



NC Justice Center
*Opportunity and Prosperity
for All*

BTC Brief

▶ NC BUDGET & TAX CENTER

May 2009

REVERSING THE DECLINE: Food Stamps Bolster Local Economies, Help Households Weather Economic Storm

*Timely,
accessible,
and credible
analysis of
state and local
budget and tax
issues*

Since the start of the recession, North Carolinians have received \$1.6 billion in food stamp payments. That money, in turn, has generated \$2.8 billion in economic activity. Absent the payments, the economic woes confronting the state's businesses and households would be much worse.

The Statewide Impact of Food Stamps: \$2.8 Billion and Counting

A federal entitlement, the Food Stamp Program (called Food and Nutrition Services in North Carolina) helps low-income families purchase basic groceries. To qualify, a household must have a monthly income at or below 130 percent of the poverty level (approx. \$2,445 per month for a family of four in 2008) and meet other criteria. Benefits are set on a sliding scale and only may be used to purchase food products. Monthly payments are modest; in recent months, half of all participating households have received less than \$176.

Yet small payments have a big economic impact. Between Dec. 2007 and Mar. 2009, North Carolinians received an inflation-adjusted total of \$1.6 billion in benefits – benefits that were spent quickly and locally. Moreover, research suggests that \$1 in benefits sparks \$1.73 in additional spending. Thus, food stamp benefits **have generated \$2.8 billion in statewide economic activity** since the recession's onset. This is equal to 1.7 percent of the total wages paid in the state in 2007.

The Local Dimension of Unemployment Insurance: County Impacts

The **table (over)** summarizes the impact of food stamps by county. In terms of total dollars, the effect is greatest in urban counties. In Mecklenburg County, payments of \$151.5 million have leveraged \$262.1 million in economic activity. In relative terms, however, the impacts are greatest in rural places. In Caswell County, \$6.2 million in payments has generated \$10.7 million in economic activity, an amount equal to 11.3 percent of the local wage base.

The importance of food stamps has grown as the recession has worsened. Since Dec. 2007, the number of households receiving food stamps has increased by 21 percent, and 1.2 million Tar Heels now live in households receiving assistance. Also, the American Recovery and Reinvestment Act temporarily raised benefits by 13.6 percent. That change alone will bring an estimated \$616 million into the state over a five-year period.

P.O. Box 28068
Raleigh, NC
27611-8068
Editor: Elaine
Mejia
919/856-2176
elaine@ncjustice.
org
www.ncjustice.org

**Table: Economic Impact of Food Stamp Benefits in 2008 \$, by North Carolina County, December 2007 - March 2009
(Current Recession)**

County	Total Paid (2008\$)	Est. Economic Impact (2008\$)	Impact as % Total Wages (2008\$)	County	Total Paid (2008\$)	Est. Economic Impact (2008\$)	Impact as % Total Wages (2008\$)
Alamance	\$22,725,008	\$39,314,264	1.9%	Johnston	\$26,593,425	\$46,006,626	3.0%
Alexander	\$5,893,706	\$10,196,111	3.4%	Jones	\$1,992,483	\$3,446,995	6.9%
Alleghany	\$1,830,049	\$3,165,985	3.4%	Lee	\$10,080,730	\$17,439,663	1.7%
Anson	\$8,058,278	\$13,940,821	5.6%	Lenoir	\$16,176,537	\$27,985,408	3.2%
Ashe	\$4,139,309	\$7,161,004	3.0%	Lincoln	\$11,995,841	\$20,752,804	2.9%
Avery	\$2,195,918	\$3,798,938	1.9%	Macon	\$5,313,925	\$9,193,090	1.9%
Beaufort	\$9,991,321	\$17,284,986	3.2%	Madison	\$3,862,440	\$6,682,022	1.9%
Bertie	\$6,261,187	\$10,831,854	5.6%	Martin	\$6,337,984	\$10,964,712	9.5%
Bladen	\$8,588,863	\$14,858,733	3.9%	McDowell	\$7,869,338	\$13,613,954	5.0%
Brunswick	\$14,680,646	\$25,397,518	2.8%	Mecklenburg	\$151,497,993	\$262,091,529	0.8%
Buncombe	\$36,395,893	\$62,964,894	1.5%	Mitchell	\$2,720,934	\$4,707,215	3.0%
Burke	\$15,728,974	\$27,211,125	2.6%	Montgomery	\$6,153,730	\$10,645,953	3.5%
Cabarrus	\$25,454,825	\$44,036,848	1.8%	Moore	\$11,213,289	\$19,398,990	1.8%
Caldwell	\$18,068,646	\$31,258,757	3.7%	Nash	\$18,245,973	\$31,565,534	2.2%
Camden	\$967,153	\$1,673,175	2.1%	New Hanover	\$26,526,752	\$45,891,280	1.2%
Carteret	\$8,229,549	\$14,237,119	2.2%	Northampton	\$7,432,604	\$12,858,404	7.3%
Caswell	\$6,163,440	\$10,662,752	11.3%	Onslow	\$19,490,873	\$33,719,210	2.7%
Catawba	\$29,405,353	\$50,871,262	1.6%	Orange	\$11,734,143	\$20,300,068	0.7%
Chatham	\$5,653,868	\$9,781,192	1.8%	Pamlico	\$2,146,465	\$3,713,385	4.4%
Cherokee	\$4,236,020	\$7,328,314	3.0%	Pasquotank	\$8,022,047	\$13,878,141	2.4%
Chowan	\$3,945,093	\$6,825,011	4.1%	Pender	\$8,406,975	\$14,544,066	4.7%
Clay	\$2,150,301	\$3,720,020	6.1%	Perquimans	\$3,033,792	\$5,248,461	9.2%
Cleveland	\$26,462,030	\$45,779,313	4.0%	Person	\$8,485,055	\$14,679,146	4.0%
Columbus	\$14,877,647	\$25,738,330	4.9%	Pitt	\$33,428,131	\$57,830,666	2.3%
Craven	\$15,755,812	\$27,257,555	1.7%	Polk	\$2,442,085	\$4,224,807	2.7%
Cumberland	\$72,440,707	\$125,322,423	3.0%	Randolph	\$27,573,328	\$47,701,858	3.0%
Currituck	\$2,636,411	\$4,560,990	2.7%	Richmond	\$13,747,768	\$23,783,638	5.6%
Dare	\$2,507,633	\$4,338,204	0.8%	Robeson	\$45,401,356	\$78,544,346	6.5%
Davidson	\$31,814,484	\$55,039,058	4.0%	Rockingham	\$17,842,513	\$30,867,548	3.2%
Davie	\$5,356,504	\$9,266,752	2.7%	Rowan	\$24,216,454	\$41,894,466	2.3%
Duplin	\$9,125,072	\$15,786,375	2.6%	Rutherford	\$14,305,255	\$24,748,091	3.7%
Durham	\$42,817,646	\$74,074,528	0.7%	Sampson	\$14,421,052	\$24,948,419	3.9%
Edgecombe	\$20,203,698	\$34,952,398	4.9%	Scotland	\$14,252,091	\$24,656,117	5.6%
Forsyth	\$55,387,887	\$95,821,044	1.2%	Stanly	\$10,355,462	\$17,914,948	2.9%
Franklin	\$10,820,983	\$18,720,301	4.4%	Stokes	\$6,248,384	\$10,809,704	5.3%
Gaston	\$45,285,704	\$78,344,268	3.2%	Surry	\$15,196,334	\$26,289,657	2.8%
Gates	\$1,957,173	\$3,385,909	7.7%	Swain	\$2,911,022	\$5,036,068	2.1%
Graham	\$1,622,242	\$2,806,479	3.7%	Transylvania	\$5,113,607	\$8,846,541	3.1%
Granville	\$8,172,780	\$14,138,909	1.9%	Tyrrell	\$1,158,815	\$2,004,750	7.2%
Greene	\$5,462,710	\$9,450,489	7.4%	Union	\$20,076,105	\$34,731,662	1.6%
Guilford	\$93,271,520	\$161,359,730	1.4%	Vance	\$18,443,850	\$31,907,861	6.4%
Halifax	\$20,638,981	\$35,705,436	6.8%	Wake	\$81,277,158	\$140,609,484	0.7%
Harnett	\$20,088,433	\$34,752,989	4.7%	Warren	\$5,502,052	\$9,518,549	9.8%
Haywood	\$10,738,685	\$18,577,924	3.3%	Washington	\$4,274,576	\$7,395,016	8.4%
Henderson	\$10,417,566	\$18,022,390	1.5%	Watauga	\$3,119,466	\$5,396,677	0.8%
Hertford	\$7,453,983	\$12,895,391	4.4%	Wayne	\$25,326,984	\$43,815,682	3.1%
Hoke	\$10,012,349	\$17,321,364	7.6%	Wilkes	\$13,988,950	\$24,200,883	3.4%
Hyde	\$1,215,041	\$2,102,021	4.0%	Wilson	\$17,333,134	\$29,986,322	2.0%
Iredell	\$17,581,296	\$30,415,642	1.2%	Yadkin	\$5,024,663	\$8,692,667	3.2%
Jackson	\$5,002,505	\$8,654,334	1.9%	Yancey	\$4,509,727	\$7,801,827	6.7%

Notes: "Total Paid" is the total amount paid in Food and Nutrition Services benefits to households residing in specific counties. "Est. Economic Impact" is calculated by applying an economic multiplier of \$1.73 to the "Total Paid" column. Other plausible economic multipliers exist. "Impact as % of Total Wages" expresses the "Est. Economic Impact" as a share of the total wages paid in a county in 2007. All dollar figures used for calculations have been adjusted to their 2008 values using the CPI-U. Urban counties are shaded and are those classified as "urban" by the NC Rural Center. Sources: UNC-CH Jordan Institute for Families; Moody's Economy.com; Employment Security Commission of NC