Imposing a Time Limit on Food Stamp Receipt: Implementation of the Provisions and Effects on Food Stamp Program Participation

Volume I

Executive Summary

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EXECUTIVE SUMMARY

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), which reformed the welfare system, also introduced fundamental changes to the way that Food Stamp Program (FSP) eligibility is determined for a segment of the population. PRWORA imposed a work requirement and time limit on those viewed as fit to work—able-bodied adults without dependents (ABAWDs). ABAWD participants are limited to three months of benefits in a three-year period unless they meet a work requirement.

The ABAWD provisions have fundamentally changed the FSP in three ways. One, this is the first instance that a time limit has been placed on food stamp receipt and that a major group of persons have been made ineligible because of factors other than their income and assets. Two, the states were granted uncharacteristically broad latitude in implementing these provisions. Three, states are now required to track food stamp receipt, employment, and participation in other work activities over a period of 36 months, while previously eligibility depended for the most part on household circumstances in just one month.

The uniqueness of the ABAWD provisions has generated interest in the number and characteristics of participants affected by them. The flexibility under which states implemented the provisions has generated interest in states’ policy choices and in how the recent issuance of final regulations on the ABAWD provisions will affect those choices. To address these issues, Mathematica Policy Research, Inc. (MPR) and its subcontractor Health Systems Research, Inc. (HSR) have conducted a study of the ABAWD provisions for the Food and Nutrition Service (FNS) of the U.S. Department of Agriculture (USDA). This report presents the study findings.

THE ABAWD PROVISIONS

The time limit established by PRWORA does not apply to individuals who are:

- Under 18 or over 50 years of age
- Medically certified as physically or mentally unfit for employment
- Responsible for a dependent child
- Exempt from FSP work registration
- Pregnant

All other participants are considered ABAWDs.

The exclusion of participants who are exempt from work registration requires further explanation. Since the 1980s, the FSP has required certain adult participants to register for work.

1 PRWORA also made some resident aliens ineligible.
For consistency, PRWORA exempts from the ABAWD time limit all individuals who are exempt from work registration. The most significant exemptions from work registration are similar to the ABAWD exemptions. As a result, most participants who would be excluded because they are exempt from work registration are already excluded for another reason. Participants who are under 15 or over 60 years of age, physically or mentally unfit, or responsible for a dependent child under age 6 are exempt from both work registration and the ABAWD provisions. A smaller number of participants who might otherwise be identified as ABAWDs are exempt from work registration if they are complying with the work requirements for Social Security or Unemployment Compensation, responsible for the care of an incapacitated person, enrolled at least half time in a qualified educational institution or training program, participating in a drug addiction or alcohol treatment program, or working 30 hours a week or earning more than 30 times the minimum wage.

The time limit applies to ABAWDs unless they satisfy a work requirement. ABAWDs can meet the work requirement by (1) working at least 20 hours per week (2) participating in a workfare or comparable program, or (3) participating in another qualifying work activity for at least 20 hours per week. Months in which they meet the work requirement do not count against the three-month limit.

ABAWDs who exhaust their three months of benefits lose their eligibility to receive food stamps for the remainder of the 36-month period. They can regain eligibility during this time period by meeting the work requirement for 30 days, after which they remain eligible to receive food stamps for as long as they continue to meet the work requirement. If they fail to meet the work requirement a second time, they can receive food stamps for up to three additional months. These three months must be used consecutively. After that point and for the balance of the 36-month period, they can receive food stamps only in those months in which they meet the work requirement.

States have two options for exempting participants from the time limit. At the request of a state agency, USDA may waive the time limit and the associated work requirement for people who live in an area where the unemployment rate is over 10 percent or where there is an insufficient number of jobs. In addition, the Balanced Budget Act of 1997 (BBA) allows states to exempt up to 15 percent of the number of persons who are currently FSP-ineligible because of the ABAWD provisions.

**SOURCES OF DATA**

A comprehensive study such as this one requires multiple data sources to adequately address all of the research questions. Most of the data for this study were provided by staff at state, county, and local FSP agencies. Other important data were obtained from FNS databases, but their primary source was the states.

**Number and Characteristics of ABAWDs.** Because of the flexibility that states had in defining ABAWDs, documenting the number and characteristics of ABAWD participants presents a considerable challenge. Ultimately, we require data in which the states have identified those participants whom they regard as ABAWDs. But state data systems differ not only in the degree to which they identify ABAWDs and document key characteristics but in the reliability
with which they do so. To estimate the number and characteristics of ABAWDs, we relied primarily on tabulations that we requested from the states. To validate and supplement these numbers, which were often incomplete, we obtained information from three additional sources: micro caseload data from five states, FSP Quality Control (FSPQC) sample data, and information reported by the states to FNS. We also conducted follow-up interviews with the states after reviewing their submissions.

**ABAWD Policies and Their Implementation.** We conducted five surveys to collect a broad range of information on state policy choices, their implementation, and their administration. These surveys are identified by their target populations: (1) state FSP directors and managers of local office operations, (2) county FSP administrators, (3) state employment and training (E&T) managers, (4) E&T managers in local offices, and (5) state data-processing managers. We also conducted interviews with representatives of advocacy groups at the state and national levels.

**NUMBER AND CHARACTERISTICS OF ABAWD PARTICIPANTS**

**Number of Participants.** In March 2000 there were 422,500 ABAWD participants in the FSP. Approximately 55 percent were living in nonwaived areas. Almost all (93 percent) ABAWD participants living in nonwaived areas were subject to the three-month time limit. The balance of ABAWD participants in nonwaived areas were covered by the 15 percent exemption. The remaining ABAWD participants in the FSP, or 45 percent of the total, were residents of areas that were waived from the time limit because of high unemployment or insufficient jobs.

**Share of the FSP Caseload.** ABAWD participants represented about 2.5 percent of all FSP participants. The small size of this share can be explained by the reasons why participants were excluded from the ABAWD population. Nearly two-thirds of all participants were under 18 or over 50 and therefore excluded by age. Another 9 percent were certified as physically or mentally unfit for employment while 20 percent were responsible for dependent children. About 0.5 percent were pregnant and 3 percent were exempt from FSP work registration for reasons other than those already listed.

ABAWD participants in waived areas accounted for a greater share of all participants 18 to 50—about 12 percent—than did ABAWD participants in nonwaived areas, who represented just 6 percent of that age group. We attribute most of this difference to the absence of a time limit and work requirement, although other differences between waived and nonwaived areas may contribute.

**Trends.** While the ABAWD provisions were expected to reduce the number of food stamp participants who are subject to them, they were implemented during a period of dramatic changes in participation. Along with the total caseload, the number of ABAWD participants started to decline more than two years before the ABAWD provisions were implemented in late 1996. After implementation, the number of ABAWD participants began a steep decline that reduced the ABAWD caseload by more than 40 percent in less than a year. The rate of decline then slowed, and by late 1999 there was evidence that the ABAWD caseload had leveled off—followed, at least a year later, by the total FSP caseload. We estimate that at least half of the
first-year decline among ABAWD participants may have occurred even without the ABAWD provisions. Nevertheless, the provisions themselves had a direct and sizable impact.

**Meeting the Work Requirement.** In March 2000, just over half of the ABAWD participants who were subject to the time limit were meeting the work requirement. Nearly all who met the work requirement did so by working 20 or more hours a week or participating in workfare. However, most of the workfare participants were in Los Angeles or New York state. Elsewhere, participants who met the work requirement did so, for the most part, by working.

These estimates do not include those participants who were exempt from the time limit solely because they were working 30 hours or more or earning more than 30 times the minimum wage. Because such persons are exempt from work registration, states defined them to be outside the ABAWD population. Counting them as ABAWDs subject to the time limit increases the percentage who are meeting the work requirement from 51 percent to 68 percent.

**Other Characteristics.** Compared with all participants 18 to 50, who were predominantly female, those who were subject to the ABAWD time limit were much more likely to be male. Nevertheless, females still accounted for nearly half of this group. Participants subject to the time limit also had smaller household sizes and lower unearned income, and had been participating for a shorter period of time. They were just as likely to have earnings, however.

ABAWD participants who were meeting the work requirement differed in some respects from those who were subject to the work requirement but were not meeting it. Participants who were meeting the work requirement had longer spells of participation and lived in somewhat larger households than participants who were not meeting the work requirement. They were also more likely to have earnings. Some participants who were not meeting the work requirement had earnings as well but did not work enough hours to meet the work requirement.

**Terminations.** Nearly 200,000 ABAWD participants were terminated in the first few months that ABAWDs exhausted their time-limited benefits. By March 2000, the total number who had reached the three-month time limit and been terminated had grown to more than 900,000. There is little indication, however, that very many of those who lost their benefits during the first 36 months that the time limit was in place returned to the FSP to receive additional benefits during the next 36-month period.

WHO IS SUBJECT TO THE TIME LIMIT? VARIATION IN STATE POLICIES

States have had broad authority to develop their own ABAWD policies. State authority extends to (1) who is exempted from the definition of an ABAWD, (2) the use of waivers, and (3) the use of the 15 percent exemption. Not surprisingly, states vary in each of these policy areas. The final regulations issued in January 2001 reduce the states’ latitude in defining an ABAWD, but they do not eliminate it entirely.

In defining ABAWDs, states have the most latitude in defining who is fit for work and who is responsible for a dependent child.
Fitness for Work. Before the final regulations were issued, states had considerable flexibility in determining how to certify a person as unfit for employment. The most important areas of state-to-state variation were:

- **The types of benefits that, if received, automatically certify a person as unfit for work.** All but three states gave automatic certification to persons receiving any of the five types of benefits that trigger special FSP eligibility rules for disabled persons, but fewer states recognized other disability benefits.

- **The types of health professionals who can certify unfitness.** State policies varied widely on the types of health professionals other than MDs or psychologists who could certify clients as unfit, with only seven states accepting certification from “any” health professional.

- **Whether a person can self-report a disability.** In 16 states an eligibility worker can certify a client as unfit for employment based on the client’s self-report.

- **Whether an eligibility worker can certify based on observation.** In 35 states, an eligibility worker is allowed to certify an individual from direct observation.

The final regulations require certification from a health professional only when “the unfitness is not evident to the eligibility worker” but do not allow a client’s self-report to be the sole basis for a certification. The regulations consider the receipt of any disability benefits as indirect proof that certification has taken place.

Responsibility for Dependent Children. Before the final regulations were issued, states could define the age at which children are considered dependent. All but two states considered a child under the age of 17 or 18 as dependent. States could also determine which adults in a household with a dependent child can be exempted. In 22 states, all adults in the household with a dependent child were exempt from the ABAWD provisions. Four states exempted only one adult per household, and the remaining 24 exempted more than one adult if the adult met certain qualifications. The final regulations remove this flexibility. Children are to be considered dependent until age 18, and the presence of a dependent child will exempt all adults in the household.

Waivers. In March 2000, 37 states and the District of Columbia had waivers in effect but there was substantial cross-state variation in terms of how much of the state the waivers covered. The waiver in the District of Columbia was unique because it covered the entire area while three states had waivers only for Indian reservations. Of the 13 states with no waivers, 10 had multiple areas that would qualify. In addition, two states received approval for waivers that some local areas, most notably New York City, elected not to implement.

15 Percent Exemption. As of March 2000, 35 states had elected to use the 15 percent exemption, and an additional six states planned to use it in the coming year. States have broad authority in determining who can receive benefits under the 15 percent exemption. Some states apply the exemption to all individuals in a geographic area. Others apply the exemption on the basis of personal characteristics such as homelessness, age, inadequate access to transportation,
and health problems that have not been certified but render the client unable to work. Two states—Arkansas and Illinois—apply the exemption to all persons in areas not covered by waivers, and two other states—Missouri and Tennessee—allow persons who exceed the three-month time limit two additional months of benefits.

States that do not use the 15 percent exemption cite various reasons. These include the difficulty of monitoring the policy, the influence of political considerations, the availability of a sufficient number of jobs, and a desire to be more consistent with their TANF work requirements.

FNS provides states with an annual allotment of exemptions that can be used in that year or carried over to the next year. The allotment equals 15 percent of the estimated number of individuals denied benefits because of the ABAWD provisions—plus any unused allotments from earlier years. Nationally, states used only about 8 percent of the exemptions that were available to them in FY98 and FY99. (Among the states using any exemptions, 12 percent of their FY99 total allotment was used.) Factors contributing to this low usage included the large number of allotted exemptions compared to the actual number of ABAWDs denied benefits, a state’s reluctance to use all of its available exemptions, and the difficulty estimating the number of ABAWDs that would meet the criteria established.

Factors Determining State Policy. Few states adopted policies that uniformly minimize or maximize the number of participants who are subject to the ABAWD time limit. Rather, most states have adopted a mix of policies, with some tending to increase the number subject to the time limit and some working in the opposite direction. We examined the use of four key ABAWD policies in each state (disability certification, dependent child exemption, waiver use, and 15 percent exemption use). Each policy was classified as strict, moderate, or lenient, where a strict policy refers to one that maximizes the number subject to the time limit. We then combined these ratings to create an ABAWD policy scale in which the lowest value (zero) represents the strictest policies, and the highest value (eight) represents the most lenient. Values for 32 states fell in the middle of the distribution, with 5 states at the strict end and 13 at the lenient end of the distribution. Despite the large number of states in the middle, however, very few states employed only moderate policies.

These findings indicate that there are potentially multiple factors affecting each state’s ABAWD policies. Ease of implementation plays a role, and some states have strong advocacy groups that influence policy choices. States may also have competing ideologies at different levels of government.

HELPING ABAWDs MEET THE WORK REQUIREMENT: POLICIES AND CHALLENGES

State policies vary in the extent to which they assist ABAWDs in meeting the work requirement. In particular, states differ in the extent to which they support ABAWDs in finding and retaining employment, in the number and types of work activities they offer to ABAWDs, and in the extent to which these activities are available to all ABAWDs who need them to meet the work requirement.
What Constitutes Work. State policies were divided almost equally between those that allowed volunteer work to meet the work requirement under all circumstances and those that did so only sometimes or never. But more than three-quarters of the states with policies agreed that work for less than 20 hours a week could count if it was combined with another qualifying work activity. The final regulations mandate that both volunteer work as well as a combination of work and another qualifying activity can meet the work requirement.

Job Search. Generally, job search and job search training are not qualifying work activities, but they can be helpful in finding employment. Independent of the ABAWD provisions, most states required at least some ABAWDs to conduct a job search and most of these offered job search training. A majority of states provided some forms of job search training that met the work requirement. More than half the states required job search training as part of their workfare programs and about a quarter offered job search training through their Job Training Partnership Act (JTPA) or Trade Adjustment Assistance (TAA) programs.

Support Services. Most states provided some support services, such as assistance with transportation or other job-related expenses. Support services were viewed as providing important assistance to ABAWDs who work and to those who participate in qualifying work activities. Many state and local E&T managers complained that the $12.50 per person per month assistance in federal matching funds was inadequate.

Qualifying Work Activities. The increased funding for the food stamp E&T program in the BBA is intended to ensure that there are sufficient qualifying work activities for all ABAWDs who need them. In FY99, nearly all states offered ABAWDs some qualifying work activities, but states varied considerably in how many different activities they offered and the extent to which the activities were available to all ABAWDs subject to the time limit. Workfare was the most frequently offered work activity. Nearly half of all states reported that they had a prearranged slot in workfare available for every ABAWD who wanted one. However, 22 states could not offer any qualifying work activity to at least some ABAWDs who were subject to the time limit.

Use of Federal E&T Funds. Despite the fact that there are states that have not provided qualifying work activities for all ABAWDs, more than half of the federal funding for E&T services for ABAWDs was unspent in FY99. According to state E&T managers, this results from the difficulties in serving such a small population. The number of ABAWDs is small to begin with, and many do not wish to participate in qualifying work activities. Some states have found that, because the fixed costs of developing and running E&T programs for ABAWDs can be spread over only a small number of people, the reimbursement amount per slot may not be large enough to cover the program costs. Advocates echo this concern. An increasing number of states have opted to be “alternative reimbursement” states. These states are not subject to the reimbursement caps but in return are required to offer a qualifying work activity slot to all ABAWDs in nonwaived areas.

Perceived Effectiveness of E&T Services. Most local E&T managers interviewed viewed E&T services as helping at least some ABAWDs find employment. Different activities seem to be helpful for different ABAWDs. Workfare was viewed as helpful for ABAWDs who lack work experience or “soft skills,” (such as how to dress for work and communicate appropriately with coworkers). Education was helpful for ABAWDs who lack credentials. Vocational
training was viewed as helpful for those who lack marketable skills, and job search training was helpful for the “job ready.” Support services were especially helpful for those with transportation difficulties.

**Low Participation.** Both state and local E&T managers noted the low participation of ABAWDs in qualifying work activities—a finding that is broadly consistent with available data. Respondents reported that the lack of motivation of some ABAWDs is one reason for low participation. However, respondents also stated that many ABAWDs face serious barriers to both work and participation in qualifying work activities, including lack of transportation, disabilities that are not medically certified, substance abuse problems, and homelessness.

**ADMINISTERING ABAWD POLICY: TRACKING AND OTHER CHALLENGES**

The ABAWD provisions significantly increased the complexity of determining FSP eligibility.

**Tracking.** Tracking refers to the procedures used to determine whether an ABAWD has received benefits during the past 36 months. The states vary widely in the extent to which tracking is both automated and statewide. While in March 2000 the majority of states operated computer systems that could track ABAWDs statewide, 17 states still had either a very limited tracking system or no automated statewide tracking system. Without a statewide, automated tracking system, the eligibility worker can check the client’s prior receipt of time-limited benefits only by contacting other local offices in the state. No automated procedures exist to track ABAWDs across states.

**Timing Issues.** The law grants states some discretion in:

- **Defining the Three-Month Time Limit.** Six states count the month of application toward the three-month time limit while 36 states count only full months of benefits. The other eight states have policies that fall between these two extremes. The final regulations allow states to count only full months of benefits.

- **Defining the 36-Month Period.** Twenty-seven states use the most stringent policy to define the 36-month period, a rolling clock, where the 36-month period is always the preceding 36 months. The rest use a fixed clock, in which the beginning and ending dates of the 36-month period do not change. Under a rolling clock, an ABAWD cannot receive more than three months of time-limited benefits in a 36-month period unless they regain eligibility. They can, however, under a fixed clock if they receive time-limited benefits more than three months into the fixed period. The final regulations allow states to use either a rolling or fixed clock.

**Challenges.** While some respondents viewed the ABAWD provisions as unfairly penalizing the targeted population, more disliked the provisions because of the difficulties they encountered in administering them. The policy is viewed as too burdensome, particularly in light of the small size of the ABAWD population. More than half the state respondents (30) identified tracking as one of the main administrative challenges. Difficulties included not only the effort required to develop and maintain an automated system but the burden that tracking placed upon
eligibility workers generally. Other major challenges included ensuring that eligibility workers implemented the policy correctly and translating the ABAWD provisions into state policy. Nearly half of the state respondents volunteered that they would like to have the ABAWD time limit and/or work requirement removed.

CONCLUSIONS

We draw seven main conclusions from this study:

1. **The ABAWD population is small.** It is small because the definition is quite restrictive and because the number of ABAWD participants has declined significantly since the ABAWD provisions went into effect.

2. **Many ABAWDs who left the program have not returned.** ABAWDs who used up their time-limited benefits in 1997 became eligible again in 2000, creating the potential for a sharp upswing in participation, yet the trend in participation shows no such change.

3. **Diverse factors affect states’ policy choices.** There was little correlation between the policy choices made by each state with respect to whether the policy would minimize or maximize the number of persons subject to the ABAWD time limit. Factors contributing to state decisions included administrative considerations, concurrent changes in cash assistance programs, divergent views among policymakers, and pressure from advocates.

4. **State policies affect the number of participants who are subject to the time limit.** Waivers, the 15 percent exemption, and the creation of E&T slots have the most discernible and direct effects. Policy defining responsibility for a dependent child affects the number of ABAWD participants, but the final regulations eliminate state discretion.

5. **The ABAWD provisions are complex and difficult to administer.** Tracking has been the most challenging aspect. In addition, the rules determining eligibility are difficult for state administrators and eligibility workers to understand and to explain to clients.

6. **Half of all participants subject to the time limit were meeting the work requirement.** Of these, about half were working, and nearly all of the rest were participating in workfare. Participants who were exempt from the time limit because they were working 30 hours or more are not counted by states as ABAWDs. Doing so raises the proportion meeting the work requirement to 68 percent.

7. **While some ABAWDs may be unwilling to meet the work requirement, others are not able to meet it.** Despite generous federal funding, qualifying work activities are not available for all ABAWDs. Many ABAWDs face significant barriers to both work and participation in qualifying work activities.