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Recent Food-Stamp Caseload Changes in Tennessee

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The goal of the Food Stamp Program (FSP) is to increase the food-purchasing power of low-income individuals and families and improve the nutritional content of their diet as defined by the Federal Government's Thrifty Food Plan. To achieve this goal the Program provides food assistance in the form of coupons or Electronic Benefits Transfer (EBT). Recipients must meet eligibility criteria involving income and assets. After the 1996 welfare reform, recipients should also meet the work requirement unless they are exempt. Changes in economic conditions and policies over the years have affected caseload changes with some variation among states.

This study is based on county-level administrative data on food-stamp caseload and unemployment obtained from the Tennessee Departments of Human Services and Employment Security, respectively. In addition, data from the Regional Economic Information System on some county characteristics was also used. A regression model, in which caseload change was the dependent variable, was estimated.

Results show that unemployment rates and growth in retail jobs were important determinants of caseload changes. As expected, high unemploy-

ment rates had a negative impact on caseload decline, indicating that in times of economic difficulty people would rather stay in the program than leave. This finding is consistent with the general trend of caseload change for the country over the years. Growth in retail jobs was found to reduce caseloads. This was explained by the fact that given their education and skill levels, the vast majority of recipients found jobs in the secondary labor market. In contrast, growth in wage-and-salary jobs, found in the primary labor markets, did not lead to decline in caseload because of welfare recipients' lack of qualifications for such jobs.

The above results, which are expected to be useful for researchers and policy makers, underscore the importance of focusing on the local labor market and the segment in which recipients find jobs. They also indicate the need to promote job creation in areas where opportunities have been limited. In addition, education and training programs should be expanded to enhance the skills of recipients. This is critical to enable them have access to jobs in the primary labor market that pay better, provide benefits, and have the potential for stability as well as vertical mobility.

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