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Changing Participation in Food Assistance Programs Among Low-Income Children After Welfare Reform

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The 2008 poverty rate for children (19 percent) exceeded the poverty rates for working-age adults (12 percent) and the elderly (10 percent). Many federally funded assistance programs target low-income children with food assistance, cash assistance, tax credits, health insurance, child care, and housing. Even after the value of benefits from these programs is counted, about one in seven children still lives in poverty. Historically, Aid to Families with Dependent Children (AFDC) formed the base of public assistance to poor children, while the benefits from other programs filled in gaps for specific needs like food and health insurance. In 1996, the safety net for poor households with children fundamentally changed when the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) replaced AFDC with Temporary Assistance for Needy Families (TANF). TANF eliminated entitlement to welfare and gave States broad flexibility in setting eligibility criteria. A particular focus of the reforms was to encourage work.

What Is the Issue?

In the wake of declining cash assistance to families with children, did families rely more heavily on food assistance programs? This study investigated participation in, and benefits received from, AFDC/TANF and food assistance before and after PRWORA for children in low-income households (income below 300 percent of the Federal poverty line). The food assistance programs examined include the Food Stamp Program (FSP), the National School Lunch Program, the School Breakfast Program, and the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC). The study also explores how program participation and benefit amounts differed depending on the pre-transfer income (that is, income before receiving benefits) of the child's household. This investigation provides a comprehensive view of program interaction and an understanding of how combined aid from food assistance and AFDC/TANF cash assistance has changed over time for low-income children.

What Did the Study Find?

Declining participation in the Food Stamp Program among children in poor households. Between 1990 and 2004, participation in the Food Stamp Program among children in the poorest households (pre-transfer income below 50 percent of the Federal poverty line) fell from 74 percent to 61 percent. Participation was even lower in 2001, at 54 percent. In contrast, participation among children in households with higher income increased.

Increasing participation in school meals and WIC. Participation in the school meals program and WIC increased more than 20 percentage points between 1990 and 2004 for children in low-income households with pre-transfer income of 100-185 percent of the Federal poverty line. Among all children in low-income households, participation in the school meals program increased from 28 to 43 percent and participation in WIC increased from 7 to 15 percent.

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Increasing participation among children in households receiving at least one assistance program. Although there was declining participation in AFDC/TANF, rising participation in food assistance programs resulted in an increase in the share of children in households that received either AFDC/TANF or any food assistance program from 35 percent to 52 percent between 1990 and 2004.

Declining average household resources for children in the poorest households. Children in the poorest households—with pre-transfer income below 50 percent of the poverty line—saw total household resources fall between 1990 and 2004. For this group, while participation and benefits from school meals, WIC, and nonfood assistance programs increased, participation in and benefits from both AFDC/TANF and FSP declined so that overall total combined inflation-adjusted benefits from AFDC/TANF and food assistance programs declined over \$250 per month. Increases in earnings and other income offset only a small portion of the decline in assistance benefits.

Average monthly household benefits and income for children in the poorest households

Source benefits and income	1990	2001	2004
<i>In 2000 dollars</i>			
Total assistance	832	540	564
AFDC/TANF	369	111	97
Total food assistance	373	287	320
Other cash assistance programs	90	142	148
Earnings	133	170	150
Other income	67	95	111
Total resources	1,033	805	825

AFDC/TANF = Aid to Families with Dependent Children/Temporary Assistance for Needy Families.

Increasing average household benefits for children in households with income above the Federal poverty line.

In contrast to children in the poorest households, children in low-income households (income above the Federal poverty line) saw rising total household benefits from assistance programs. This rise was mainly due to increases in food assistance benefits, particularly from school meals and WIC. Overall, total household resources for children in households with pre-transfer income above the poverty line remained unchanged or increased slightly over the period.

Less moving in and out of food assistance programs. Turnover rates for food assistance programs declined. Turnover rates show the number of children in households that received benefits from a given program at any time during the year divided by the average number of such children in a month. The decrease suggests that these programs are used increasingly for longer term support. In contrast, the turnover rate for AFDC/TANF cash assistance increased. This increase, together with the drop in the number of low-income households with children receiving AFDC/TANF cash assistance, indicates that TANF is used more often for short periods.

How Was the Study Conducted?

ERS researchers used data from the 1990 and 2001 Survey of Income and Program Participation (SIPP) panels, which were collected during two periods of similar economic growth and unemployment, to describe changes in program participation before and after PRWORA. The analysis was supplemented using the most recent data available, the 2004 SIPP panel. The sample included all children observed for a full year who lived in households with income that ever fell below 300 percent of the Federal poverty line during the observation year. Children were grouped into one of six groups based on their household's pre-transfer income relative to the Federal poverty line for their household.