



# ☆☆☆ THE POLICY PAGE ☆☆☆

An update on state and federal action from

## The Center for Public Policy Priorities

900 Lydia Street • Austin, Texas 78702 • 512-320-0222 voice • 512-320-0227 fax

October 22, 1996

No. 34

### Critical Food Stamp Decisions Are Pending Thousands of Adult Recipients Could Lose Benefits

#### Just the Facts

- ✗ New federal Food Stamp provisions require able-bodied childless adults to work in order to receive benefits.
- ✗ 80,000 adult Food Stamp recipients in Texas are affected by this provision.
- ✗ Texas can seek a federal waiver to prevent unemployed adults from losing benefits if they live in areas of high unemployment.
- ✗ Without such a waiver, Texas may lose up to \$9 million a month in Food Stamp benefits.
- ✗ With a waiver, Texas' loss could be reduced by at least \$2.1 million.
- ✗ Many counties impacted by this provision also face Food Stamp losses under cuts to legal immigrants.
- ✗ This decision will be made very soon.

#### The Details

The federal Welfare Bill (H.R. 3734) contains new limits on food stamp benefits for able-bodied, childless adults between the ages of 18 and 50. **In Texas, nearly 80,000 individuals fit this definition. They receive more than \$9 million in federally funded food stamp benefits each month.** Under the new provisions, these individuals will be eligible for only three months of food stamp benefits in a 36 month period unless they work or participate in a work program for 20 hours a week. Persons who exhaust their three months of benefits and find a job but are then laid off are eligible for a one-time additional three months of benefits within the 36 month period.

Adults in this category are exempt from these provisions only if they: (1) have been medically certified as physically or mentally unfit for employment; (2) are a parent or other member of a household with responsibility of a dependent child; or, (3) are a pregnant woman. **However, states can opt to exempt certain categories of able-bodied adults (18 to 50) who do not fall into one of these basic exemptions.** In particular, the state can seek a waiver that exempts recipients affected by this provision if they live in areas where it is unrealistic to expect they will be able to find work. Specifically the legislation reads as follows:

"... On the request of a State agency, the Secretary may waive the applicability of paragraph (2) [which outlines the work requirements] to any group of individuals in the State if the Secretary makes a determination that the area in which the individuals reside - (1) has an unemployment rate of over 10 percent; or (2) does not have a sufficient number of jobs to provide employment for the individuals . . . "

If Texas is to take advantage of this provision it will have to act very soon. The state will have to decide whether or not to waive certain groups of individuals from the food stamp provisions **before November 22, 1996.** As a result, the decision to go forward with seeking a waiver may have to be made as early as this week. On November 22nd, the state must notify able-bodied adult recipients that their work requirement time limits will begin. Those individuals who do not meet the work requirements within the three months following the notification will have their food stamp benefits terminated on February 22, 1997.

It appears that the governor has a critical role in deciding whether or not to seek a waiver under this provision of the law, and we are concerned that he may **not** be in favor of exempting any areas of the state. However, other legislative leadership, key committee chairs and state agency heads will also be involved in the decision. Additionally, individual legislators whose districts will be affected may have a role to play in influencing the decision-making process. Individuals concerned about this provision must contact these policymakers immediately if they wish to influence the state's decision on whether or not to proceed with a waiver.

#### Who Will be Affected in Texas

In August 1996, 79,626 adults (ages 18 to 50) with no dependent children were receiving food stamp benefits in Texas. On a monthly basis, these adults received approximately \$9 million in benefits. Most of them – 76 percent – lived alone. About 35% were female and 65% male; 30% were white, 40% black and 30% Hispanic, and about 65% were over 30 years of age. Caseworkers have suggested that significant numbers of these individuals are widows and veterans.

It is not known what percentage of these individuals will be able to work (or participate in other employment related activities) 20 or more hours a week as required by the new provision. Slightly more than 12 percent of them now claim earned income. On average, they earn \$276/month, which translates into roughly 15 hours per week at minimum wage. It is not clear if these individuals

will be able to get jobs that allow them to work enough hours to fulfill the work requirement.

The functional level of these adults is also unclear. More than half of them – 57 percent – are high school graduates; however, it is not known how many of them are marginally disabled or low-functioning adults who would have a very difficult time finding and keeping a job.

What is known is that 23.3% percent of these adults live in counties with unemployment rates in excess of 10%. Finding a job in these counties may be virtually impossible for unskilled food stamp recipients, particularly in counties like Presidio where the unemployment rate is often greater than 50%. The simplest of the waiver options allows states to exempt people in counties with more than a 10% unemployment rate.

### What Areas of Texas will be Affected

In looking at a distribution of these recipients, it is clear that both the major urban areas of the state and poor rural counties are affected. Were we to take advantage of the exemption for counties with over 10% unemployment many of the poorest counties in the Valley, in West Texas and in far East Texas would be protected from the loss of food assistance for many individuals.

The county with the most recipients affected is Harris with 14,022, followed by Dallas County with 8,119 and Bexar with 5,067. Because these counties have unemployment rates below 10% they would not be protected under the exemption based on basic unemployment rates. Yet, the waiver authority extends to other labor market analysis which might be used in these areas. The loss of federally funded benefits under this provision is significant. The tables below show data

for those counties with more than a 10% unemployment rate and for counties with more than 500 food stamp recipients affected by this provision.

Through other provisions in the welfare bill, an estimated 168,500 legal immigrants in Texas may potentially lose their food stamp benefits by August 22, 1997. It is important to note that the restrictions on adult, childless food stamp recipients will affect many of the same counties which will also experience severe losses when legal immigrants are removed from the food stamp program. Several counties with high unemployment, like Cameron, Hidalgo, El Paso, Webb and Jefferson counties, have a large number of both 18-50 year olds and legal immigrants on their food stamp rolls. These counties will have large numbers of individuals losing their food stamps who have little access to decent jobs.

**Table 1: Counties With More Than 500 Recipients Affected**

| Counties  | Recipients | Benefit Dollars Per Month | Counties      | Recipients    | Benefit Dollars Per Month |
|-----------|------------|---------------------------|---------------|---------------|---------------------------|
| Bell      | 675        | \$76,734.00               | Lubbock       | 1,111         | 126,298.48                |
| Bexar     | 5,067      | 576,016.56                | McLennan      | 836           | 95,036.48                 |
| Cameron   | 1,884      | 214,173.12                | Montgomery    | 651           | 74,005.68                 |
| Dallas    | 8,119      | 922,967.92                | Nueces        | 2,372         | 269,648.96                |
| Ector     | 533        | 60,591.44                 | Potter        | 724           | 82,304.32                 |
| El Paso   | 3,951      | 449,149.68                | Starr         | 538           | 61,159.84                 |
| Galveston | 1,466      | 166,654.88                | Tarrant       | 2,813         | 319,781.84                |
| Gregg     | 522        | 59,340.96                 | Travis        | 2,975         | 338,198.00                |
| Harris    | 14,022     | 1,594,020.96              | Webb          | 779           | 88,556.72                 |
| Hidalgo   | 3,304      | 375,598.72                | Wichita       | 609           | 69,231.12                 |
| Jefferson | 2,118      | 240,774.24                |               |               |                           |
| Jim Wells | 547        | 62,182.96                 | <b>Totals</b> | <b>55,616</b> | <b>\$6,322,426.88</b>     |

**Table 2: Counties With More than 10% Unemployment, Eligible for Exemption Under Waiver\***

|            | Unemployment Rates | FS Recipients Affected | Benefit Dollars Per Month |
|------------|--------------------|------------------------|---------------------------|
| Brooks     | 12.93              | 205                    | \$23,304.40               |
| Cameron    | 14.21              | 1,884                  | 214,173.12                |
| Cass       | 11.4               | 182                    | 20,689.76                 |
| Cottle     | 10.09              | 8                      | 909.44                    |
| Crosby     | 10.66              | 62                     | 7,048.16                  |
| Culberson  | 12.28              | 69                     | 7,843.92                  |
| Dickens    | 15.71              | 20                     | 2,273.60                  |
| Dimmit     | 16.99              | 160                    | 18,188.80                 |
| Duval      | 14.46              | 246                    | 27,965.28                 |
| El Paso    | 13.44              | 3,951                  | 449,149.68                |
| Frio       | 10.27              | 107                    | 12,163.76                 |
| Hardin     | 10.25              | 270                    | 30,693.60                 |
| Harrison   | 10.67              | 254                    | 28,874.72                 |
| Hildago    | 21.59              | 3,304                  | 375,598.72                |
| Hutchinson | 10.45              | 68                     | 7,730.24                  |
| Jasper     | 15.23              | 234                    | 26,601.12                 |
| Jefferson  | 10.24              | 2,118                  | 240,774.24                |
| Jim Hogg   | 10.32              | 61                     | 6,934.48                  |
| Jim Wells  | 11.38              | 547                    | 62,182.96                 |
| Kinney     | 12.74              | 29                     | 3,296.72                  |
| LaSalle    | 10.68              | 47                     | 5,342.96                  |
| Loving     | 15.42              | 0                      | 0                         |
| Marion     | 12.31              | 174                    | 19,780.32                 |

|               | Unemployment Rates | FS Recipients Affected | Benefit Dollars Per Month |
|---------------|--------------------|------------------------|---------------------------|
| Maverick      | 45.53              | 213                    | 24,213.84                 |
| Morris        | 10.08              | 66                     | 7,502.88                  |
| Newton        | 12.85              | 153                    | 17,393.04                 |
| Orange        | 11.81              | 472                    | 53,656.96                 |
| Palo Pinto    | 10.11              | 111                    | 12,618.48                 |
| Panola        | 11.97              | 119                    | 13,527.92                 |
| Presidio      | 52.65              | 44                     | 5,001.92                  |
| Reeves        | 13.66              | 88                     | 10,003.84                 |
| Sabine        | 11.03              | 57                     | 6,479.76                  |
| San Patricio  | 11.11              | 489                    | 55,589.52                 |
| Somervell     | 10.52              | 19                     | 2,159.92                  |
| Starr         | 32.66              | 538                    | 61,159.84                 |
| Titus         | 10.06              | 93                     | 10,572.24                 |
| Tyler         | 15.27              | 128                    | 14,551.04                 |
| Uvalde        | 10.88              | 200                    | 22,736.00                 |
| Val Verde     | 12.60              | 215                    | 24,441.20                 |
| Webb          | 15.27              | 779                    | 88,556.72                 |
| Willacy       | 25.94              | 284                    | 32,285.12                 |
| Winkler       | 10.89              | 33                     | 3,751.44                  |
| Zapata        | 11.01              | 125                    | 14,210.00                 |
| Zavala        | 30.5               | 132                    | 15,005.76                 |
| <b>Totals</b> |                    | <b>18,563</b>          | <b>\$2,110,241.84</b>     |

|           |       |     |           |
|-----------|-------|-----|-----------|
| Matagorda | 14.28 | 205 | 23,304.40 |
|-----------|-------|-----|-----------|

\* Unemployment rates are for three recent quarters as calculated by TDHS.

## Options for Texas Under the Waiver Authority Granted in this Provision

### Texas could seek a waiver including the following:

★ An exemption for all counties with unemployment rates of over 10%. This would currently exempt 45 counties where 18,563 of 18-50-year-old Food Stamp recipients reside. This exemption would prevent the loss of \$2.1 million federal dollars to the state.

★ A definition of "area" that included jurisdictions smaller than counties and therefore, exemptions could be granted for sub-county areas with unemployment of greater than 10%. The waiver could define areas to be cities or labor market areas for which Bureau of Labor Statistics data are available.

★ An exemption for areas (both counties and sub-county areas) with insufficient jobs. This exemption could apply to areas deemed to be labor surplus areas by the Department of Labor. Or, this exemption could be applied in areas where the types of jobs available to this population are limited. (For example, this could apply to areas where there are few jobs for individuals with limited education or work history.) More than 42% of this population has not graduated from high school.

★ The implementation of a "workfare" program for this population. Under such a program, a food stamp recipient would work in exchange for benefits. Although there are obvious administrative costs associated with this approach, it would allow recipients to continue receiving their benefits and provide them with some work experience. On average, the current monthly benefit for this population is roughly equivalent to 15 hours/week at a minimum wage job. Workfare programs are not subject to the 20 hours/week requirement.

**At a minimum, Texas should seek the exemption for the counties with unemployment rates of greater than 10%.** This would be extremely simple to implement. Unemployment data for counties is readily available. The 45 counties that would be exempted are areas where job opportunities are limited, like Presidio, Maverick and Starr where unemployment rates range from 32% to 52%. (Exempted counties listed in Table 2 above) Exempting these counties would not exempt people in areas where jobs are realistically available.

## Why Seeking a Waiver is Important

The benefit of the waiver is that it acknowledges there are areas of the state where finding a job is particularly difficult, and in those areas, it ensures that unemployed, childless adults will not lose their benefits due to economic circumstances beyond their control.

- **A waiver could reduce the number of needy Texans who go hungry.** When this provision is enacted, many childless adults will lose the only public assistance they currently receive. Some of these individuals are likely to be homeless, have low functional capabilities or be marginally disabled. For these people, finding work and retaining food assistance may prove to be extremely difficult.
- **The waiver would exempt individuals in areas where finding a job is very difficult.** Forty-five Texas counties have unemployment rates of 10% or greater, and six of those counties have rates in excess of 20%. A waiver would exempt individuals in these counties where few job opportunities exist.
- **There are not likely to be enough work training slots available to adults who want to comply with the work requirements.** This population of adults will not be guaranteed any services through the Food Stamp Employment & Training (E&T) Program, which is the program specifically designed to assist food stamp recipients in becoming employed. Texas currently only has approximately 4,000 slots available on a monthly basis for its entire food stamp population. Although approximately \$11 million in additional funding is available nationally for this program in 1997, Texas' share is under \$500,000 and the Texas Workforce Commission projects that it will only serve 14.3% of the eligible Food Stamp recipients.
- **A waiver could exempt some of the counties where Food Stamp E&T services are unavailable.** Currently, E&T services are available in only 56 of Texas' 254 counties. Of the 45 counties with unemployment rates in excess of 10%, only ten have E&T services. A waiver could help to ensure that food stamp recipients are not penalized when there are not even any E&T services available to them.
- **A waiver could help mitigate the financial impact of Food Stamp reductions in Texas.** The federal Welfare Bill included \$27.7 billion in cuts to the federal food stamp program over the next six years. Texas' food stamp benefits are expected to be cut by \$2.5 billion from 1997 to 2002. Without a waiver, Texas stands to lose as much as \$9 million monthly when unemployed, childless adults lose benefits. With a waiver, Texas could reduce this monthly loss by \$2.1 million a month.
- **A waiver could reduce the loss of food stamp benefits in counties that are already losing significant benefits due to the new restrictions on legal immigrants.** A waiver would likely exempt Cameron, Hidalgo, Webb and El Paso counties, because each has unemployment rates in excess of 10%. These counties are also four of the five counties with the highest number of legal immigrants receiving benefits and are therefore, likely to be among the hardest hit by the immigrant cuts. For example, in Hidalgo county, where 32,225 legal immigrants currently receive over \$2.3 million in monthly food stamp benefits and 3,304 childless adults receive over \$375,000 in monthly benefits, a waiver would be important to the economy of the county as well as to the food security of individuals.

## Reality Check

- Texas already has among the highest poverty rates in the country (18.7% in 1995). Some Texas counties have poverty rates that rank among the highest in the country: Cameron (41.3%), Hidalgo (42.3%), Val Verde (39.1%) and Starr (58.2%). Losses of food assistance under the above provisions could increase already staggering poverty in these communities.
- Unemployment rates in some Texas counties are many times the state average – 5.6%, 8/96 (see Table 2). Finding employment in these counties is difficult even for educated individuals with marketable skills.
- Seeking the waiver options discussed above is as much an economic decision as it is a human one. Texas

is going to lose up to \$12.2 million in monthly Food Stamp benefits when legal immigrants are removed from the program. While the state can do little to directly offset these losses, it can reduce the impact of the cuts to able-bodied adult recipients by utilizing the waiver authority in the law.

- While the goal of encouraging Food Stamp recipients to work is laudable, it is important to continue assistance for those who cannot. Without adequate protections and exemptions the final effect of this provision will not be increased employment but only increased hunger and poverty.

You are encouraged to copy and distribute this edition of

★ The Policy Page ★