

## **Section VII. Conclusion**

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This study examines the relationship between Food Stamp Program (FSP) participation and employment characteristics. This relationship is of special interest as (1) food stamp participation rates have fallen in recent years and there is concern that eligible working families may not be taking up the food stamp benefits they are entitled to and (2) the food stamp caseload and food stamp eligible population now include more working low-income persons. So that we can better understand the relationship between employment and FSP participation, this study addresses three research questions:

1. What are the detailed employment characteristics of low-income, working food stamp participating and non-participating households?
2. How do detailed measures of employment characteristics affect food stamp participation?
3. How has the relationship between employment factors and Food Stamp Program participation changed since federal welfare reform?

These questions are examined using data from the 1990 and 1996 panels of the Survey of Income and Program Participation (SIPP), which cover the early 1990s (1990-1992) and the mid- to late-1990s (1996-1999). We use both descriptive and multivariate methods, where our multivariate analysis includes fixed effects logit models which control for individual-specific unobserved heterogeneity. To capture a population that is more likely to participate in the FSP, we restrict our analysis to working-age adults (age 18 through 59) ever observed living in a low-income household, measured as ever observed living below 175 percent of the poverty line and having few assets.

Our analysis shows significant employment among our population of working-age adults ever observed living in a low-income household. During the recent 1996-1999 period, nearly 90 percent of these individuals lived in households where at least one adult worked. Among food stamp recipients, the percentage was lower, but still relatively high at 52 percent. These employment rates are somewhat lower for the earlier 1990-1992 period (85 percent and 46 percent, respectively), showing that employment has increased among low-income FSP participants and non-participants. Our descriptive analysis also shows that a high fraction of adults in working households in our study population live in households where adults work traditional hours. For example, during the 1996-1999

period, 80 percent lived in households where someone worked traditional hours and everyone worked full-time. Additionally, more than one in four lived in households where all adults work traditional hours and so could have difficulty visiting food stamp offices open only during traditional hours. Other differences between FSP participating and non-participating households in our study population include hours worked, number of jobs held, and employment instability. For example, employment instability, as measured by the number of employment changes the household had last quarter, is higher in our sample of FSP participating households than non-participating households.

The multivariate analysis examines the relationship between FSP participation and detailed employment characteristics, which has not been examined in prior studies. We examined this relationship using a individual-level fixed effects logit model, which is a powerful model as it controls for all (observed and unobserved) individual-level characteristics that do not change over time (e.g., individuals tastes and preferences). We also estimate this relationship using a straightforward logit model, and while many of the findings across the two models are qualitatively similar, a Hausman test between the logit model and the fixed effects logit model provides evidence to reject the hypothesis that the coefficients from these two models are the same. Our multivariate analysis also examines the relationship between FSP participation and several other variables including FSP policies, household composition, demographic characteristics, and economic conditions. Finally, we examined how the relationship between these characteristics and FSP participation differs in the pre- and post-welfare reform periods, something prior studies have not examined.

We find that work schedule (i.e., working traditional daytime versus non-traditional hours), number of jobs, number of hours worked, and number of employer changes are all significantly related to FSP participation. These results hold up in models that control for employment status and income volatility. Consistent with our hypotheses, we find that individuals in households where adults work traditional daytime hours are less likely to participate in the FSP than individuals in households where adults work nontraditional hours. Working traditional daytime hours may make it difficult for individuals to get to the food stamp office to apply for and recertify for food stamp benefits during typical hours of operation. We also find that the number of jobs held by adult household members and the number of hours worked by adult household members are negatively related to FSP participation, as expected.

Our result related to the number of employer changes is not in the hypothesized direction. An increase in the number of employer changes is hypothesized to increase the cost of FSP participation, leading to a reduction in FSP participation. The results, however, suggest that an additional employer change increases, not decreases, the probability of FSP participation. It may be the case that our employer change variable is

capturing income instability, and it is income instability that is associated with an increase probability of FSP participation.<sup>43</sup>

The results of this analysis are robust to additional specifications—models that include income and models estimated on a subpopulation of working-aged adults ever observed living below *130 percent of the poverty threshold*. Models that exclude and include household income produce results that are similar, with one exception. The coefficient on the number of jobs held by adult household members move (from negative) to zero when income is introduced into the model, suggesting that the number of jobs held may affect FSP participation through income. The estimated coefficient on the employment variables are similar in models estimated on the full study population and the more economically disadvantaged subpopulation of adults ever observed living below 130 percent of the poverty threshold.

Overall, these results suggest that the cost of FSP participation may lead to reduced participation in the Food Stamp Program. As a result, federal and state efforts to reduce the cost of participating in FSP may increase FSP participation of low-income working households.

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<sup>43</sup> While our model does include a control for income volatility, it may not fully control for the food security of the working poor.