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The Receipt Of Public Benefits and Private Charity Among Low Income Households Following the Great Recession

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Introduction

Using data from the first two waves of the Michigan Recession and Recovery Survey (MRRS), this brief examines trends in benefit receipt from public safety net programs and support from charities among low-income households in the Detroit Metropolitan Area. The MRRS gathers detailed information about employment history, income sources, education and training, safety net program participation, private social support, material hardships, health and mental health, marital and relationship status, and basic household demographics.

The first wave included hour-long in-person interviews between late October 2009 and March 2010 with 914 adults between the ages of 19 and 64 (response rate of 82.8%). The second wave (also hour-long in-person interviews) was completed between April and August 2011 with 847 of Wave 1 respondents (response rate of 93.9%). When household and individual survey weights are applied, the MRRS sample is representative of households with adults

aged 19 to 64 years living in the three-county Detroit Metropolitan Area.¹

We classify households as low-income if annual income for the calendar year prior to the survey falls at or below 200% of the federal poverty thresholds based on household size and number of children under age 18 in the household.² Determinations of household low-income status in Wave 1 are based on income for calendar year 2008; for Wave 2, income is based on calendar year 2010. For example,

in Wave 1 a single-parent household with two children in 2008 is considered low-income if annual income falls at or below \$35,200 (poverty threshold for family of three with two children is \$17,600).

Findings

Table 1 presents data from all Wave 2 respondents. Nearly one-third of households were classified as low-income at each wave. Whereas 28.4% of Wave 1 households were low-income (top row of Table 1, sum of columns 2 and 4), 30.0% of

Table 1: Percent of Households at or below 200% of the Federal Poverty Level: Patterns Overall and By Race and Educational Attainment

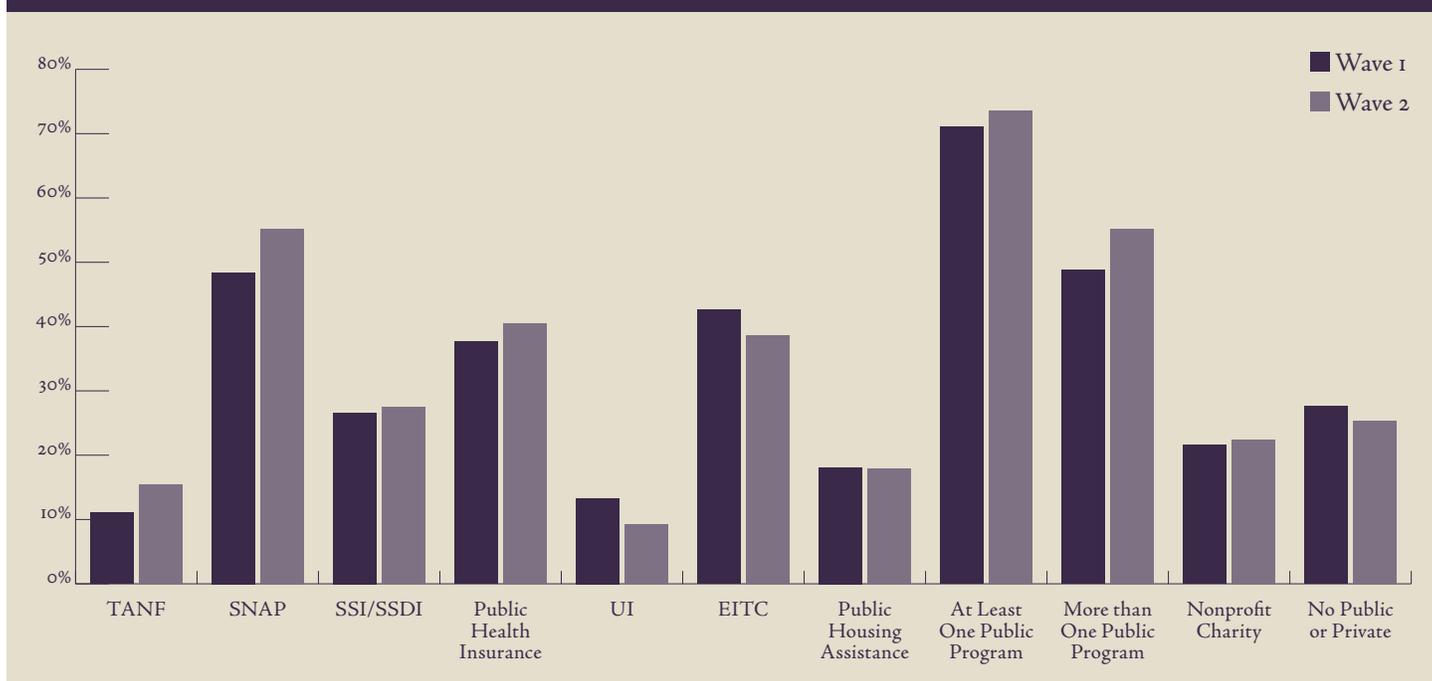
	>200% FPL both waves	<200% FPL Wave 1 only	<200% FPL Wave 2 only	<200% FPL both waves	Total	N
Overall	63.5	6.5	8.1	21.9	100.0	847
Black	30.6**	5.9	13.2**	50.3**	100.0	443
Non-black	74.8**	6.7	6.4**	12.1**	100.0	404
<BA	49.7**	7.8	10.1*	32.4**	100.0	602
BA+	85.2**	4.6*	4.9*	5.3*	100.0	245

Unweighted Ns, proportions weighted with household weights.

* Percentage differences between race or education categories are significant at the .05 level or below.

** Percentage differences between race or education categories are significant at the .001 level or below.

Figure 1: Receipt of Public Assistance & Nonprofit Charity Over Time by Households at or below 200% of the Federal Poverty Level



households were low-income in Wave 2 (top row of Table 1, sum of columns 3 and 4). Of those households that were low-income in Wave 1, nearly 8 in 10 remained low-income in Wave 2 (data not shown).

Households with African American respondents (50.3%) and with respondents who had not completed college (32.4%) were more likely to have income at or below 200% of the federal poverty line at both waves than non-blacks (12.1%) or respondents with at least a college degree (5.3%).

To understand the use of public safety net programs and support from charities in the wake of the Great Recession, the MRRS collects self-reported receipt of several public safety net programs either at the time of the survey or in the prior 12 months: Temporary Assistance for Needy Families (TANF); Supplemental Nutrition Assistance Program (SNAP, formerly known as Food Stamps); Social Security Disability Insurance (SSDI) or Supplemental Security Income (SSI); public health insurance (Medicaid or other programs); Unemployment Insurance (UI);

Earned Income Tax Credit (EITC); and public housing assistance. Respondents also self-report receipt of food or shelter assistance from a private charity in the 12 months prior to the survey.

Little is known at the national level about participation rates for multiple public and private supports in response to the Great Recession. According to a recent Census Bureau report, 17.8% of the U.S. population received assistance from TANF, General Assistance, SNAP, SSI, Medicaid, or housing assistance in 2005. In 2009, 18.6% of the population received assistance from these public programs—an increase of about 6 percent.³ SNAP receipt increased more sharply in the year immediately following the recession, increasing from 7.9 percent of the population in 2005 to 10.5 percent in 2009.⁴

Low-income households have also been seeking help from nonprofit charities with greater frequency due to the recession. Nonprofit food pantry use increased during the Great Recession and an estimated 37 million individuals received

help from charitable food programs in 2009, including a large percentage of SNAP recipients.⁵ Mayors from 25 of the largest cities in the U.S. cite rising demand for emergency food assistance and increases in homelessness following the Great Recession.¹ However, the amount of charitable assistance often is modest and limited in availability or in frequency with which one can receive it. Many charities provide only temporary or short-term help, and their services are designed to be complements to public safety net assistance programs—not replacements.

In this brief, we examine trends in receipt only among households that were classified as low-income in both survey waves.⁶ Figure 1 charts receipt of different public programs in each wave, as well as the share receiving benefits from one or more public programs. Consistent with national patterns of program participation, in each wave of the survey, low-income households in metro Detroit were most likely to receive benefits from SNAP, public health insurance programs, and the Earned Income Tax

Table 2: Combinations of Support Used in Wave 1 and Wave 2 for Households at or below 200% FPL in Both Waves, N=307

		WAVE 2				Total
		Used only public support	Used only private charity	Used both public & charity	Used no supports	
WAVE 1	Used only public support	36.5%	0.3%	9.1%	8.1%	54.0%
	Used only private charity	0.9%	0.5%	0.5%	0.0%	1.9%
	Used both public & charity	11.7%	0.5%	14.2%	0.2%	26.6%
	Used no supports	4.0%	0.8%	0.5%	12.1%	17.4%
	Total	53.1%	2.1%	24.3%	20.4%	99.9%

Table 3: SNAP Use with Other Types of Support for Households at or below 200% FPL in both waves, N=307

		WAVE 2					Total
		SNAP only	SNAP + other public	SNAP + public + charity	SNAP + charity	No SNAP	
WAVE 1	SNAP only	0.9%	4.2%	0.2%	0.3%	0.5%	6.1%
	SNAP + other public	1.7%	18.7%	5.8%	0.4%	3.9%	30.5%
	SNAP + public + charity	0.9%	7.0%	10.9%	0.0%	3.5%	22.3%
	SNAP + charity	0.2%	0.0%	0.3%	0.0%	0.0%	0.5%
	No SNAP	2.2%	6.8%	2.4%	0.6%	28.7%	40.7%
	Total	5.9%	36.7%	19.6%	1.3%	36.6%	100.1%

Credit (EITC). SNAP benefits were received in Wave 2 by 55.2% of all low-income households, public health insurance coverage by 40.4%, the EITC by 38.3%, and benefits from SSI/SSDI by 27.5%.

There was little change in the rates of public program participation between the waves, indicative of the persistently high unemployment rate in metro Detroit over the study period—71.0% received benefits from at least one public program at Wave 1 and 73.5% at Wave 2. Benefit receipt from multiple programs was common at

both waves as well, with 48.8% of low-income households receiving help from more than one public program in Wave 1 and 55.1% in Wave 2.

Private charities also provide critical support to low-income households. The second to last column in Figure 1 examines receipt of charitable assistance. Specifically, at Wave 1, 21.6% of low-income households reported food or shelter assistance from a charity; this rate was 22.3% in Wave 2.

At the other extreme, 27.6% of low-income households in Wave 1 reported no public or

charitable assistance and 25.3% reported no support in Wave 2. Further, we show below that only 12.1% of households received no public assistance or private charity at both waves (see Table 2, column 4, row 4).

Although public program participation rates and receipt of assistance from charities did not change much in the aggregate over the two waves, bundling of public and charity benefits did change, shown in Table 2. Among all low-income households, 36.7% reported a different mix of public and charity supports between the two waves. For example, 11.7% of households reporting both public and charity receipt in Wave 1 reported only public benefits by Wave 2 (column 1, row 3). And, 9.1% of those households receiving only public benefits in Wave 1 received both public and nonprofit charity support in Wave 2 (column 3, row 1). Whether due to improved economic prospects, failing to be eligible, or exhausting benefits, 8.3% of low-income households reporting some type of public or private assistance in Wave 1 did not report any benefits in Wave 2.

Among all low-income households, 36.5% received only public benefits in both waves (column 1, row 1 in Table 2). Only 14.2% reported receiving both public and private benefits in both waves (column 3, row 3).

Because SNAP receipt was the most common program used at both waves, we examine this program in more detail in Table 3. Among all low-income households, 28.7% did not receive SNAP in either wave. SNAP use was most often combined with other public programs—18.7% received SNAP in combination with another public program but no charity in both waves, and another 10.9% combined SNAP, another public program and charity in both waves. In Wave 1, 52.8% of households used SNAP with at least one other public program, and in Wave 2, 56.3% did so. The use of charity as a supplement to public programs was prevalent,

with 22.3% of households doing so in Wave 1 and 19.6% of households doing so in Wave 2.

Summary

Many households in metro Detroit had low incomes during and after the Great Recession—about one third of those in the first and in the second waves of our study. Fully one-fifth of the sample remained near poor or poor in both waves. Many of these individuals and families continued to rely on multiple public and private programs in the wake of the recession. The public safety net, especially the SNAP program, but also the EITC and public health insurance programs, were the programs used most frequently. Indicative of the sluggish recovery, most low-income households that received public benefits in 2009/2010 remained beneficiaries in 2011. Receipt of benefits from charity for food or shelter also played a key role for many low-income households, often complementing public safety net benefits, but this support does not reach the majority of households with persistently low income.

Acknowledgements

The MRRS was funded in part by the Office of the Assistant Secretary of Planning and Evaluation, U. S. Department of Health and Human Services, the Office of the Vice President for Research at the University of Michigan, the Ford Foundation and the John D. and Catherine T. MacArthur Foundation. Allard's work was supported by the Population Research

Center at NORC and the University of Chicago, and National Institute of Child Health and Human Development (NICHD) Grant #5R24HD051152-07.

About the Authors

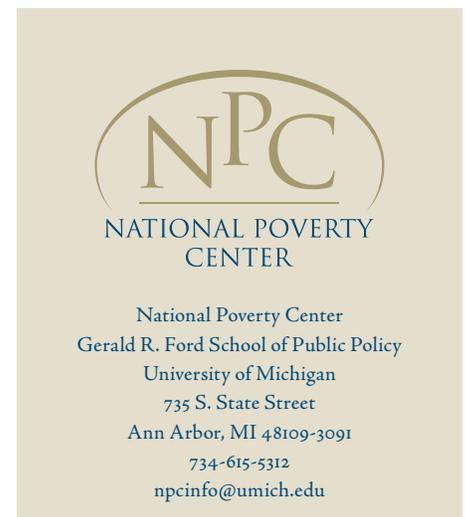
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NPC activities are currently supported with funding from the Ford Foundation, John D. and Catherine T. MacArthur Foundation, Russell Sage Foundation, U.S. Department of Agriculture, as well as generous support from units within the University of Michigan, including the Gerald R. Ford School of Public Policy, Office of the Vice President for Research, the Rackham Graduate School, and the Institute for Social Research.



1. When survey weights are applied, the MRRS sums to the American Community Survey (ACS) estimated total population count for Macomb, Oakland, and Wayne counties of metropolitan Detroit, see Adams, Terry K., Jim Lepkowski, Mahmoud Elkasabi, and Danielle Bartle. (2011). "Michigan Recession and Recovery Study (MRRS): Sampling and Weights Documentation." University of Michigan, Institute for Social Research.
2. Income is determined from the question, "Now thinking about you and your household, what do you estimate was the total income for you and other people living here from all sources, including earnings from work, any business, plus food stamp payments, child support, any government benefits, retirement income and any interest or investment income, before taxes?"
3. Kim, Jeongsoo, Shelley K. Irving, and Tracy A. Loveless. 2012. "Dynamics of Economic Well-Being: Participation in Government Programs, 2004 to 2007 to 2009 – Who Gets Assistance?" U.S. Department of Commerce, Economics and Statistics Administration, U.S. Census Bureau, Current Population Reports #P70-130.
4. Mathematica Policy Research Inc. 2010. "Hunger in America 2010 National Report." Accessed March 27, 2011. http://feedingamerica.issuelab.org/research/listing/hunger_in_america_2010_national_report.
5. United States Conference of Mayors. 2008. "Hunger and Homelessness Survey: in America's Cities: A Status Report on Hunger and Homelessness in America's Cities."
6. In further research, we will examine patterns of program participation and characteristics of households with different patterns of program participation among the sample members who were at or below 200% FPL at either wave. In this brief, we examine the group who persisted to have income at or below 200% of the federal poverty line at both waves of the study, as these households are the most likely to be income-eligible for both public and private charitable assistance.