

Food stamp benefits reduce the depth of poverty

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The issue. The Food Stamp Program is the largest U.S. food assistance program, serving approximately 26.7 million individuals in 2006 with an annual benefit distribution of \$32.9 billion. Almost half of these recipients are children. There are many studies on the effectiveness of the FSP in achieving the direct goal of raising the nutritional well-being of low income households. Relatively less work has assessed the effectiveness of food stamps as a policy instrument to promote the general welfare of the population.

According to our research. Economic measures (squared poverty gap indices) indicate that the depth and severity of poverty are significantly higher for children than for the population in general. These results demonstrate that an examination of only the headcount index would lead to the incorrect conclusion that food stamps do not have an important impact on the reduction of child poverty. Although adding the value of food stamps to household income does not reduce the number of children living in poverty, it does reduce the depth and severity of their poverty.

Also, we considered several potential changes to the FSP and simulated their effect on child poverty. Our results indicate that increases in FSP benefit levels by 10% and 20% would not result in a large reduction of the number of children living in poverty but would be highly effective in further reducing the depth and severity of child poverty.

The simulations also suggest that providing food stamps to poor and extremely-poor households with children not previously receiving stamps does not necessarily result in greater reduction in child poverty rates. The simulation that increases benefits to all poor household that already participate in the FSP reduced the depth of poverty by a greater amount than the simulated increase in participation rates.

We recommend. Our results demonstrate that when working to determine potential changes in the Food Stamp Program and how they would affect child poverty, considering only headcounts can be misleading. Policymakers should also consider the depth of poverty and the severity of poverty. When the latter are taken into consideration, the FSP plays an important role in improving the welfare of children in low-income households. Increasing benefits to those already participating in the FSP would significantly reduce the depth of poverty.

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This policy brief is based on published research: Jolliffe, D., Gundersen, C., Tiehen, L., and Winicki, J. (2005). Food Stamp Benefits and Child Poverty. *American Journal of Agricultural Economics*, v87(3), 569-581.

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