

**A County Level Analysis of Food Stamp Caseload Changes
in Tennessee**

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Introduction

The Food Stamp Program (FSP) is administered by the Food and Nutrition Service (FNS). It is aimed at increasing food purchasing power of low-income individuals and families and improve the nutritional content of their diet. All states are required to convert benefit awards from paper coupons to Electronic Benefits Transfer (EBT) system by 2002 to reduce fraud and stigma associated with using coupons. Several States including Tennessee have already instituted the system in collaboration with Groceries serving Food Stamp clients (Tegegne et al., 1999; Wilde and Andrews, 2000).

Food stamp benefits are available to all persons who meet the Federally determined eligibility criteria related to income level, the value of assets, and certain non-financial criteria such as work registration. Food Stamp Program (FSP) benefits are fully funded by the Federal government, and the program is administered by State and local governments who share administrative costs with the Federal government. States are responsible for certifying eligible households, calculating, and issuing benefits. Given the safety net nature of the program, and the approaching time limit for TANF recipients, the role of the FSP becomes critical in serving those who are eligible. The question that remains unanswered is the extent to which this is being achieved.

Background

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996, (PRWORA) increased flexibility for states to make choices in the FSP in two significant ways. First, PRWORA provided states with an array of Food Stamp (FS) policy options, particularly in areas that are designed to promote personal responsibility through work requirements and

sanctions (USDA, Food and Nutrition Service, 1998). Second, some states with unemployment levels consistently above the national average have requested waivers for the three months time limit on the Food Stamp program and USDA has been dealing with the issue on a case by case basis. States such as California and Florida with sizeable recent immigrant populations have also been earmarking state funds to provide food assistance to this group beyond what is allowed by Federal law.

There are several studies on Food Stamp participation and caseload changes based on various considerations including welfare reform, urban rural taxonomy, macroeconomic conditions and characteristics of recipients. Gunderson, Leblanc, and Kuhn (1999) show that welfare reform reduced funds from the FSP lowering benefits per person and introducing restrictions in eligibility.

Nord (2000) argues that the increase in food insecurity among low-income households not receiving food stamps is mainly a result of less access to the program. In addition, others such as McConnell and Ohls (2000) maintain that participation in the program is primarily in an urban phenomenon where significant decline in caseload has also been observed in contrast to rural areas. Gleason, Tripple and Cody (2001) found that the number of long term, employed recipients has grown compared to those depending only on welfare benefits. Wilde et. Al (2000), using state level data, show that 55% of the change in participation in the Food Stamp Program was due to decline in the proportion of low income people who participate in the program. A study by Zedlewski and Brauner (1999), which considered families participating in the Food Stamp, shows that families leaving TANF have higher exit rate from the FSP than families not receiving public cash assistance. Ziliak, Gunderson, and Figlio (2000) analyzed the impacts of welfare reform and the business cycle on food stamp caseloads. They used a dynamic model and

state level panel data covering the period 1980-1999 and concluded that Pre-PRWORA waivers, and the pace of economic growth affected Food Stamp caseload changes.

Table 1 provides a comparative data on the working poor for Tennessee and the U.S. Among other things, the table shows that Tennessee has higher percentage of poor families with children with a worker, and poor families with earnings as a majority of income than for the U.S.

Table 1. Selected Working Poor Data, Tennessee and U.S.

	TENNESSEE	U.S
Number of poor families with children	148,000	6,258,000
Number with non-disabled, non-retired parents	129,000	5,620,000
Number of poor families with a worker	103,000	3,942,000
Percent of poor families with children with a worker	80.0%	70.2%
Average weeks worked among the working poor	38*	41
Percentage of poor families with earnings as a majority of income	69.1%	57.0%
Percentage of poor families with welfare as a majority of income	16.6%	24.2%
Percentage of families that receive welfare that also work	70.9%*	62.6%
Child Poverty Rate (1996-1998)	20.0%*	19.1%
Poverty Rate (1996-1998)	14.5%*	13.2%

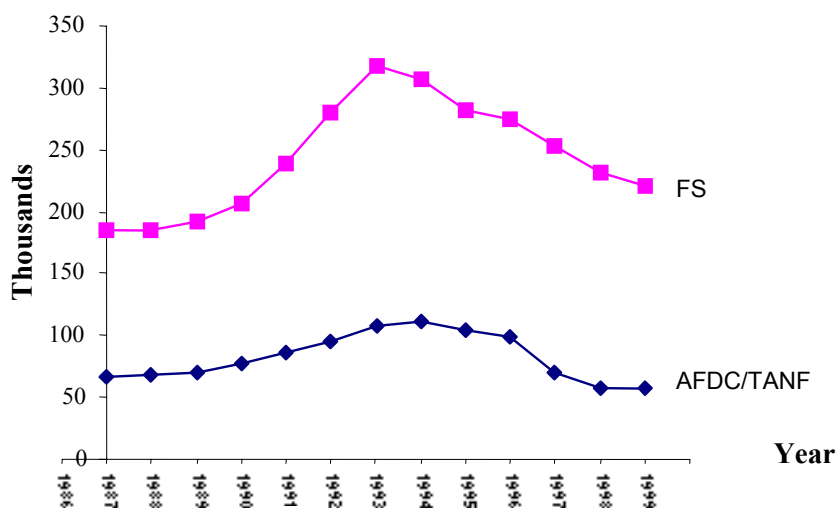
*Figures marked by asterisk are not different from the U.S. figure by a statistically significant margin.

Source: Center on Budget and Policy Priorities, "Poverty Despite Work Handbook," April 1999.

Food Stamp (FS) caseloads were high in the early 1990's peaking in 1993/94. PROWORA was introduced in 1996 and implemented under robust economic circumstances.

Substantial decline in Food Stamp caseloads were registered nationwide (Wilde et al., 2000) with some variations among states. As in the other southern states, (see for instance Henry et al., 2000) there has been decline in Food Stamp caseload in Tennessee although the decline was smaller than that for TANF and the national Food Stamp average decline. A review of evidence by Wilde et al. (2000); Dion and Pavetti (2000) indicate that Food Stamp caseload declines are due to a combination of improved economic condition of recipients, new eligibility restrictions and decline in participation in the program by those eligible to receive benefits. The Figure below provides trends in TANF and Food Stamp Caseload changes for Tennessee between 1987 and 1999.

Tennessee AFDC/TANF and FS Caseload Changes: 1987-1999



Objective

To analyze Food Stamp Caseload changes in Tennessee using county level administrative data on caseload, employment/unemployment and other related data.

Data and Methodology

County level monthly administrative data on caseload was acquired from the state Department of Human Services while data on employment/unemployment and labor force was provided by the Tennessee Department of Employment Security Commission. Relevant county data from the Regional Economic Information System (U.S. Department of Commerce, 1997) was also used.

A regression model, in which the dependent variable was specified as caseload decline, was used to assess the effect of various variables such as unemployment rate, change in unemployment, growth in wage and salary jobs, growth in retail jobs on caseload change. Data on recipient characteristics was incomplete and not included.

Further analysis will utilize a different model, which will specify the dependent variable differently instead of caseload. Effort is also underway to obtain and incorporate necessary data on recipient characteristics such as age, education, gender, and race. The remaining section will provide a taxonomy of the three regions of Tennessee using the USDA/ERS metro, non-metro and adjacent classification of counties (Cook and Mizer, 1989) and summarize the results.

Tennessee has three regions with a total of 95 counties. The Middle region has the highest number of counties (40), the West has the least (22) and the East has the balance (33 counties). Table 2 provides breakdown of the counties using the above classification.

Table 2 Regional Distribution of Tennessee Counties by Metro, Adjacent to Metro, and Non-Adjacent to Metro Categories.

Region	Category	Number of Counties	%
East	Metro	13	39.39
	Adjacent to metro	14	42.42
	Non-adjacent to metro	6	18.18
Middle	Metro	9	22.50
	Adjacent to metro	18	45.00
	Non-adjacent to metro	13	32.50
West	Metro	4	18.18
	Adjacent to metro	9	40.91
	Non-adjacent to metro	9	40.91

Metro counties in all three regions account for 27.37%, metro adjacent for 43.16% and nonadjacent for 29.47%. It can be discerned from the table that the Eastern and the Middle regions have the highest share of metro and metro adjacent counties, while the Western region has the largest share of nonadjacent counties. Table 3 summarizes caseload levels and changes in the three regions over the period 1992-1999.

Table 3 Total Numbers of Food Stamps Case and Percent Change in Tennessee by Region (January 1992-November 1999)

	Regions			
	Western	Middle	Eastern	Total
Total Number of FS Cases in January 1992	87,797	78,650	104,627	271,074
Total Number of FS Cases in September 1997	92,469	76,104	103,805	272,378
Total Number of FS Cases in November 1999	70,258	60,431	84,864	215,553
Percent Change in FS Cases Between January 1992-September 1996	+5.32	-3.24	-0.78	+0.48
Percent Change in FS Cases Between September 1996-November 1999	-24.01	-20.59	-18.25	-20.86
Percent Change in FS Cases Between January 1992-November 1999	-19.98	-23.16	-18.89	-20.48

Results

The Eastern region, which has a large share of metro and metro adjacent counties, has the highest Food Stamp cases followed by the Western and Middle regions. During 1992-1996, a period before implementation of the new welfare reform, Food Stamp cases rose on the whole due to increase in cases in the Western region. In contrast, while the decline is not as high as in other states, there has been a reduction in cases after 1996 in all regions.

Overall the Middle region, which has the lowest number of initial cases and lower unemployment rate than the other two regions, registered the largest decline in cases. This reflects regional differences in economic activity and the associated opportunity for employment are critical in reducing caseload.

From the regression analysis, unemployment rate and growth in retail jobs were found to be the two significant variables. That is, low unemployment rate and growth in retail jobs had a positive impact on caseload decline. This is consistent with finding by other which show those working and receiving food stamp benefits are primarily employed in the retail sub-sector. The contrast, growth in wage and salary jobs did not lead to reduction in caseload indicating that such jobs are inaccessible to this group due to low education and skill levels. The other variables were found to be insignificant.

Summary and conclusions

Tennessee received Federal waivers only a month before implementing its welfare program. Given this, welfare and Food Stamp caseloads remained high prior to the welfare reform law of 1996. The new law introduced changes that affected the Food Stamp program by granting flexibility to states in making policy choices, time limit, and eligibility requirements for recipients. This study used monthly County-level Administrative data on Food Stamp caseload

and unemployment data from state agencies in combination with data on county economic conditions to analyze caseload changes in the state. Results show that local labor market conditions are a significant determinant of changes in Food Stamp caseload. Changes in availability of low skill jobs are estimated to have a large impact on program participation. Similarly, the unemployment rate has a sizeable effect on recipients' participation in the labor force. Unlike other studies that used aggregate data and general economic measures that did not distinguish between job categories requiring different skill levels, this paper considered local economic conditions and the segment of the labor market in which Food Stamp recipients seek employment.

There are two key conclusions that emerge from this study. First, it is important that the skills of participants be enhanced to enable them secure employment in the primary labor market. Not only will provide access to better paying jobs with benefits but also the potential for retaining their jobs and realizing vertical mobility than in the secondary labor market where those receiving benefits have been finding employment. Second, there is need to promote economic opportunities in areas where such opportunities are currently limited. The approach used in this study and the findings are expected to be useful for researchers and policy makers. Further quantitative analysis of caseload changes will be made using alternative models.

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