



Most Food Stamp Recipients No Longer Also Welfare Recipients

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SUMMARY

THE HISTORY OF THE CITY'S FOOD STAMP CASELOAD over the last two decades suggests that changes in policy can have a significant impact on food stamp enrollment. In recent years these policies have in turn been influenced by significant changes in the composition of the caseload.

In December 1994, just prior to the implementation of welfare reform initiatives, nearly 80 percent of New York City's food stamp recipients also received public assistance. For the most part, New York's Food Stamp program was an extension of public assistance, with the vast majority of recipients enrolling in both programs at the same time. By December 2006, with the welfare rolls greatly reduced, only 38 percent of food stamp recipients also received public assistance. IBO's review of New York City's food stamp caseload over the past two decades also found:

- In the early 1990s the federal government made access to food stamps easier. This was part of the reason that even as the local job market improved after the city's 1989-1992 recession, the food stamp caseload continued to climb and reached nearly 1.5 million by December 1994.
- In early 1995 the city's food stamp caseload began a long, steady decline that resulted from both an improving economy and policies of the Giuliani Administration that made it harder to gain access to food stamps. Over a seven-year period between December 1994 and December 2001 the number of food stamp recipients decreased from about 1.5 million to 798,000, a reduction of 657,000, or 45 percent.
- Due to policy shifts by the Bloomberg Administration that again eased access to food stamps and the effects of 9/11 and the 2001-2002 economic downturn, the food stamp caseload reached nearly 1.1 million by December 2004. The caseload has grown far more slowly since then.

Because they are the easiest to enroll, welfare recipients have long accounted for the core of the Food Stamp program; but this core is now far smaller than it used to be. As a result it could prove difficult to enroll a considerable portion of the hundreds of thousands of New Yorkers who are eligible for but do not receive food stamps.

INTRODUCTION

The number of New Yorkers receiving food stamps has been increasing in recent years after falling to just under 800,000 in December 2001, its lowest point over the last two decades. Since then the number of food stamp recipients has grown steadily, initially in the aftermath of 9/11 and the effects of the national recession in 2001 on the local economy, but the growth has continued during the boom years that followed. The number of New York City residents receiving food stamps totaled more than 1.1 million as of November 2007.

The increase in the caseload has been accompanied by a significant change in who is receiving food stamps. In the past the vast majority of food stamp recipients were also public assistance recipients. Today, however, most food stamp recipients do not receive welfare, relying instead on income from low-wage jobs or federal disability benefits.

The increase in food stamp usage has been spurred, at least in part, by Mayoral policy shifts. The Bloomberg Administration has reversed administrative and other efforts to discourage food stamp usage implemented during the Giuliani Administration, a change in course that has also been vigorously promoted by the City Council, the Public Advocate, and a number of social welfare organizations and advocacy groups. Although there appears to be consensus on the broad goal of encouraging participation, there remain areas of disagreement such as the Bloomberg Administration's recent decision to continue to require fingerprinting of food stamp applicants and the city's refusal to apply for a federal waiver of the three-month eligibility limit for able bodied adults without dependents who do not meet minimum work requirements.

Background. The Food Stamp program, administered by the U. S. Department of Agriculture, is a federally funded program established in 1964 to reduce hunger and malnutrition among low-income households. Nationwide in 2006, an average of about 27 million individuals each month received a total of more than \$30 billion in benefits over the course of the year.¹ In New York State the Office of Temporary and Disability Assistance administers the Food Stamp program at the state level, while the Human Resources Administration (HRA) has local administrative responsibility in the city. In New York City in 2006 an average of about 1.1 million individuals received about \$123 million in food stamp benefits each month. The average monthly benefit per person was \$113. The size of the monthly benefit varies by income level and household size.

As with public assistance, an applicant for the Food Stamp program must satisfy strict income and resource limits, as well as nonfinancial eligibility criteria such as verifying citizenship or eligible immigration status. While individuals and families who qualify for public assistance will generally also qualify for food stamps, many food stamp recipients do not qualify for cash assistance. In addition many individuals who are legally qualified to receive food stamps are not actually enrolled in the program. Once enrolled, participants in New York access their food stamp benefits through the Electronic Benefit Transfer system. These beneficiaries receive debit cards that must be used to purchase food at participating stores; they cannot be used to purchase nonfood items.

Unlike public assistance and Medicaid benefits, food stamp benefits are paid for entirely with federal funds, although the city does pay for a share of administrative costs. In fiscal year 2007 HRA spent \$57 million to administer the Food Stamp program, funded with a combination of city, state, and federal funds. City funds covered about 20 percent of this administrative expense.

CASELOAD TRENDS

The number of city residents receiving food stamp benefits has varied widely over the past two decades. Two factors have had a significant impact on enrollment trends: labor market changes and local policies that affect the level of difficulty in accessing food stamp benefits.

In the second half of the 1980s growth in the local labor market contributed to a significant decline in the food stamp caseload from 1.1 million in December 1985 to 986,000 in December 1988, a decrease of 138,000, or 12 percent. This downward trend was interrupted in 1989, a year in which the city's economy began an extended downturn that resulted in a net decrease of more than 350,000 jobs by the end of 1992. The extensive job losses and the resultant income decreases experienced by large numbers of New Yorkers played a significant role in expanding the food stamp caseload. Over this four-year period the number of city residents receiving food stamps increased by 278,000, or 28 percent, reaching nearly 1.3 million by December 1992.

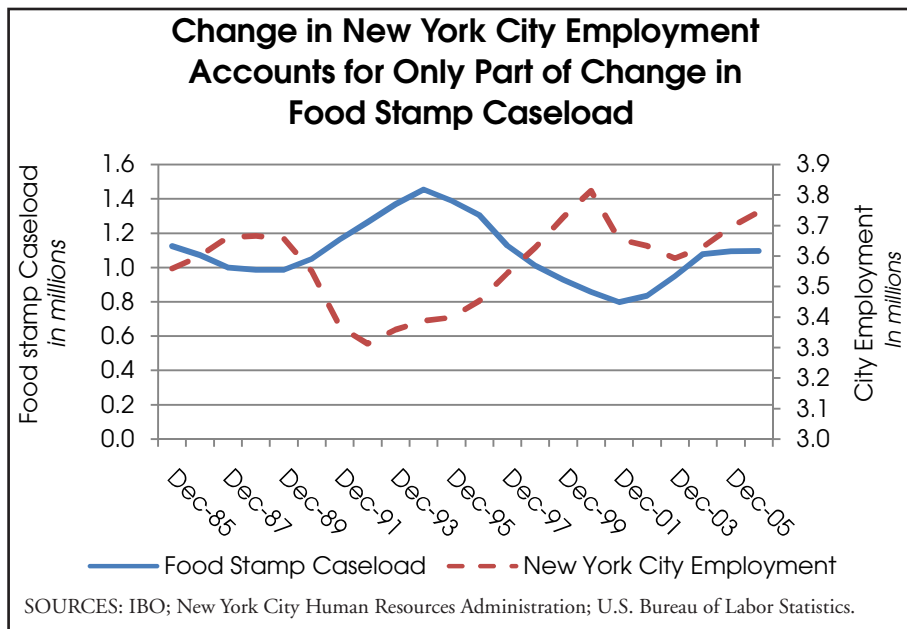
In the early 1990s, federal changes that increased access to food stamps and continued growth in the city's welfare rolls also contributed to growth in the food stamp caseload. As a result, even after the job market turned upward in 1993 and 1994 the number of food stamp recipients increased by an additional 191,000 individuals, reaching nearly 1.5 million by December 1994.

City Policies Foster Caseload Decline. In early 1995 the city's food stamp caseload began a long, steady decline. Over a seven-year period between December 1994 and December 2001 the number of food stamp recipients decreased from 1.45 million to 798,000, a reduction of 657,000, or 45 percent.

The start of the downward trend began with the implementation of new local welfare policies by the Giuliani Administration and continued during a period of growth in local employment. The city's welfare initiatives included intensive screening of new applicants, work requirements, and the use of job-placement firms to aggressively push recipients into the paid workforce. These local initiatives were reinforced by reform of state and federal welfare policies. The combined effects of these policy changes and local job growth resulted in a 60 percent reduction in the city's public assistance caseload between 1995 and 2001.

Although households can be eligible for food stamps even though they are not receiving public assistance, the new welfare policies nevertheless had a substantial impact on the city's food stamp caseload. For some welfare applicants and recipients, successful entry into the job market led to income increases that eliminated the need or eligibility for both cash assistance and food stamps. For others who remained legally entitled to food stamps, the more stringent rules governing cash assistance also acted as a deterrent to enrolling in or remaining enrolled in the Food Stamp program.

This effect was magnified by city officials who frequently created roadblocks to successful food stamp enrollment. As time went on there were accusations that program administrators in the city were intentionally limiting access to food stamps. Food Stamp administrators were accused of such practices as frequently failing to make applications immediately available as required by law, requiring the poor to search for jobs before receiving food stamp assistance, cutting off food stamps to needy families who were still eligible for those benefits, and sending hungry individuals to food pantries instead of screening them for emergency benefits. In 1999 several of these complaints were confirmed in a critical report by the U.S. Department of Agriculture, and in a federal court ruling against the city (*Reynolds v. Giuliani*). It is likely that these practices played a significant role in cutting the food stamp caseload nearly in half by the close of the Giuliani Administration in December 2001.



Policy Reversals, Job Losses, and Caseload Increases. After taking office in January 2002 the Bloomberg Administration reversed some of the administrative practices that had discouraged food stamp usage. The new policy of actively encouraging food stamp usage came in the context of widespread criticism of city practices. For instance, in that same year the city's Public Advocate Betsy Gotbaum released a report that drew an unfavorable comparison with food stamp access in other cities, while the City Council began a series of investigations and reports on the barriers faced by the city's food stamp applicants. As a result of this policy shift, as well as the significant job losses that resulted from an economic downturn that was made worse by the World Trade Center disaster, the food stamp caseload increased by 150,000 by the end of 2003. These events, along with an initiative by the state to automatically enroll many Supplemental Security Income (SSI) recipients in the Food Stamp program, led to an additional increase of 130,000 New York City recipients by December 2004.

More recently as the local economy and employment were once again growing, the increase in food stamp enrollment has slowed. By December 2005 enrollment had reached 1.1 million, an increase of only 16,000 over the previous year. A year later, in December 2006, enrollment remained virtually unchanged, rising by 1,000. Thus far in 2007, the caseload has increased slightly, growing by 22,000 as of November.

Changing Composition of the Caseload. The effect of the shift in policy to encourage the use of food stamps is reflected in the changing composition of the food stamp caseload. Since the beginning of the Bloomberg Administration in January 2002, most

of the increase in the food stamp caseload has resulted from the addition of recipients who were not also receiving public assistance.

The food stamp caseload includes those who receive food stamp benefits along with public assistance, as well as those who just receive food stamps. In a period when the number of individuals receiving public assistance is decreasing, the group receiving both types of assistance will decrease, while the food stamp-only group will likely increase as people move from cash assistance to low-income jobs while still maintaining their food stamp eligibility.

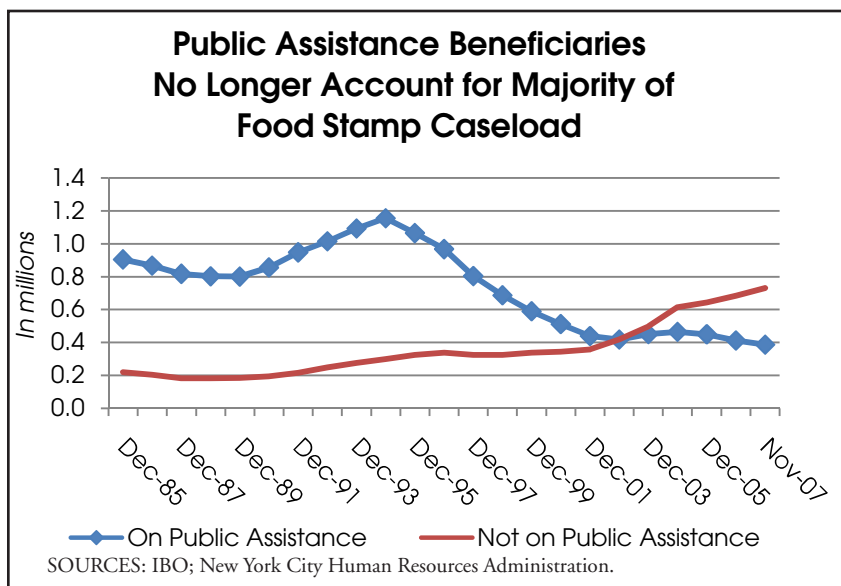
Under the Giuliani Administration from December 1994 through 2001, the number of individuals receiving both types of assistance decreased by 715,000, while the number receiving only food stamps increased by 58,000 (some of whom may also have been receiving SSI). In contrast, under the Bloomberg Administration from December 2001 through 2006 there was a much smaller decrease in the number of people receiving both public assistance and food stamps (27,000), and a much larger increase in those receiving only food stamps (325,000). As a result of the shift in policy to encourage food stamp use combined with continuing declines in the number of individuals on public assistance, non-welfare recipients now make up a majority of the food stamp caseload.

Recent Developments. While the city's food stamp caseload has increased by more than 300,000 since 2001, in the last few years enrollment growth has leveled off. Recent initiatives by the city and state, however, could significantly increase food stamp enrollment.

As part of its recent efforts to increase food stamp enrollment, HRA has shortened the food stamp application, increased outreach efforts, and expanded hours of operation at some food stamp offices. There is general agreement among current

city and state officials as well as antihunger advocates that further administrative changes designed to ease the enrollment process could significantly increase the number of low-income city residents receiving food stamp benefits. To this end the agency, with the support of City Council Speaker Christine Quinn and General Welfare Committee Chair Bill deBlasio, has begun to implement new systems that make better use of information technology including pilot projects that allow for off-site electronic filing of applications and supporting documents, and recertification of some types of food stamp cases using an Interactive Voice Response System. At the state level, the Governor's office recently announced that federal officials have approved its Working Families Food Stamp Initiative, which is designed to further ease the food stamp enrollment process by allowing for online enrollment and eliminating asset limits for many working families.

One of the Governor's changes was to end the requirement that working applicants be fingerprinted, having determined that it offered little additional antifraud protection beyond the other screening that is done as part of the application review. Given the state's emphasis on easing access—especially for working families—ending the requirement had the additional advantage of eliminating a step in the application process that necessitated an office visit. However, the city prefers to retain the requirement. In City Council testimony in November, the state's social services commissioner indicated that the state would allow the city to continue the fingerprinting requirement, at least temporarily, providing the city can meet its target of increasing food stamp enrollment by 62,000 households during 2008, which is the city's share of the Governor's goal for increasing enrollment statewide under the working families initiative. As part of this agreement, HRA has pledged to expand both the number of locations and the times when these applicants can be imaged.²



While it is difficult to quantify the impact of these initiatives on the food stamp caseload—especially since many of them are in their early stages—there is clearly room for growth. Estimates of the number of New Yorkers who are legally eligible for food stamps but not enrolled in the program range from 400,000 to more than 700,000.³ Although there is some evidence that the participation rate—the share of eligible individuals receiving benefits—has increased since 2003, it is still below the national average. According to recent federal data, which measures food stamp participation at the state level, the share of New York State's eligible population participating in the program rose from 49 percent in 2003 to 61 percent in 2005. Because the city makes up roughly

two-thirds of the state's eligible population, it is likely that the city's participation rate also increased during the same period. Nevertheless, the state's participation rate remains somewhat below the nation's rate which was 65 percent in 2005.⁴

Future Participation. While the history of the city's food stamp caseload suggests that recent policy changes can significantly increase food stamp enrollment, getting a considerable share of those who are eligible but do not participate in the program to enroll could prove to be a difficult challenge. As of November 2007 the number of food stamp recipients is about 340,000 below the caseload level reached just before welfare reform began in early 1995. If we assume the city's current participation rate is the same as the statewide estimate of 61 percent, adding 340,000 legally eligible individuals to the food stamp rolls would require achieving a participation rate in the city of nearly 80 percent.

Enrolling more of those who are eligible becomes even more of a challenge when we consider the changing composition of the caseload. In December 1994 nearly 80 percent of food stamp recipients also received public assistance. By December 2006, with the welfare rolls greatly reduced, only 38 percent of food stamp recipients also received public assistance.

As the number of dual recipients of welfare and food stamps continues to decline, expanding the food stamp caseload will require increasing efforts to enroll needy individuals who may have few if any links to the social welfare system. On the other

hand, our historical analysis also suggests that a major economic downturn resulting in large job losses could add significantly to the food stamp rolls.

Aside from directly benefiting eligible individuals and families, increases in enrollment would act as an economic stimulus for low-income neighborhoods. The level of stimulus would depend on the number of eligible residents who are enrolled in the program. For example, at current average benefit levels, an increase of 100,000 recipients would bring in an additional \$136 million in federal assistance annually. Any increase in federal assistance would, of course, need to be funded by federal taxpayers nationwide.

Report prepared by Paul Lopatto

ENDNOTES

¹Throughout this report all references to years refer to calendar years unless otherwise stated.

²Testimony by New York State Office of Temporary and Disability Assistance Commissioner David Hansell before the New York City Council Committee on General Welfare on November 20, 2007.

³At a 2008 Executive Budget hearing before the City Council General Welfare Committee on May 15, 2007, HRA Commissioner Robert Doar testified that his agency estimated that there were about 400,000 city residents who were eligible for food stamps but not enrolled. Estimates by advocates tend to be higher. The Urban Justice Center in 2006 reported an estimate of 760,000.

⁴U.S. Department of Agriculture, Food and Nutrition Service, *State Food Stamp Participation Rates in 2005*, October 2007.

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