

Summary and Conclusions

Descriptive statistics indicate that welfare measures of food stamp-eligible households improved between 1981 and 1995. In 1981, a year of recession, 27 percent of all households met the gross income test for food stamp eligibility, but this figure declined to 22 percent by 1995, a year of economic expansion. This represents a decrease of about 19 percent. Likewise, the income gap, which in this report is the average percentage deviation of income from 130 percent of the poverty line, declined about 14 percent, from 0.44 to 0.38. Even the Gini coefficient, which measures the dispersion of income among the poor, declined almost 11 percent from 0.36 to 0.32. The Sen index, a measure of poverty that weights the headcount and the income gap by the Gini coefficient, declined from 0.38 to 0.33. This represents a 13-percent improvement in this statistic.

Income for households eligible for food stamps also improved over the 1981-95 period. On a household basis, after adjusting for inflation, it rose about 14 percent. However, on a per capita basis, average income rose just 5 percent.

Taken together, the above measures of welfare and the increases in real income for households eligible for food stamps indicate that society was slightly better off in 1995 than in 1981. First, there were proportionally fewer households eligible for food stamps. This indicates that proportionally more households were above 130 percent of the poverty line, and this is consistent with an increase in average income for the total population. In addition, average income for those households still eligible for food stamps also increased, however slightly.

Our counterfactual analysis indicates that large numbers of poor households are comprised of one-person

households (and we would include single females age 50 and older) and by households headed by a person with a high school education or less. In contrast, poor households have a smaller proportion of Black, or female-headed households. If policymakers wish to encourage those households that are eligible for food stamps but who do not participate in the program, then our analysis indicates that they could likely recruit the largest numbers of eligible households by trying to influence non-Black, one-person households and those whose heads have a high school education or less. This of course assumes that these household types could be targeted and that all groups that now participate in the food stamp program do so in numbers proportional to their representation in poor households (see our descriptive statistics in table 1). The Gini coefficients for the baseline indicate the success of the Food Stamp Program in lessening the dispersion of income among the poor households that participate in the program.

One question not answered by this study concerns the demographic profile of the one-person households. Are these younger people who are just starting out in their careers and need temporary assistance until they are economically established? Or are the households made up of single people of all ages who are temporarily out of work? If this is the case, not much could be done to ease their plight, in the sense of government intervention, other than to encourage them to participate in the Food Stamp Program if they are eligible. However, it could be the case that this is a group of people who live alone and continually work in low-paying jobs. If many of these households are of the latter type, then this group may represent hardcore welfare recipients who will need government assistance for an extended period. These questions may be answered by analyzing a dataset such as the Survey of Income and Program Participation (SIPP).

Table 9—Estimated regression models 1981-95

Characteristics	1981	1983	1985	1987	1989	1991	1993	1995
Intercept	0.84 (.17)	1.25 (.22)	1.57 (.23)	1.77 (.20)	1.78 (.24)	2.24 (.23)	1.12 (.23)	1.64 (.26)
Northeast	-.34 (.06)	-.26 (.08)	-.14 (.07)	.11 (.06)	.20 (.08)	.19 (.07)	.13 (.07)	.07 (.08)
Midwest	-.22 (.06)	-.23 (.07)	-.12 (.07)	0 (.06)	.09 (.07)	-.08 (.07)	.08 (.07)	-.03 (.08)
South	-.20 (.06)	-.06 (.07)	.02 (.07)	.14 (.06)	.07 (.07)	.02 (.06)	.17 (.06)	.03 (.07)
Black	-.43 (.07)	-.43 (.08)	-.38 (.09)	-.46 (.08)	-.48 (.09)	-.26 (.08)	-.42 (.08)	-.35 (.09)
Age	.14 (.01)	.13 (.01)	.13 (.01)	.11 (.01)	.12 (.01)	.10 (.01)	.13 (.01)	.11 (.01)
Age squared	-1.37e-3 (7.51e-5)	-1.21e-3 (9.22e-5)	-1.20e-3 (9.38e-5)	-1.10e-3 (8.09e-5)	-1.09e-3 (9.56e-5)	-9.61e-4 (8.59e-5)	-1.19e-3 (8.82e-5)	-1.07e-3 (9.84e-5)
Family size	-.43 (.02)	-.46 (.02)	-.49 (.03)	-.47 (.02)	-.47 (.03)	-.48 (.02)	-.45 (.02)	-.48 (.03)
Female head	-.82 (.09)	-.76 (.11)	-1.03 (.12)	-.82 (.11)	-1.05 (.13)	-1.03 (.12)	-.78 (.11)	-.90 (.13)
Single-person	-.84 (.07)	-.80 (.09)	-.87 (.09)	-.71 (.08)	-.82 (.09)	-.94 (.09)	-.73 (.09)	-.85 (.10)
Single older female	-1.12 (.09)	-1.26 (.11)	-1.31 (.11)	-.97 (.09)	-1.21 (.11)	-1.07 (.10)	-1.10 (.11)	-1.16 (.11)
No high school diploma	-1.20 (.06)	-1.60 (.08)	-1.92 (.08)	-1.86 (.07)	-2.00 (.08)	-2.02 (.08)	-1.95 (.08)	-1.90 (.08)
High school diploma	-.75 (.05)	-1.10 (.06)	-1.29 (.07)	-1.19 (.06)	-1.39 (.06)	-1.35 (.06)	-1.34 (.06)	-1.23 (.07)
Number of earners	.48 (.03)	.60 (.04)	.55 (.04)	.56 (.03)	.58 (.04)	.56 (.03)	.58 (.04)	.58 (.04)
Adj R2	.38	.33	.32	.34	.31	.33	.35	.33
SSE	10,165.57	11,028.23	13,298.20	13,103.09	14,356.78	13,634.25	11,934.49	10,255.64

Numbers in parentheses = Standard errors.

SSE = Sums of squares of error.

Source: U.S. Department of Agriculture, Economic Research Service.