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Food Insecurity, Food Stamp Participation, and Poverty: The Paradox of Missouri

Matt Rysavy and Colleen Heflin

Introduction

The current economic recession has made it difficult for millions of American households to make ends meet and cover basic needs such as food. The largest federal program that supplements food consumption is the Food Stamp Program.¹ While typically, you might expect that food insecurity is lower in states that have high rates of participation in the Food Stamp Program, in Missouri we see a very different pattern. At a time when national levels remained relatively constant, Missouri's food insecurity rate rose from 9.8 percent in 1996 to 12.9 percent in 2006. What is noteworthy is that this increase in state levels of food insecurity occurred during a time when participation in the Food Stamp Program in Missouri rose from 74 percent to 98 percent of those eligible. This report shows the intersection and interplay of three metrics commonly used for examining population well being: food insecurity, food stamp participation, and the poverty level.

What is Food Insecurity?

According to the United States Department of Agriculture a household is defined as being "food insecure" if at times during the year, these households were uncertain of having, or unable to acquire, enough food to meet the needs of all their members because they

This report traces participation in the food stamp program in Missouri and the U.S. for the period 1996-2006 and compared that to changes in the rate of poverty and of food insecurity. It finds that food stamp participation in Missouri is higher than participation nationally, and that the participation rate has grown significantly, especially since 2000. The poverty rate and incidence of food insecurity began to rise in 2000 as well, with significant increases from 2004. Taken together, these trends suggest that the circumstances of the poor may be deteriorating.

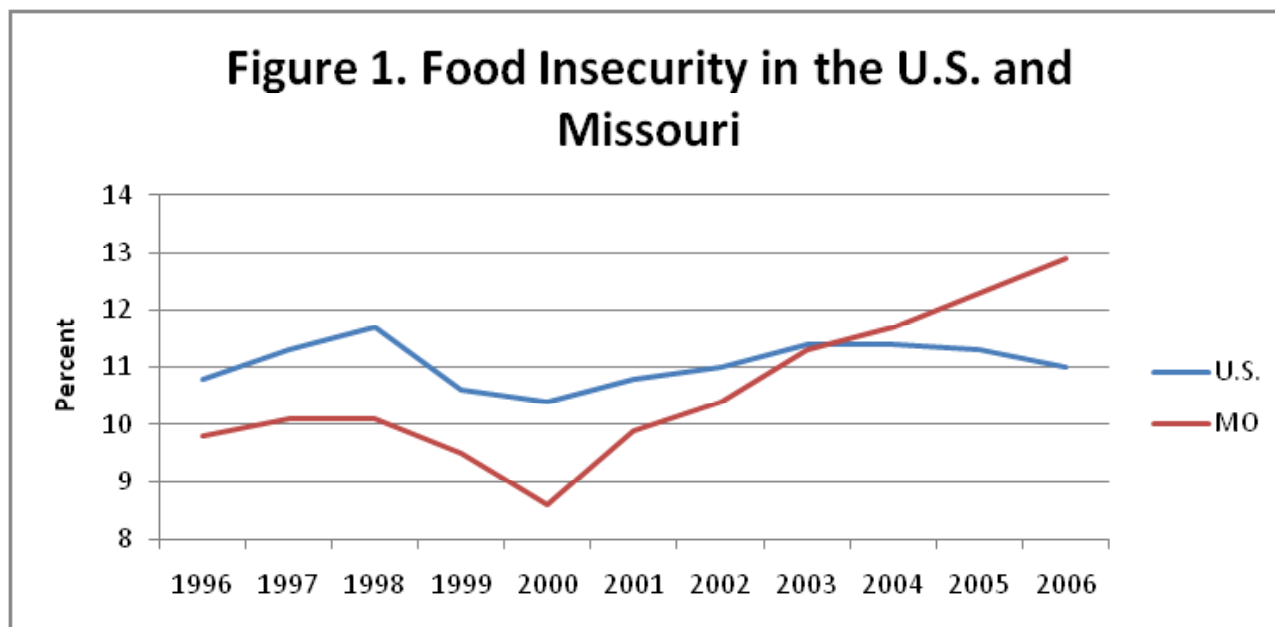
had insufficient money or other resources for food.² In contrast, "food secure" households are those that had access, at all times, to enough food for an active, healthy life for all household members.

Levels of insecurity are measured by the Current Population Survey Food Security Supplement (CPF-FSS) which is administered by the Census Bureau for the Bureau of Labor Statistics (BLS). The Food Security Supplement consists of 18 questions on food conditions and behaviors. The level

1. The name of the federal Food Stamp Program was changed to the Supplemental Nutrition Assistance Program (SNAP), effective October 1, 2008
2. http://www.ers.usda.gov/Briefing/FoodSecurity/stats_graphs.htm#how_many

of food insecurity in the U.S. has remained relatively stable for the last ten years remaining around 11% from 1996 to 2006. However, in Missouri, the rate of food insecurity has

risen from the 1996 level of 9.8 percent to the 2006 level of 12.9 percent, representing a 3.1 percentage increase over the decade (Figure 1).



Note: Authors compilation of USDA reports of state-level food insecurity based on data from the Food Security Module of the Current Population Survey. <http://www.ers.usda.gov/briefing/Foodsecurity/readings.htm>

What is the Food Stamp Program?

The Food Stamp Program (FSP) is an integral component of the social safety net in the United States. This cornerstone of food assistance programs works under the principle that everyone has a right to food for themselves and their families and, hence, with few exceptions, the program is available to all citizens who meet income and asset tests. As of August 2003, over 95 percent of Food Stamp Program benefits were issued through Electronic Benefit Transfer (EBT) card for the purchase of food in authorized, privately-run retail food outlets (Food and Nutrition Service, 2003). Subject to passing the income and asset limits, which vary with family size, the program is an entitlement to needy families, and participation moves counter-cyclically with the state of the macro-economy (Ziliak, Gunderson, and Figlio 2003). At its peak in 1994, over 27 million people received Food Stamp benefits at an expense of \$25 billion to the federal government. In fiscal year 2008, the FSP served over 24 million households with direct cash transfers of over \$37 billion.³

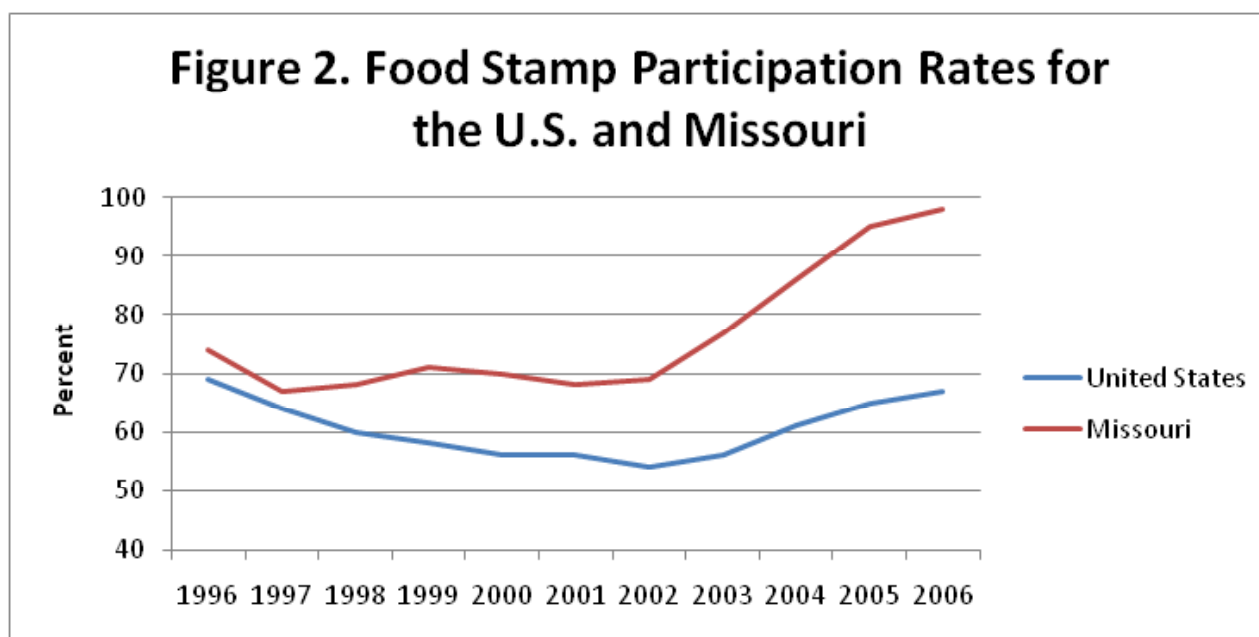
In fiscal year 2008, Missouri was 13th among states in terms of the size of the food stamp caseload, with 314,012 households participating. The average monthly benefit per household was \$215 in Missouri, with total benefits for the state totaling \$810 million for the year.

Historically, the Food Stamp Program has one of the lowest participation rates among federal entitlement programs.⁴ The 2006 rate of participation in the U.S. was 67 percent. This means that for all of the individuals who were eligible for the program, fully one-third did not participate. The 2006 level represents a slight decrease in the 1996 level of 69 percent. In Missouri in 2006, the participation rate was 98 percent. This is an increase from the 1996 level of 74 percent. In 2006, Missouri had the highest participation rate of any state.⁵

3. <http://www.ers.usda.gov/Briefing/SNAP/>

4. <http://www.gao.gov/new.items/d05221.pdf>

5. <http://www.mathematica-mpr.com/publications/PDFs/fns06rates.pdf>

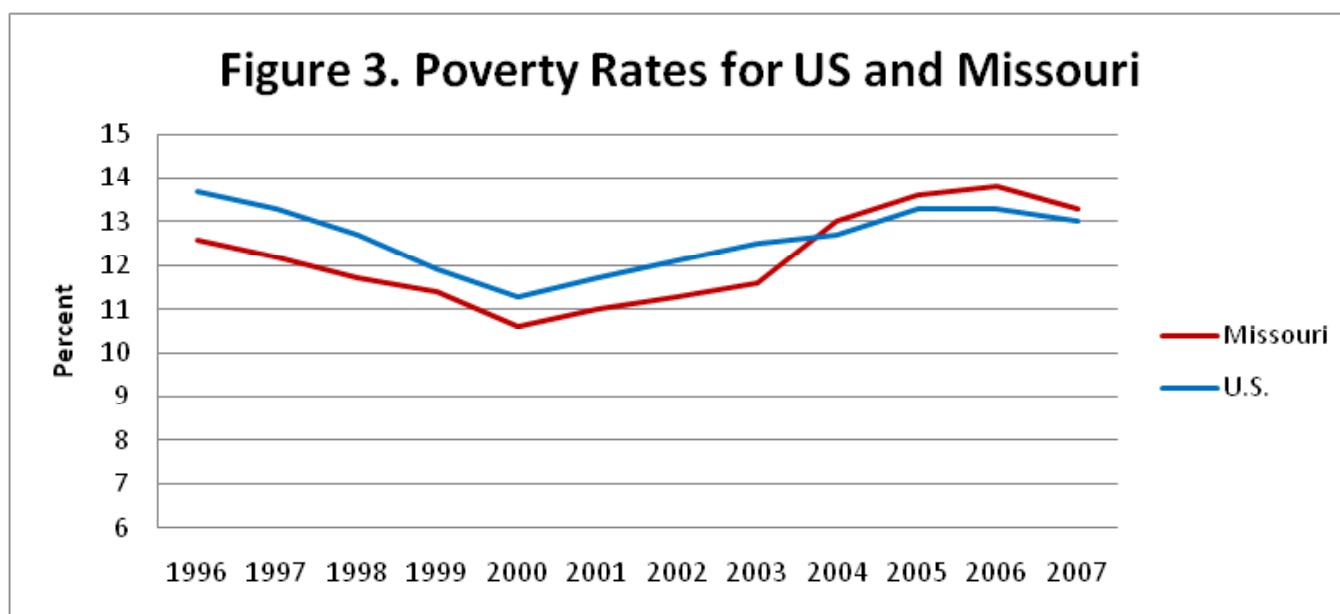


Note: Authors compilation of USDA reports on Food Stamp Program Participation based on data from the Current Population Survey and Food Stamp Program administrative data.

Very few studies have looked at the determinants of Food Stamp Participation. Of those that have addressed the issue, two main drivers are found to push participation at the state level. The first is the demographic makeup of a state's eligible participation. Certain populations have been found to participate in the program more than others. Several researchers have found that the elderly population is less likely to participate (Cody et al. 2008, Cunningham 2005, and Gleason, 1998) along with those who are childless and have earnings (Cody et al. 2008, Gleason, 1998). The other driver believed to effect participation within a state are the state's policies and requirements for participation. Although a federal program, the FSP is administered at the state level, which is given leeway as to how the program is run. Among the many policy options available for states, lenient vehicle exemption policies, longer recertification periods, and expanded categorical eligibility have been shown to increase food stamp participation within a state (Ratcliffe et al. 2007). However, both demographic profiles and state policy research have failed to explain the majority of variation of participation between states.

Poverty

The poverty rate is set by the U.S. Census Bureau and varies by family size, number of children, and age. Conceptually, it is supposed to represent the amount of money needed to support a family of its respective size. For example, the poverty level for a family of four with two children in 2008 was \$21,834. Therefore, if you make less than this amount, you are considered to be living in poverty. In Missouri, the state poverty rate has historically followed the U.S. pattern but remained below the national rate until 2004 when the Missouri poverty rate jumped to 13.0 percent to surpass the national average (see Figure 3, Page 4).



Note: Authors compilation from U.S. Census Bureau, Small Area Income and Poverty Estimates

Conclusion

Looking at the three individual pieces together raises many questions for Missouri policy-makers. Poverty and food insecurity both increased during the 2000-2004 period. As poverty decreased in the two subsequent years, food insecurity continued to rise until it was two percent higher than the national average. These trends come at a time which witnessed a 30 percent increase in the utilization of food stamps within Missouri. One explanation is that food insecurity is higher among food stamp recipients because they are needier.

Further research is needed to help explain the effect of food stamp participation on poverty and food insecurity. It is important to keep in mind that the Food Stamp Program is just one of several programs aimed at alleviating food insecurity and reducing poverty. Given the very high rates of participation in the Food Stamp Program among eligible households, it appears that Missouri policy-makers interested in the well-being of their citizens need to find additional policy tools to address to rising levels of food insecurity in the state.

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