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FOOD STAMP CASELOADS ARE RISING

by Joseph Llobrera

Following years of decline, food stamp participation has been on the rise for nearly four years. In May 2004, the last month for which data are available, 23.9 million people participated in the Food Stamp Program.¹ The number of food stamp participants has exceeded 23 million since December 2003. Prior to this, March 1997 was the last time in which the number of food stamp participants exceeded this level. Since its recent low point in July 2000, participation has increased by 7.1 million people, or 42 percent.

While it is not possible to determine what caused the increase in participation from the data available, it is likely that the majority of the increase can be attributed to the enduring severity of “long-term” joblessness.² Labor market indicators suggest that it is extremely hard for people who have lost jobs to find a new one. Although the labor market has been generating significant numbers of new jobs in recent months, it takes more than a few months of significant job growth to substantially reduce the problems of the long-term unemployed. The Temporary Extended Unemployment Compensation program was set up in March 2002 to provide additional weeks of federally funded unemployment benefits to jobless workers who have run out of regular, state-funded unemployment benefits but have not found a job. In May 2004, more than 293,000 individuals exhausted their regular state unemployment benefits and did not qualify for additional federal unemployment aid. The number of “exhaustees” in May was higher than any other May on record, even though about 208,000 jobs were created in that month. Similarly, about 350,000 jobs were created in both March and April yet in both months the number of exhaustees set records for such months. This pattern is predicted to continue until October, even if job growth continues over the next several months. Due to loss of employment and income, more families probably became eligible for the Food Stamp Program. In addition, some of the increase in participation is attributable to a greater share of already eligible families participating in the program. This effect, however, is most likely smaller than the impact of the economy. As noted above, while it is not possible to explain with certainty all aspects of the caseload growth, there are several observations worth noting.

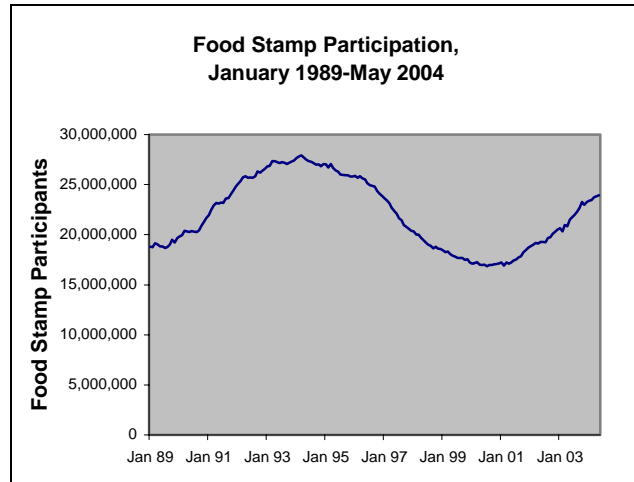
- **Many states have had large increases in participation.** Seasonal patterns can mask trends in food stamp participation since caseloads tend to rise in the winter

¹ All participation figures used in this report were collected by the Food and Nutrition Service of the U.S. Department of Agriculture. National participation figures refer to the number of people participating in the program in the 50 states and the District of Columbia, and exclude Guam and the Virgin Islands. Recent participation figures are available on the web at <http://www.fns.usda.gov/pd/fspmmain.htm>. These figures are preliminary and subject to change.

² See *Despite Job Growth, a Record 2 Million Unemployed Have Gone Without Benefits*, Isaac Shapiro, Center on Budget and Policy Priorities, June 2004, available at <http://www.cbpp.org/6-28-04ui.pdf>.

months and fall in the summer. Participation has increased in 11 of the last 12 months, instead of declining during the summer months as would have been consistent with historical trends. The rise in food stamp caseloads in recent months may indicate a long-term upward trend in food stamp participation. Participation in May 2004 was at its highest level since November 1996. Between May 2003 and May 2004, food stamp participation increased in 48 states and the District of Columbia. In two states, food stamp participation increased by more than 20 percent. In 19 additional states, participation increased by more than 10 percent.

- **This upward trend follows a long period of caseload decline.** Between the peak in March 1994 and the low point in July 2000, food stamp participation fell by 11 million people, a 40 percent decline. In 62 of the 76 months between March 1994 and July 2000, participation declined. In contrast, participation has increased in 38 of the 46 months since July 2000.



- **Most states have had caseload increases since the beginning of the recession.** According to the National Bureau of Economic Research, the recession that began in March 2001 ended in November 2001. Despite the modest economic recovery and recent job growth, long-term unemployment levels remain high. Between March 2001 and May 2004, food stamp participation increased by 6.7 million people, or 39 percent, nationally. Participation increased between March 2001 and May 2004 in 49 states and the District of Columbia.
- **Rising participation rates may explain some of the increase.** Between September 1999 and September 2001, the participation rate among individuals eligible for the food stamp program rose three points, from 59 percent to 62 percent. This two-year increase follows five consecutive years of declining participation rates.³ States have recently begun to adopt new options in the Food Stamp Program which should make it easier for eligible families, especially working families, to obtain and retain food stamps. Many of these options became available as a result of the 2002 Farm Bill. These efforts have likely continued the trend toward increased participation among eligible families.

³ A U.S. Department of Agriculture report provides more information on trends in Food Stamp Program participation rates. The report is available on the web at <http://www.fns.usda.gov/oane/MENU/Published/FSP/FILES/Participation/Trends1999-2001.pdf>.

- **Recent changes to food stamp *eligibility* do not explain the long-term upward trend.** The 2002 Farm Bill also included some modest expansions in eligibility. In particular, the Farm Bill restored eligibility to some legal immigrants. The benefit restoration to legal immigrants did not take effect until April 1, 2003 and cannot explain increases in the program prior to that date. Moreover, states report anecdotally that immigrants have been slow to return to the Food Stamp Program. While the immigrant restoration may explain some of the increase in food stamp participation in recent months, it is not the underlying cause of the long-term upward trend in participation.

Food Stamp Participation Changes May 2002 to May 2004

State	Participants, May 2002	Participants, May 2003	Participants, May 2004	Change, May 02-May 04	Change, May 03-May 04
Alabama	444,588	471,574	494,003	11.1%	4.8%
Alaska	49,901	53,966	56,251	12.7%	4.2%
Arizona	386,302	481,281	520,157	34.7%	8.1%
Arkansas	284,925	313,490	352,767	23.8%	12.5%
California	1,790,429	1,745,626	1,895,604	5.9%	8.6%
Colorado	181,253	213,633	246,409	35.9%	15.3%
Connecticut	171,290	182,523	198,059	15.6%	8.5%
Delaware	40,465	47,091	57,244	41.5%	21.6%
District of Columbia	74,186	83,333	87,602	18.1%	5.1%
Florida	987,236	1,012,016	1,184,419	20.0%	17.0%
Georgia	645,588	781,340	865,200	34.0%	10.7%
Hawaii	105,767	100,245	97,288	-8.0%	-2.9%
Idaho	72,529	84,666	94,436	30.2%	11.5%
Illinois	905,751	971,183	1,082,344	19.5%	11.4%
Indiana	417,698	473,541	529,857	26.9%	11.9%
Iowa	140,098	158,189	186,840	33.4%	18.1%
Kansas	142,695	163,108	169,103	18.5%	3.7%
Kentucky	448,862	509,945	546,274	21.7%	7.1%
Louisiana	590,888	652,568	709,828	20.1%	8.8%
Maine	112,469	144,370	147,689	31.3%	2.3%
Maryland	230,900	254,160	274,197	18.8%	7.9%
Massachusetts	243,577	302,760	335,339	37.7%	10.8%
Michigan	761,842	855,415	960,556	26.1%	12.3%
Minnesota	218,725	238,552	250,431	14.5%	5.0%
Mississippi	321,139	359,613	376,876	17.4%	4.8%
Missouri	517,534	602,270	702,653	35.8%	16.7%
Montana	65,066	72,843	77,662	19.4%	6.6%
Nebraska	87,991	100,373	115,615	31.4%	15.2%
Nevada	98,540	116,610	121,220	23.0%	4.0%
New Hampshire	42,104	46,051	50,420	19.8%	9.5%
New Jersey	318,228	344,125	373,335	17.3%	8.5%
New Mexico	173,123	197,723	227,468	31.4%	15.0%
New York	1,351,125	1,452,645	1,616,306	19.6%	11.3%
North Carolina	575,947	651,370	750,459	30.3%	15.2%
North Dakota	36,585	40,072	42,086	15.0%	5.0%
Ohio	745,895	871,824	958,356	28.5%	9.9%
Oklahoma	320,619	380,189	409,273	27.7%	7.6%
Oregon	368,455	408,273	423,107	14.8%	3.6%
Pennsylvania	759,003	831,307	972,469	28.1%	17.0%
Rhode Island	72,335	75,883	78,058	7.9%	2.9%
South Carolina	381,211	453,941	496,593	30.3%	9.4%
South Dakota	48,141	52,408	54,064	12.3%	3.2%
Tennessee	600,722	743,838	801,926	33.5%	7.8%
Texas	1,567,805	1,875,207	2,254,673	43.8%	20.2%
Utah	91,853	108,080	125,259	36.4%	15.9%
Vermont	40,309	41,947	43,263	7.3%	3.1%
Virginia	352,419	393,351	463,184	31.4%	17.8%
Washington	355,676	419,027	463,619	30.3%	10.6%
West Virginia	255,192	246,700	245,534	-3.8%	-0.5%
Wisconsin	265,812	300,436	325,399	22.4%	8.3%
Wyoming	23,905	25,504	25,532	6.8%	0.1%
TOTAL	17,722,416	19,653,535	22,314,167	25.9%	13.5%