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FOOD STAMP PROGRAM

The Food Stamp Program was created by the federal government in 1964 to assist low-income individuals and families in purchasing food. The Department of Workforce Development administers the program in Wisconsin, and the United States Department of Agriculture oversees it at the federal level. Almost all program benefits are federally funded, while administrative costs are shared equally by the State and the federal government. In fiscal year 1998-99, approximately 311,800 individuals participated in the program in Wisconsin at a cost of \$167.7 million. In January 2000, approximately 75 percent of program participants were either children, disabled, or older than 60.

Food stamps are an entitlement to those who meet both nonfinancial and financial eligibility requirements. Benefit levels vary substantially. For example, in January 2000, 28.6 percent of groups receiving food stamp assistance received benefits of \$10 or less per month, while 3.9 percent received more than \$500 per month. In order to continue receiving program benefits, recipients must regularly report and verify their eligibility by providing information such as their current monthly income and allowable deductible expenses.

Participation in the Program Has Declined

A July 1999 report by the General Accounting Office indicated that as welfare reform measures were implemented nationally, the percentage decline in food stamp recipients was greater in Wisconsin than in any other state. From March 1995 through July 1999, the number of food stamp recipients in Wisconsin declined by 147,370. Using Census Bureau and Wisconsin caseload data, we estimate the number of individuals living in poverty who did not receive food stamps increased from 14,100 in 1994 to 134,600 in 1998; the percentage of individuals living in poverty who received food stamps declined from 97 percent to 70 percent.

Declining Participation Has Many Causes

A number of factors are likely responsible for the decline in program participation. The implementation of Wisconsin Works (W-2) and other welfare reform initiatives has placed greater emphasis on work and self-sufficiency. As income increases, food stamp benefits typically decrease. For example, from January 1995 to January 2000, the number of groups that received only \$10 per month in food stamp assistance increased by 17 percent. Many agency staff with whom we spoke believe that even though individuals continue to qualify for food stamp benefits, a reduced level of benefits has discouraged them from continuing to participate in the program.

In addition, ambiguous W-2 policy directives issued by the Department were misinterpreted by some administrative agencies in a manner that may have denied food stamp benefits to recipients. For example, in its August 1996 request for proposals, the Department indicated that "the W-2 system provides only as much service as an eligible individual asks for or needs. Many individuals do much better with just a 'light touch'." As a result of confusion caused by such documents, as well as information conveyed during meetings and training sessions, some local agency staff inappropriately applied the concept of 'light touch' to all assistance programs, including the Food Stamp and Medical Assistance programs, which remain entitlements under federal law.

Other factors that have contributed to the decline in program participation include more frequent recertification requirements, additional work requirements for some food stamp recipients, and administrative problems in local agencies. As Food Stamp Program participation has declined, alternative food programs that provide nonperishable food and meals have reported increased demand for their services.

Recent Efforts to Improve Program Participation Have Yet to Be Measured

To increase program participation, the Department and local agencies have undertaken a number of initiatives to improve the provision of services, including providing caseworkers with additional training, expanding the number of program application sites and the hours during which applications are taken, and working with alternative food programs to facilitate access to food stamp benefits. The specific effects of these efforts have not been measured. However, from July 1999 to April 2000, the number of food stamp recipients increased at an average of 0.8 percent each month.

The Department anticipates that the implementation of electronic debit cards, which will replace paper food stamp coupons by the end of 2000, will further increase program participation by improving participants' access to benefits, reducing fraud, and potentially eliminating the stigma associated with participation. However, close monitoring will be needed to ensure that certain groups, such as the elderly, understand the new system and are able to continue to access their benefits. In addition, more needs to be done to ensure that local agencies comply with state and federal requirements regarding the posting and dissemination of information about food stamp eligibility.

Some Program Changes Would Require Additional State and Federal Action

The State can reduce the frequency with which recipients must report information on income and assets, but some are concerned that taking such a step to address declining participation may increase the extent to which benefits are calculated inaccurately. Since federal fiscal year 1994-95, Wisconsin's benefit calculation error rate has been among the highest in the nation; in federal fiscal year 1998-99 it was 13.4 percent, compared to a national average of 9.9 percent. Other efforts to increase program participation would require either changes to federal law or waivers of existing federal regulations.

[full report, PDF file \(225KB\)](#)