

The Data

The U.S. Department of Agriculture's Food and Nutrition Service undertook four experiments in the late 1980's in which food stamp participants were given cash instead of the traditional coupons. These experiments were conducted in San Diego County, California, Alabama, and Washington State.¹⁵ In this report, we use data from the cash-out experiment in San Diego County. Despite being a rich source of data, this particular data set has been used very little in analyses of the FSP.

For the cash-out experiment, 600 families were selected at random from the food stamp-receiving population and their benefits were converted from coupons to checks. An additional 600 families, who continued to receive benefits in the form of coupons, were selected as a control and comparison group.¹⁶

¹⁵The cash-out experiments are described in Fraker, Martini, and Ohls (1995) and Carlson (1993). These were the first large-scale experiments replacing food stamps with cash to be conducted in the United States. Previous cash-out experiments were conducted in Puerto Rico since 1982 and in portions of Utah and Vermont in 1981. Unfortunately, the results from these experiments appear to have limited applicability to the U.S. population as a whole (see Butler, Ohls, and Posner (1985) and Devaney and Fraker (1986)).

¹⁶We restrict our sample to observations where the reported size of the household unit is the same as the number of people who appear on the roster of household members. Without such a restriction, the age proportion variables (described later) will not sum to one. This procedure eliminates 101 households from the analysis. To include these households, one would need to either assume that the observed age proportion fractions are representative of the household members not listed in the roster or construct new household size variables different from those reported by respondents. Exploring these auxiliary assumptions is beyond the scope of this report. In addition, we deleted observations for group homes and homeless households, as well as observations with invalid/old food data.

The families were interviewed twice several months after the cash-out was implemented.¹⁷ Unlike other studies of food stamp participant behavior, the food stamp benefit data are taken from program records and matched with survey participants.¹⁸ In this report, we will refer to food purchased at a store for preparation and eating at home as food expenditure.¹⁹ This one-time survey of participants does not allow us to follow families who have switched from stamps to checks. However, since the participants in the program were selected at random, comparison across the group of households that received checks and those that received stamps may give some preliminary indication of the presence of the cash-out puzzle (Fraker, Martini, and Ohls, 1995).

¹⁷The initial interview consisted of detailed explanation of the questionnaire and purpose of the study. The follow-up interview was conducted to verify that all food purchases and consumption data for the survey week were correctly provided. Follow-up was done within 1 week of completion of the survey to ensure participants' ability to recall the necessary information.

¹⁸While this eliminates problems of misreporting of food stamp benefits, misreporting of other income is still likely to occur in the data.

¹⁹This somewhat restricted definition approximately matches the purpose of the FSP, which is to provide income for families to purchase groceries that they will use for meal preparation at home. We have used a variable constructed from food used during the week, based upon purchase price and quantities reported by respondents. We have not included home-produced food and gift food, which are not important in this sample. Adding these quantities to our food expenditure variable does not change any of the results reported here. One anomaly is that food expenditure also includes take-away food brought back to the house for consumption. This does not have any effect on our analysis.