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# **EFFECTS OF RECENT CHANGES IN THE FOOD STAMP PROGRAM ON PARTICIPATION AND FOOD CONSUMPTION OF PARTICIPATING HOUSEHOLDS IN TOMPKINS COUNTY, NEW YORK**

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Effects of Recent Changes in the Food Stamp Program on Participation and  
Food Consumption of Participating Households in  
Tompkins County, New York\*

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## Introduction

The food stamp program has undergone numerous changes since the post World War II version was introduced in the 1960's. This study was undertaken to assess the effects of changes which were mandated by Congress in the Food and Agriculture Act of 1977. The principal changes were as follows ["Food and Agriculture Act of 1977," 1977]:

- The purchase requirement for food stamps was eliminated.
- The nonfarm poverty line of the Office of Management and Budget was adopted as the income limit for the program.
- Standardized deductions replaced itemized deductions.
- Eligibility standards for students were made more stringent.
- Categorical eligibility for households receiving public assistance payments was ended.

Since it was necessary to develop new regulations and to train local welfare workers regarding these new regulations, the 1977 changes were not implemented until 1979. Implementation occurred in two stages. On January 1, 1979, the purchase requirement was eliminated for all participants. Then, between March 1 and July 1, 1979, all food stamp cases were evaluated under the new regulations, including standardized deductions, the new income limit, more stringent eligibility determinations, and no categorical eligibility.

The specific objectives of this study were to:

1. Determine and compare the impact of eliminating the purchase requirement on participation of public assistance and nonpublic assistance households.
2. Determine the impact of tightened eligibility on student participation.
3. Identify factors associated with nonparticipation by eligible low-income families.
4. Determine the impact of eliminating the purchase requirement on:
  - a. Quantity and kinds of foods purchased.
  - b. Money management problems of food stamp households.
  - c. Overall attractiveness of the program to participants.

Tompkins County, New York was selected as the site of the study for several reasons. First, there is a significant student population in the county, so the impact of program changes on student participation could be investigated. Second, it contains both rural and semi-rural areas, so problems of participation by individuals living in small villages and rural areas could be addressed. Finally, and quite importantly, the Tompkins County Department of Social Services and the Tompkins County Economic Opportunity Corporation offered their support and cooperation in the project.

## Sources of Data

Several sources of information were utilized in an attempt to assess the impact of program changes. The principal sources were the (1) Department of Social Services, which provided statistical information on the number of

participants in various categories before and after the new rules were introduced in 1979; (2) interviews with a small sample of low-income households in a rural village in Tompkins County; (3) two mailed questionnaires which were sent to food stamp participants, one in April and the other in October, 1979; and (4) interviews with Economic Opportunity Corporation (EOC) outreach workers and Expanded Food and Nutrition Education Program (EFNEP) aides.

#### Department of Social Services Data

The DSS provided monthly data on the number of food stamp participants from 1974 through 1979. For the period 1974 through 1978, the total participant figures were divided into two groups: public assistance participants (PA) and nonpublic assistance participants (NPA). The former group consists of all those receiving welfare checks; the latter group is comprised mainly of the working poor, the elderly, and students who do not receive welfare. A more detailed breakdown of participants, with separate categories for public assistance participants, students, those receiving Supplemental Security Income (SSI) and a residual NPA category was provided for the period from October 1978 through December 1979.

#### Homemaker Interviews

In June 1979, forty homemakers in Groton, New York were interviewed by the author. The municipality of Groton was chosen because it lies about sixteen miles from Ithaca, the Tompkins County seat, and is relatively remote from county social services. The questionnaire was designed to collect more in-depth information about the impact of food stamp program changes on participants. Households to be interviewed were selected with the assistance of the EOC food stamp outreach worker in that area. She chose these Groton households because they were (1) currently participating in the food stamp program or (2) considered, in her opinion, to be eligible to participate. Each household was visited between 9 A.M. and 7 P.M. The questionnaire used in the interview was pretested on a group of low-income homemakers participating in an EFNEP nutrition session in Groton.

#### Questionnaires

Due to the confidentiality of records maintained by the Department of Social Services, it was not possible to obtain the names of participants in the food stamp program. This made it infeasible to select a sample of participants that could be identified and interviewed personally. The Department of Social Services indicated they would be willing to enclose a questionnaire with their monthly mailing of information to participants. Therefore, a mailed questionnaire was used as an alternative to personal interviews to obtain information from participants. Questionnaires were sent to approximately one half of the participants (900 out of 1700 total participants) in April 1979. A second questionnaire was sent to the remaining half (about 800) in October 1979. The format of the two questionnaires was similar, although an attempt was made in designing the October questionnaire to correct some of the deficiencies revealed by the responses to the April

survey. The response rate was 32 percent for the April questionnaire and 28 percent for the October mailing. This meant that 290 questionnaires were completed and returned in April and 222 in October.

#### Outreach Worker and EFNEP Aide Interviews

The EOC outreach workers and the EFNEP aides were extremely useful sources of information. Both groups of workers in the County are knowledgeable about conditions prevailing in rural areas and have direct contact with many low-income families, including both those who are participants in the food stamp program and those who are not. Interviews with these individuals were used as a cross-check against information obtained from the mailed questionnaires, particularly with regard to food expenditure patterns and money management problems. They also provided additional information on why families who are eligible, or appear to be eligible, do not participate in the food stamp program.

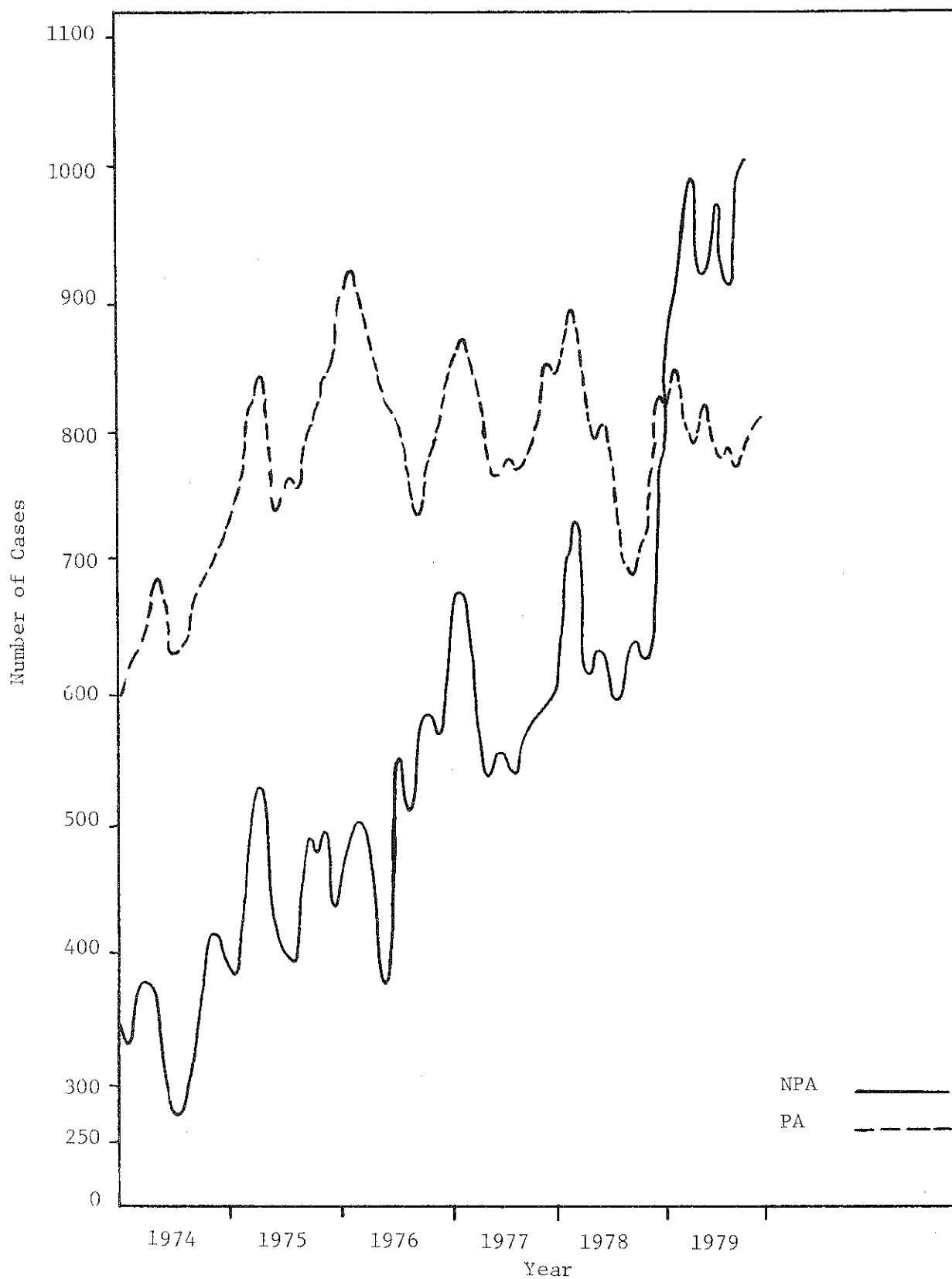
#### Changes in Participation

It was anticipated that eliminating the purchase requirement would have a greater impact on participation by the working poor and the elderly (NPA participants) than on participation by those households receiving a steady source of income assistance (PA participants). This differential increase is primarily due to the high proportion of PA households participating in the food stamp program prior to 1979. Since the number of PA households was not expected to increase as a result of these changes, the only way for PA food stamp participation to increase would be by increasing the already high proportion of PA households who elected to participate in the program. However, the rate of NPA participation in the food stamp program has been lower than the PA participation rate (approximately 35-40% versus 70%). Therefore, there is a greater pool of eligible NPA households and one might expect a greater number of households from this category to join the program as a result of eliminating the purchase requirement.

To identify the impact of eliminating the purchase requirement on PA and NPA participation, PA and NPA participation over a five-year period was examined. Figure 1 shows PA and NPA food stamp participation for the years 1974 through 1979. The PA caseload increased steadily in the early part of this period (1974-1975), but leveled off and even decreased in the latter part (1976-1979). Seasonal fluctuations in the data make it difficult to determine short-term changes, but in 1979, it appears that the seasonal decline in participation was much less among PA participants than in the preceding year.

Between 1974 and 1979, the number of NPA participants in the food stamp program increased by 92%, compared with only a 20% increase in the number of PA participants, with a particularly large jump occurring in 1979 (Figure 1). The only time during this period that the number of NPA participants exceeded the number of PA participants was in 1979. Clearly, the impact of program changes has been much greater on NPA participation, as one would expect, than on PA participation. The latter group is limited by the number of families receiving welfare assistance, and this is determined by economic conditions in

Figure 1. PA and NPA Food Stamp Participation, by months,  
Tompkins County, 1974-1979



the county, and especially the level of unemployment. The number receiving welfare checks tends to decline with rising economic activity and employment.

What is of particular interest are changes in participation which occurred between 1978 and 1979, the period which coincided with the introduction of new rules mandated in the 1977 Act. To identify these changes, and to avoid confounding with seasonal effects, year-to-year percentage changes in participation were computed for each month in every year beginning with 1975 and ending with 1979. An analysis of variance on these data supports the hypothesis that there was a significant difference in the rate at which new participants were added to the program, beginning on January 1, 1979, relative to earlier years.

Percentage changes in participation which occurred in 1979 differed greatly between the PA and NPA categories (Table 1). Relative to the corresponding month of the preceding year, the PA caseload declined during the early part of 1979 by as much as 8 percent, and increased by about 10 percent during the last quarter of the year. The NPA caseload increased throughout the year, with changes from the corresponding month of the preceding year ranging from 17 to 50 percent. The difference between the percentage change in PA participation and the percentage change in NPA participation is statistically significant, as shown in Table 1.

Table 1. Year to Year Changes in PA and NPA Participation, By Month, 1978-1979

<u>Percentage Change from Corresponding Month of Preceding Year<sup>a/</sup></u>		
<u>Month</u>	<u>PA Caseload</u>	<u>NPA Caseload</u>
January	-2	17
February	-5	29
March	-6	29
April	-8	23
May	-3	50
June	3	37
July	-2	41
August	2	47
September	11	43
October	9	45
November	11	45
December	11	45

<sup>a/</sup> The percent change in the NPA caseload was significantly greater than the percent change in the PA caseload at the 1 percent level ( $t = 9.87$ ).  
Data from: Tompkins County Department of Social Services,  
Monthly Case Statistics



The large increase in NPA participation also is reflected in the average yearly caseload for these two groups for the years 1974 through 1979 (Table 2). Table 2 shows the average yearly caseload for these two groups for the years 1974 through 1979. From 1974 through 1978, PA cases accounted for more than fifty percent of the total. In 1979, there was an abrupt change, with NPA participation becoming the larger of the two components.

The program changes that took effect in 1979 had only modest impact on participation among PA households. One might assume that the purchase requirement was the primary deterrent to participation by these households, since

Table 2. PA and NPA Caseloads and NPA as Total Caseload, 1974-1979<sup>a/</sup>

	Caseload		NPA as a Percent of Total
	PA	NPA	
1974	656	310	32
1975	789	448	36
1976	831	498	38
1977	814	585	42
1978	794	631	44
1979	740	926	56

<sup>a/</sup>Data from: Tompkins County Department of Social Services, Monthly Case Statistics.

problems of access and stigma should have been minor because of their prior association with the Department of Social Services. Under this assumption, elimination of the purchase requirement should have led to full participation by PA households in the food stamp program. Table 3 shows the PA food stamp caseload as a percent of the total PA caseload for 1978 and 1979.

Program changes did not result in full participation of the PA caseload in the food stamp program. In 1979, there were still approximately twenty percent of PA households who did not participate in the program. In another study of participating and eligible nonparticipating households, Coe (1979) found that a significant percentage of PA households were made ineligible by ending categorical eligibility for PA households. He describes them as higher income households who were cut from the program. According to the Department of Social Services, ending categorical eligibility did not result in eliminating many PA households from the program in Tompkins County. Evidently, there are other factors affecting PA households that prevent full participation in the food stamp program in the county. Although PA participation decreased in the first half of 1979, the greater increase in the second half of 1979 leads one to conclude that the major impact of the 1977 act was to increase in PA participation primarily due to the elimination of the purchase requirement.

Table 3. PA Food Stamp Participation as Percent of Total PA Cases, 1978 and 1979

Month	PA-FS as Percent Total <sup>a/</sup>	
	1978	1979
January	73	84
February	74	82
March	79	82
April	79	81
May	75	84
June	74	84
July	76	81
August	76	81
September	71	83
October	71	80
November	73	81
December	69	79

<sup>a/</sup> Participation in the Food Stamp Program among PA households was significantly greater in 1979 than in 1978 at the 1 percent level ( $t = 8.12$ ).  
Data from: Tompkins County Department of Social Services,  
Monthly Case Statistics.

Analysis of the impact on NPA participation is more complex than for PA households. There are three major subgroups included in NPA figures - students, regular (working poor), and those receiving Supplemental Security Income (SSI). Each group has different problems regarding participation and has been affected differently by program changes. Table 4 shows the percentage increase in participation from December 1978 (prior to program changes) through December 1979 (after implementation of changes) for each component of the NPA caseload.

The greatest increase occurred among regular NPA households, which includes the working poor. In a study based on data from the Panel Study of Income Dynamics, it was determined that the working poor are less likely than PA households to participate in the food stamp program because of the stigma associated with receiving any type of welfare.

Changes in the program have helped to eliminate obstacles to participation by the working poor. First, elimination of the purchase requirement enables families to pay for most of their food with cash. The result is a reduction, but not elimination, of the stigma associated with the program. Second, the purchase requirement presented an obstacle to participation for many working poor households. It was often difficult to come up with the lump sum cash payment necessary to purchase the monthly stamp allotment.

Table 4. Increase in NPA Participation, December 1978 - December 1979<sup>a/</sup>

Type of Participant	Percent Increase in Participation
Regular	36
Students	30
Supplemental Security Income (i.e., elderly, disabled, blind)	<u>20</u>
Total	31

<sup>a/</sup> Data from: Tompkins County Department of Social Services.

The removal of this obstacle allowed families to participate who might otherwise not have done so. Third, the move to standardized deductions helped to simplify the program and reduced the cost, in terms of time, to participants. The time factor is particularly important for households where the head is working. Another factor contributing to increased participation was an increase in the level of activity of outreach workers. This made additional groups, especially the rural poor, aware of the program and the benefits it might provide. Increased participation by working poor households may be attributed in part to increased outreach, rather than the elimination of the purchase requirement.

Student participation increased in Tompkins County, which was counter to what had been expected. The 1977 act tightened student eligibility standards by requiring that a student, to be eligible, must not be a tax dependent of an ineligible household. In addition, if the student is not declared, it must be shown that he/she cannot be declared as a tax dependent by the parents. It was anticipated that students who were stretching the law to some extent would be dropped from the program. Why, then, was there such a large increase in Tompkins County?

First, eligibility standards were tightened based on an assumption that a significant number of students were fraudulently receiving stamps prior to 1977. Evidence available from Tompkins County indicates that the fraud was not significant and the overall impact of the 1977 act was to benefit needy students by eliminating the purchase requirement.<sup>1/</sup> Second, although regulations were changed to require tighter eligibility determinations for students, in practice, this is not always feasible. The verification of a student's tax status under the new rules is a formidable task and may result in a less stringent application of the law than desired. The impact of the

<sup>1/</sup> Unfortunately, data for Tompkins County student participation were not available prior to October 1978, so no trend values could be obtained.

new requirement is thus lessened. Both of these factors may combine to produce a greater increase in student participation in Tompkins County than might have been anticipated.

The increase in SSI participation was the smallest of the three components, but still significant. SSI recipients in Tompkins County are divided about equally between the elderly and the disabled.<sup>2/</sup> While the disabled category includes people who are under the age of sixty-five, both groups face similar problems regarding participation. According to a USDA study based on U.S. census data, the elderly have disproportionately low rates of participation in the food stamp program. Reasons cited for these low rates are:

1. Asset/resource limits are often exceeded.
2. Purchasing stamps presents difficulties.
3. Transportation and cooking facilities are inadequate.
4. Knowledge of the program is lacking.

These factors may eliminate many elderly who, on the basis of their low income, are eligible to receive food stamps [Hines, 1975]. These problems apply equally to disabled persons whose access to food stamp units, distribution centers, or information resources is limited.

Another important factor for the elderly may be the stigma attached to receiving food stamps. There may be strong adherence to ideas about the work ethic and fending for oneself among the elderly and, therefore, a disinclination toward participating in the program.

What impact has the 1977 act had on elderly participation? First, elimination of the purchase requirement increases the amount of cash that can be used by the participant as needed. This change makes the program more attractive to participants who can substitute food stamps for their normal food expenditures and use the cash as they see fit. Since the elderly and disabled often have limited cash resources, one may assume they would benefit from eliminating the purchase requirement and, hence, their participation should increase. This, indeed, appears to have been the case. Second, the change in asset/resource determination should have had a positive impact on this group. More elderly became eligible for food stamps as a result of this change. Increased outreach efforts during the study period confound the analysis, since the increase in participation by the elderly and disabled may result from both increased outreach and program changes.

On the other hand, the move to standardized deductions could have made some elderly and disabled ineligible, since they could no longer claim a deduction for their medical expenses or their full shelter costs. In 1980,

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<sup>2/</sup> According to Ed Miller, Tompkins County Social Security Administration, SSI recipients in February 1980 were distributed in the following way:

Elderly (over 65)	49%
Blind	1
Disabled	50

the 1977 act was amended in recognition of the burden placed on the elderly and SSI recipients. Public Law 96-85 allows these households to take (1) a deduction for medical expenses that exceed \$35 per month and (2) a deduction for the full amount of shelter costs when these costs exceed fifty percent of the household's adjusted income. As a result, a significant number of elderly and disabled persons should become eligible for increased food stamp benefits.

### Reasons for Nonparticipation

When food stamp outreach workers were asked to describe the major reasons why eligible households do not participate in the food stamp program, two reasons were most frequently given. First, the workers felt that the burden created by the application procedure presented an obstacle to many people. It took too much time to come into Ithaca, apply for the program, secure the necessary documentation, return to Ithaca for an interview, and then repeat the process three months later for recertification. In many cases, this was coupled with the fact that the value of food stamps a household received did not compensate for the expenditure of time and energy. And, second, many people are mistrustful of welfare and, therefore, are extremely reluctant to participate in a program they associate very strongly with welfare.

The workers were asked to distinguish between reasons why residents of Ithaca may not participate and why residents of outlying parts of the county may not do so. The outreach workers felt that convenience and ease of access were the most significant factors. Many parts of the county are a fifty mile round trip from Ithaca and are inaccessible to a household with no transportation. Also, the hours that the administration office is open to accept food stamp applications do not conform to a working person's schedule, especially when the distance involved is great. Another reason suggested was lack of awareness that a household may be eligible for the program. This raises the issue of the need for outreach in the more remote areas of the county and the possibility of introducing mobile field offices to facilitate participation. A final reason offered was the feeling of independence that prevails in many rural areas. Individuals are reluctant to depend on the government for anything, even when in need of assistance.

The problems of participation among the elderly were discussed with the outreach workers. All the workers agreed that the elderly present unique problems because of their age and their reliance on Social Security as their primary source of income. One major problem suggested was the pride of the elderly and their strong reluctance to go on welfare. They identify food stamps with general public assistance and, consequently, workers found it difficult to persuade the elderly to participate. Another problem is the small value of stamps most elderly would receive. Typically, someone in this category would receive only \$10 in food stamps, which is not enough to persuade someone to go to the trouble of getting certified. The final problem the workers mentioned was a lack of cooperation on the part of the Social Security Office. They feel that inadequate information about food stamp eligibility is made available to Social Security and SSI recipients, either in the form of written information or in verbal contacts with Social Security workers. The Social Security office could provide an efficient and convenient way to identify eligible elderly and to inform them about the program and its

application procedure.<sup>3/</sup> Not enough contact of this nature is made, according to the outreach workers.

Based on information gathered from the outreach workers' interview, one might conclude that the changes made in the food stamp program, as a result of the 1977 act, did not address many of the causes of nonparticipation. The workers felt that access to program facilities, the certification process, and the participant's attitude toward receiving welfare were the major obstacles to participation. The workers did not feel that the purchase requirement presented an insurmountable problem for the majority of their clients.

The sample of forty households interviewed in Groton provided additional information on the reasons for nonparticipation. A relatively high percentage (67 percent) of those interviewed who resided in a low-income area said they did not believe they were eligible to participate. In some of these households, one or more persons were employed, which they assumed would make them ineligible. A few households, however, felt they might be eligible and could benefit from assistance. Thirty-three percent of the homemakers interviewed said they did not participate for some other reason, such as the time and trouble involved in participating or because they were able to meet their needs with what they earned. In addition, stigma appeared to be a problem, particularly in one case where a husband would not allow his wife to accept food stamps, even though they were eligible and in need of assistance. All eighteen households knew that the food stamp program existed, but few knew about the recent changes in the program.

The findings from Tompkins County support the conclusions drawn by Coe, based on a study of 1,201 households sampled from data obtained by the Survey Research Center [Coe, 1979]. Coe concluded that the purchase requirement was an obstacle to participation for only 5.8 percent of eligible nonparticipants. The largest percentage (59.3 percent) simply assumed they were not eligible. Only 5.7 percent cited attitudinal factors, and 4.0 percent attributed nonparticipation to administrative hassles.

Based on information provided by Tompkins County outreach workers, one may conclude that improved access to the program appears to be a prerequisite for further increases in the participation rate. Access may be improved by: (1) extending DSS office hours; (2) providing mobile offices for outlying areas in the county; (3) improving the application/certification process by simplifying the application and facilitating home or phone interviews; (4) making the distinction between food stamps and welfare more clear by, perhaps, separating the food stamp office from the welfare office; and (5) increasing outreach activities, particularly in rural and outlying areas of the county. As stated by Coe, "until more eligible households are informed of their eligibility, other reforms cannot hope to extend the benefits of the program to the needy families who currently are not using food stamps" [Coe, p. 66].

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<sup>3/</sup> This issue was recently addressed by USDA. They proposed that the elderly and disabled be able to apply for food stamps at the same time that they apply for their social security or SSI benefits.

### Impact on Money Management and Food Expenditure

Under the old food stamp program, participants exchanged cash for their monthly food stamp allotment. In this way, part of the household's cash was fully committed for food purchases, leaving less income for purchasing other items, including nonfood necessities. Eliminating the purchase requirement enables participants to receive food stamps without the exchange of a lump sum of cash. Households receive fewer stamps, but they have more cash to spend at their own discretion. The new program, therefore, places a money management burden on the participant. One of the objectives of this study was to determine how money is managed by participants and what new problems have arisen as a result of the program changes.

The Groton interviews yielded important information about the management problems associated with the new program. About three-quarters of the participants interviewed stated that they now used all of their food stamps at the beginning of the month, rather than spreading them out over the entire month as they had under the old program. One can infer from this the need for careful management of the family's cash resources to ensure that cash is available for food purchases at the end of the month. This problem was avoided in the old program, since cash was exchanged for a food stamp allotment designed to be used for the entire month.

When these same households were asked about the extent of money management problems, one-half expressed frequent problems, such as running short of cash or food stamps before the end of the month. The remaining households did not indicate that they had serious management problems, but many suggested that they had to be quite strict with their food stamps, cash, and food purchases. When this information is brought together, there is evidence that money management problems were created or exacerbated by elimination of the purchase requirement.

The EFNEP aides provided evidence in support of these results. When asked if eliminating the purchase requirement had any effect on participants' money management practices, the answer was an unqualified yes. The aides felt that their clients now had to set priorities for the uses of cash, one of which was food. Under the old program, food was not considered a discretionary purchase, to the same extent as in the present program. The aides suggested that cash, freed through elimination of the purchase requirement, was not always used to buy food. The result often was that when a household needed to purchase food near the end of the month, food stamps were gone and the cash had been used for other necessities. Additionally, aides were asked to teach budgeting or menu planning more frequently now than in the past. They cited this as evidence of increased money management problems among their food stamp clients.<sup>4/</sup>

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<sup>4/</sup> A word of caution is necessary. The increased need for budgeting lessons may be due to the present rate of food price inflation, not elimination of the purchase requirement. Both inflation and elimination of the purchase requirement can increase the need for more careful money management.

It is illustrative to describe briefly several cases, based on the Groton interviews, which point out how elimination of the purchase requirement affected families. Two families, with four and five children, respectively, were interviewed together. Both young mothers emphasized the security of the old program, stating that they did not have to worry about food, because their monthly stamp allotment covered their food expenditures. Their primary concern, as mothers of young children, was to have enough food on hand and to minimize the "junk foods" they purchased. Under the new program, both women were experiencing management problems. They were more often short on food at the end of the month under the new program. Their stamps were used during the early part of the month and they found that their cash was most often spent during the month to pay bills or to purchase clothing and, therefore, was unavailable for food. Both women expressed dissatisfaction with the new program and confusion as to why the program was changed. They had no understanding of any benefits involved since, for them, the purchase requirement had not been prohibitive.

In contrast, another family, with four children, found the new program much more acceptable than the old. They were often unable to participate in the old program, because the purchase price was too high. Their purchase decision involved choosing between house payments and food stamps and, quite often, the house payments won. Under the new program, they were able to meet their mortgage payment obligations and participate in the food stamp program. They felt their children received an adequate diet and, in general, were quite satisfied with the new program.

In a similar vein, an elderly woman was able to participate in the food stamp program only when the purchase requirement was eliminated. Until that time, she found the costs of participation, in terms of transportation costs and the purchase price, to be too high. Now, she was able to pay her transportation costs with the cash formerly required to buy stamps. She was satisfied with the change, since it enabled her to participate in the program.

While these cases provide only descriptive information, they help to place the elimination of the purchase requirement in perspective. The purchase requirement was eliminated to help households, such as the last two described above, who found the purchase requirement prohibitive. In doing so, there is evidence that additional problems were created for some households.

The April and October questionnaires mailed to participants provide additional data regarding the impact of eliminating the purchase requirement on money management problems. These data are less subject to sample bias than the interviews. The responses to money management questions in October and April were markedly different. In the April survey, 78 percent of respondents stated that they run out of cash or stamps to buy food before the end of the month. Their major alternative was to borrow from friends or relatives, to go without paying a bill, or to go without food. Additionally, in response to the open-ended question regarding the impact of program changes on participants, 15 percent of respondents indicated that budgeting was their primary problem with the new program, while 17 percent described it as a secondary, but important, problem. The April survey results indicate that (1) a management problem did exist and (2) respondents associate this problem with changes in the food stamp program. In the October survey, however, only 20 percent of respondents indicated a subsequent budgeting problem as a result of reducing



the stamp allotments from two to one per month. These results show that money management problems were not very severe for October survey respondents.

One might interpret the dramatic change from April to October as the result of one of the following factors. First, there might have been misinterpretation of either question and this may have influenced the responses. One problem with a mailed questionnaire is that it does not allow for explanation of ambiguous questions and may lead to problems of interpretation.

Second, and most importantly, there may have been a decline in management problems as participants adjusted to the new program. As one respondent wrote, "We got used to it." To follow up on this point, the EFNEP aides were asked to comment on any decline in money management problems experienced by participants since the elimination of the purchase requirement. They expressed the view that there had been no decrease in the management problems of participants despite becoming more familiar with the program. The observations of the EFNEP aides conflict with the evidence from the survey, which suggests that participants have adjusted to the new program. Since the October survey results are based on a larger sample size and are primary, not secondary, data, one might weigh these results more heavily than the observations of the EFNEP aides.

Third, the difference may be due to seasonal influences. In October, both home gardeners and the working poor have a relative abundance of food or the resources to purchase food. These households may be less influenced by their food stamp allotment at this time. On the other hand, April follows a long winter when seasonal employment and home-produced food stores are low. The impact of food stamps is greater and management problems may be accentuated.

Based on the information obtained in the Groton and EFNEP interviews and the April survey results, there is support for the conclusion that eliminating the purchase requirement resulted in new or greater money management problems for participants. The October survey results suggest a decline in these problems, over time. Management problems experienced in the early period of implementing program changes may have been eliminated as households adjusted to the new program and its management requirements.

Another important objective of this research was to determine the impact of program changes on participants' food expenditures. The interview with EFNEP nutrition aides was designed to help answer this question. These aides interact with low-income households, fifty percent of whom are food stamp recipients. Since their primary responsibilities relate to food and nutrition, they have insight into the food expenditure habits and problems of their clients.

The primary change in food expenditures of food stamp recipients, noted by EFNEP aides, was a reduction in food purchases. They found that participants purchased less food and ran out of food more often than in the past. While there appears to be a connection between these occurrences and the elimination of the purchase requirement, one must recognize that a high rate

of food price inflation could produce similar effects.<sup>5/</sup> EFNEP aides felt that elimination of the purchase requirement had a direct impact on participants by freeing cash for other expenditures. This cash, previously committed to food expenditures via food stamps, was now available for nonfood purchases. The EFNEP aides felt that their clients were more often using this cash for nonfood, rather than food purchases. This resulted in decreased food purchases. This point was re-emphasized at various times throughout the interview.

The EFNEP aides could not make a statement regarding the impact of this change on participants' nutritional status. They did point out that participants allocate their food budgets in a nutritionally sound manner; yet they typically cannot afford to buy enough food to last through the entire month. The result is an interruption of normal purchasing patterns and reliance on food reserves to meet consumption needs. The implications for nutritional status depend upon the general health status of each household. If a household contains nutritionally high-risk individuals, e.g. pregnant women or young children, it is not feasible for these individuals to go without certain foods, such as high protein foods, and subsist on staple foods that are held in reserve. On the other hand, if a family faces no exceptional health risks, it might be possible to sustain an interruption in normal food consumption patterns with no ill effects. Without a thorough investigation into the nutritional status of food stamp recipients, one cannot determine definitively the nutritional impact of eliminating the purchase requirement.

Data collected in the Groton interviews substantiate the views expressed by the EFNEP aides. Eighty-two percent of the participants interviewed stated that they had cut back on food purchases under the new program. They reduced their purchases primarily in the meat and dairy categories. A reduction in animal protein and fat may be desirable, from a nutritional point of view, provided households replace protein, calcium, and iron lost through these reductions by consuming other foods which supply these nutrients.

The Groton interviews did not provide evidence of serious nutritional problems among food stamp participants or eligible nonparticipants. Only three of the forty case interviews uncovered apparent nutritional problems. In one case, a woman and her two-year old son had only pancake mix and dry milk to eat until her stamps arrived the next week. She had run out of food stamps and had only Kool-Aid for her son's bottle. In one home of eligible nonparticipants, the author observed an infant with red, broken-out skin. He was being fed water and a Popsicle and the family's food supply appeared to be low. They were not participating in the program because the woman's husband would not allow it. Finally, a middle-aged recipient appeared to be risking her nutritional status to provide enough food for her grandson. She was a diabetic and was not following a diet because she could not afford to purchase the foods included in the diet.

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<sup>5/</sup>From January 1979 to January 1980, the Consumer Price Index for food rose 9 percent. CPI Detailed Report January 1980, U.S. Department of Labor, Bureau of Labor Statistics, March 1980, p. 9.

In the April 1979 survey, respondents were asked to identify whether they spent more, less, or the same amount of money on food in April relative to December 1978 (pre-program changes). The objective was to identify how participants' food expenditures in April, following elimination of the purchase requirement, compared with those of the previous December, under the old program. The hypothesis was that less food would be purchased after the program changes, because participants would allocate their cash, formerly used to purchase stamps, for nonfood purchases. The survey results showed that 45 percent of the respondents actually spent more on food than under the old program, while only 16 percent spent less, as hypothesized. These results were interpreted as measuring the influence of inflation on household food expenditures, not that of eliminating the purchase requirement. For this reason, the April survey results provide little useful information regarding the effect of program changes on the quantity of food purchased.

In the October survey, the food expenditure question was reworded in an attempt to eliminate the effects of inflation. Participants were asked if receiving fewer stamps, as a result of eliminating the purchase requirement, had any impact on the kinds or quantity of food purchased. Over two-thirds of the respondents answered that no change in food purchases had occurred. Among the one-third who answered affirmatively, most responded that they bought less food, generally, and less meat, in particular. They also bought cheaper foods, such as canned foods. These data indicate that eliminating the purchase requirement has not led to a change in food purchases for most households. This conclusion is inconsistent with the views expressed by EFNEP aides and Groton participants. There are several possible reasons for these contradictory views.

First, the EFNEP participants and the Groton interviewees might not be a representative sample of the food stamp population. Those who returned the questionnaires probably are a more representative sample.

Second, the October survey questions may not have been accurately interpreted and, therefore, the responses could be attributed to ambiguities in the questions. Unfortunately, one cannot measure the degree to which this occurred.

Third, the Groton interviews were conducted in June, just months after the purchase requirement was eliminated. This may have influenced the participants' responses to food expenditure questions since they had little time to adjust to the new program. If the Groton interviews had been conducted in October, responses similar to those obtained in the second questionnaire might have been obtained.

Fourth, seasonal influences, as described in the discussion of money management problems, may affect participant food expenditures as well.

While the evidence is somewhat contradictory, one may conclude that the initial impact of eliminating the purchase requirement was to reduce the quantity and/or quality of food purchased. The more permanent impact appears not to have been very great. Selected households did cut back on food purchases over the course of this study; however, the majority of food stamp households apparently did not. It is difficult to determine whether those cutting back did so because (1) the purchase requirement was eliminated or

(2) food price inflation over the course of this study forced families to reduce the quantity purchased.

### Participant Opinions of Program Changes

The changes in the food stamp program mandated by the 1977 act resulted in both benefits and costs to participants. Eliminating the purchase requirement enabled participants to exert greater control over the use of their cash. For many households interviewed in Groton, this was an important feature of the new program. They were now able to meet other financial obligations, such as rent or utilities, and participate in the food stamp program. The EFNEP aides commented that most of their food stamp clients liked the extra cash they now had on hand. Unfortunately, as pointed out in the preceding section, this additional cash was not always viewed as food money and some households had problems managing their food budgets to meet their food needs. An increase in a household's liquidity may amplify money management problems.

In both the April and October surveys, participants were asked to indicate whether they thought the new food stamp program was better, worse, or the same as the old program. Almost one-half of respondents in April and October felt that the new program was better than the old. The benefits achieved through the changes apparently were greater than the costs incurred for most participants. The proportion who found the new program inferior to the old program declined between April and October. In April, thirty percent of the respondents found the new program less satisfactory; by October, the number responding in a comparable manner had declined to 18 percent. The major reasons for viewing the new program as worse than the old were budgeting problems and inadequate food stamp allotments. These two reasons may be related, since mismanagement of cash or food stamps can result in shortages at the end of the month, as pointed out earlier.

From the Groton interviews, the questionnaire responses, and the observations of the EFNEP aides, it was clear that many participants did not fully understand why the program was changed and how these changes would affect them. For instance, many respondents believed their food stamp benefits were reduced when, actually, the real bonus value of stamps was the same before and after program changes. Participants received fewer stamps under the new program because they no longer exchanged cash for food stamps. Without a complete understanding of the new program, it was difficult for households to recognize the need to budget their cash to allow for purchases of food. This was not as necessary under the old program. The budgeting or money management problems observed were often the result of a lack of understanding about program changes, and not a lack of skill in managing household funds. From this, it appears that a more thorough explanation of program changes would have been desirable prior to implementation. However, such an extensive orientation would have required additional staff or a reduction in other services, since Social Service, Outreach, and EFNEP workers were already fully employed in the mechanics of implementing the new rules and regulations.

The data collected for this study indicate that the majority of participants view the new program as better than the old. The changes were not made without costs, but these costs, for most were less than the benefits derived

from program changes. This is consistent with economic theory which states that participants can achieve a higher level of welfare by receiving a cash as opposed to an equivalent in-kind income transfer. Had participants gained a better understanding of why the program was changed and what those changes meant for them, the problems encountered when the new program was introduced might have been reduced. Responses from the October survey suggest that families have been able to adjust to the new program. The adjustment might have occurred at an earlier point and with less adverse effects on participants with a more extensive orientation program prior to implementation.

### Summary and Conclusion

The primary objective of this study was to assess the impact of changes in the food stamp program, adopted by Congress in 1977, principally the decision to eliminate the cash purchase requirement and to tighten eligibility standards. Specific areas of investigation in this study were to determine the impact of program changes on participation, the kinds and quantity of food purchased, money management problems of participating households and the overall reaction of participants to the new program. In addition, reasons for nonparticipation among eligible households were examined to determine what groups remain to be reached by the program.

The conclusions are based on information obtained from Tompkins County, New York. Statistics on participation were obtained from the local welfare office (the Department of Social Services). Two questionnaires were mailed to participants, one in April and the other in October, 1979. Interviews were conducted with a sample of households in Groton, a rural village located in Tompkins County. Additional information was obtained from food stamp outreach personnel and nutrition aides working in the county.

As anticipated, the program changes had a positive impact on participation, especially among the working poor and elderly. The proportion of families receiving public assistance who elected to participate in the food stamp program rose slightly, but most of the increase in program participation occurred among those not on public assistance. Student participation also increased despite the tighter eligibility standards.

The impact of program changes on food expenditures or the composition of foods purchased was difficult to separate from the effects of inflation. Food prices rose about 9 percent during the period of the study. The responses of participants to questions included in the mailed questionnaire indicated that little change occurred in the pattern of food purchases. On the other hand, the nutrition aides thought the program changes had an adverse effect on the quantity of food purchased and on nutritional well-being. Both the nutrition aides and the food stamp workers reported that their clients were using cash freed by eliminating the purchase requirement to buy nonfood items and thus were consuming less food than before the changes were introduced.

Money management problems appear to have been exacerbated by eliminating the cash purchase requirement. Participants now have fewer stamps, but more money to spend, which means they must set aside or budget for increased food expenditures from cash. Some participants apparently failed to do so, at

least initially. During the period of the study, however, it appears that households adjusted to the program successfully; fewer households reported having money management problems in the survey conducted in October than in April of 1979.

Participants generally viewed the new program as an improvement over the old. A minority, however, expressed a preference for the old program, mainly because it helped them to budget sufficient money to meet food expenditures. The proportion expressing dissatisfaction with the new program declined between April and October of 1979.

In Tompkins County, as in most other areas, substantial numbers of the working poor, especially those living in rural areas, and the elderly who are eligible to participate elect not to do so. Interviews with a sample of non-participating households indicated that some do not participate because they do not think they are eligible. Others elect not to participate because they are too proud to go on welfare, and they associate the program with government handouts. Some of the elderly also fail to participate because the value of the stamps they would receive is relatively low (less than \$10 per month). They do not consider it worth their time and effort to become certified for such small benefits. Among the other reasons advanced by outreach workers, as well as the families interviewed for not participating in the program include reluctance to disclose their income or other information required for certification, bureaucratic procedures, inconvenience (offices are not open during nonworking hours), and a strong preference for remaining independent.

Several conclusions can be drawn from the results of this study. First, the program changes led to an increase in participation, as intended. As a result, more low-income households now receive benefits under the program. While particular households have benefitted substantially from program changes, there have been little or no gains to the agricultural sector. Program changes have not led to a substantial increase in the quantity of food purchased and may possibly have resulted in a decline in food expenditures. Among continuing participants, more cash is now allocated to non-food expenditures which probably means that their nutritional status has not improved.

Second, substantial numbers of eligible families and individuals still do not participate in the program. If these groups are to be brought into the program, more effort will be required to provide information to them and to make the certification process more accessible and convenient. This might be done by offering to certify families during non-working hours and by creating mobile service units which would visit rural areas or locations where there are relatively high concentrations of the elderly. Counties may be reluctant to finance such services and, consequently, an additional federal appropriation may be required for this purpose.

Finally, the outreach workers and EFNEP aides were identified as an important source of information about the food stamp program and its clientele. Because of their intimate knowledge of low-income households and food stamp participants, these individuals can help to identify potential problems with the program and may be able to suggest improvements in administrative procedures. This resource might be tapped by interviewing a sample of outreach workers and EFNEP aides when program changes are considered. This exchange of information can help to inform policymakers regarding the situation at the local level, as well as to inform local workers of the rationale behind proposed changes. In this way, local workers can more effectively educate their clientele about new program regulations.

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