problem—state control but federal funding. Evidence that hunger persists in some states necessarily forces the search for a solution to the federal level because the history of welfare funding reveals that some states have been unable or unwilling to provide for basic food needs on an entitlement basis. The unfinished business lies in creating incentives and sanctions for more states to manage food stamps as well as those who do it best. This requires con-

gressional leadership for the long haul—beyond mere periodic protests over hunger for partisan gain, and with recognition of the fact that the economic cycle will eventually generate embarrassing reports of hunger for whatever party is in power.

The impact of the most recent recession (1982–83) on food stamp usage is unclear. According to the U.S. House of Representatives, Committee on Ways and Means (see Table 1), the number of beneficiaries has not dropped since then. The continuing high level may be due to persistent unemployment and low wages among households who entered the program because of the recession.

James Madison knew we would require federal leadership when he included in the Constitution provision for state autonomy to protect local options. Such leadership should certainly be forthcoming to encourage states and counties to make full use of the Food Stamp program. Continued hunger does not promote the general welfare. And the blessings of liberty may seem hollow to those with empty stomachs. ■

POVERTY POLICY AND POVERTY RESEARCH: THE GREAT SOCIETY AND THE SOCIAL SCIENCES

by

Robert H. Haveman

May 1987

\$37.50

Available directly from the publisher:
The University of Wisconsin Press
114 N. Murray Street
Madison, WI 53715
Customer Service: (608) 262-8782

¹ These deductions are for costs of dependent care, excess shelter costs, and 20 percent of gross income to cover costs of earning income (including taxes). Since 1979 there has been a cap on combined dependent care and shelter costs which limits the total deduction for them to \$115 per month.

² Maurice MacDonald, "The Role of Multiple Benefits in Maintaining the Social Safety Net: The Case of Food Stamps," *Journal of Human Resources*, 20 (Summer 1985), 421–436. Also available as IRP Reprint no. 525, 1985.

³ *Report of the President's Task Force on Food Assistance*, January 1984. Available from the U.S. Department of Agriculture, Food and Nutrition Service, Alexandria, Va.

⁴ The relationship between the poverty line definition and the minimum nutrient standards is that the poverty line is based on three times the costs of a USDA diet plan for foods that contain the nutrients required to meet those standards.

⁵ *Report of the President's Task Force*, pp. 242–249.

⁶ For example, see Physician Task Force on Hunger in America, *Hunger Counties 1986—The Distribution of America's High-Risk Areas* (Cambridge: Harvard School of Public Health, 1986), p. 7; and a critique by the U.S. General Accounting Office, *Hunger Counties: Methodological Review of a Report by the Physician Task Force on Hunger*, March 1986 (Gaithersburg, Md.: GAO, P.O. Box 6015).

⁷ U.S. Department of Agriculture, Food and Nutrition Service, *Food Stamp Research: Results from the Income Survey Development Program and the Promise of the Survey of Income and Program Participation* (Alexandria, Va.: USDA Office of Analysis and Evaluation, March 1986).

⁸ According to the Physician Task Force, hunger counties are those in which at least 20 percent of the population was poor in 1979 and which also had an estimated food stamp participation rate of 33 percent or lower. The 33 percent cutoff was chosen by finding the 150 counties with the lowest food stamp participation rates. A summary of the methodological problems pointed out by the General Accounting Office in the selection of hunger counties is available in U.S. House of Representatives, *Safety Net Programs: Are They Reaching Poor Children?* a report of the Select Committee on Children, Youth, and Families (Washington, D.C.: GPO, 1986), pp. 327–328.