



THE POLICY PAGE

An update on state and federal action from

The Center for Public Policy Priorities

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Childless Adult Food Stamp Recipients: *Old Rules, New Rules and New Options.*

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA)(federal welfare reform) made several changes to the Food Stamp Program. One of those changes included time limits for childless adults¹ receiving food stamps. Since that time, the Balanced Budget Act (BBA) of 1997 has altered the original provisions somewhat, providing states with more options to serve this population. This policy page will review the policies impacting childless adults who receive food stamps, examine what Texas is doing, and offer some options for better serving clients.

Basic Provisions

The PRWORA of 1996 contained new limits on food stamp benefits for able-bodied, childless adults between the ages of 18 and 50. Under the provisions, these individuals are eligible for only three months of food stamp benefits in a 36 month period unless they work or participate in a work program for at least 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 subject to these restrictions are exempt 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 for a dependent child; (3) are a pregnant woman; (4) are otherwise exempt from participating in the Employment and Training Program (E&T); or (4) live in one of the areas exempt by a waiver (see below).

State Options Under PRWORA'96

Waivers for areas where individuals would have difficulty complying with work requirements. Congress recognized that individuals in areas with high unemployment and limited job opportunities would have a difficult time complying with the new work requirements, so they offered states the option of waiving this requirement in such areas. In particular, a state can request a waiver from the federal government to exempt recipients from the work requirements if they live in an area with an unemployment rate greater than 10% or in an area with an insufficient number of jobs. This is not a blanket exemption; individuals in exempted areas will still be required to participate in the Food Stamp Employment and Training (E&T) Program when called. States are required to renew and/or adjust their waiver request every year (*See PP# 35 for more details*). Nationally, forty-two states and the District of Columbia applied for waivers for all or part of their state last year. **Of the forty-two, Texas alone did not apply for both the "10%" and "insufficient jobs" options.** Texas only applied for a waiver for counties with an unemployment rate greater than 10%.

State Options Added in BBA'97

A problem with the provisions of the PRWORA '96 was that many childless adults were at risk of losing their only means of assistance even if they were willing to work or if there were no available slots in the state's E&T program. Many advocacy groups pushed Congress and the President to provide more job training funds and/or additional exemptions for this population. The result of their efforts is the following provision contained in the Balanced Budget Act of 1997.

Additional 15% Waiver. States may seek a waiver for 15% of this same population, in addition to those exempt through the high unemployment and insufficient jobs waivers. States are given broad flexibility in designing this waiver request. They may implement this new exemption/waiver starting October 1, 1997. USDA's Food And Consumer Services (FCS) has calculated the number of allowable exemptions for each state for this fiscal year. For FY 1999 and subsequent years FCS will adjust its calculations to reflect changes in a state's caseload and the number of persons covered by area jobless waivers as well as the number of exemptions actually used by the state in FY 1998. If a state's caseload experiences a increase or decrease of more than 10 percent, FCS will adjust the number of allowable exemptions during that fiscal year.

New Federal Job Training Money. The budget bill also provided \$1.5 billion over the next five years in new spending for work slots for the childless adult population. States are required to spend 80% of these funds – which includes all unmatched E&T federal funds – on work training or job slots for the childless adult population. (Note: Sharp declines in the caseload of this population combined with mandatory spending percentages may distort the design of the state's work programs and limit resources spent on other recipients.) A state must meet maintenance of effort requirements – their FY 96 spending level to draw down the additional funds. Unspent funds must be returned to the Secretary for reallocation to other states. Also, if a state incurs Employment & Training Program costs that exceed its allocation of unmatched federal funds, USDA is required to pay 50% of the additional costs.ⁱⁱ A state plan, outlining the State's strategy for implementing the new provisions of the budget bill, must be submitted to USDA's food and consumer services by September 26, 1997. Many states have been struggling with this issue and are awaiting further definition from FCS (USDA). On September 26, 1997 FCS gave states an extension of October 31st of this year to

submit their plans. The Texas state plan was voted on September 25th and submitted by the Texas Workforce

Commission on September 26, 1997.

How is Texas Addressing These New Restrictions and State Options?

In July of 1996 Texas had nearly 80,000 childless, able-bodied adults receiving more than \$9 million in food stamp benefits.ⁱⁱⁱ In March of this year recipients not in compliance with the new work requirements began to be cut off the program. In September 1997, the caseload of this population numbered only 38,652 individuals. Though economic conditions continue to help reduce all caseloads, this steep decline clearly indicates a large number of recipients removed from the program through the new restrictions. Texas has addressed some waiver options, but has yet to implement a strategy for providing adequate work opportunities for these clients to insure a continuation of basic food assistance.

Waiver Request for Counties with Greater than 10% Unemployment.

Waiver requests are to be submitted each year to USDA by the Texas Department of Human Services, with direction for the Governor. Although the waiver authority technically rests with TDHS, direction from the Governor will shape the final policy. Every October 1st, the list of exempted counties will be updated, adding or subtracting counties from the list as appropriate. During the course of the year, DHS may request to add additional counties to the list if extenuating circumstances arise. Last year, 23 Texas counties with unemployment rates of greater than 10% were exempted under this waiver.

On August 15, 1997 DHS officially submitted their annual waiver request to USDA. With the help of the Texas Workforce Commission, DHS identified 26 of the State's 254 counties that would qualify for a waiver based on the greater than 10% unemployment criteria.^{iv} The new 26 counties include all 23 counties exempted last year and three new additional counties (Cottle, Liberty, and Kinney). A total of 12,581 food stamp recipients, representing \$1.4 million of monthly benefits, would be exempted by this waiver.^v Almost half of the individuals in exempt counties are reported to have no high school diploma/GED (48.0%). 88.9% of these individuals live in a household in which they are the only adult, with 64.8% living alone. It is about a 50/50 split between those individuals with some income and those with no income. Demographically speaking, individuals in exempt counties are generally between the ages of 41-50 (32.8%); majority Hispanic (76.5%); and female recipients account for 35.8% of this population.

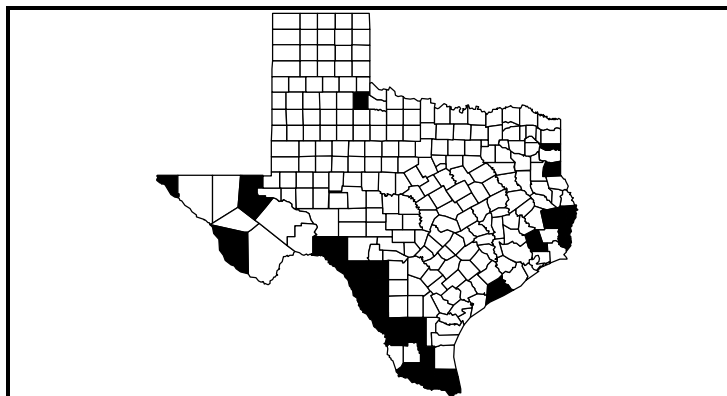
Once USDA approves the waiver request, new waivers should go into effect October 1, 1997.^{vi} Childless adults residing in the identified 26 counties will be exempt from the work requirements but must still participate in food stamp E&T activities if called.

"Insufficient Jobs" & Other Waivers.

Although Texas had and still has the option to request a waiver for areas with insufficient jobs, or what is known technically as "labor surplus areas", this waiver was not requested last year nor does it appear it will be requested this year. Since the board choose not to seek a "labor surplus waiver" or other insufficient jobs waivers last year, the department is not currently exploring these options. Consequently, it is very important that the new 15% waiver, and new work program options be implemented and designed to provide adequate and appropriate services to this population.

The New 15% Waiver.

The BBA '97 allows states to provide a number of exemptions that do not exceed 15% of the state's non-exempt childless adult population. USDA has just issued final regulations to states outlining the number of allowable exemptions each state



Greater than 10% Unemployment Waiver Request Submitted for 26 Counties.

Brooks, Cameron, Cottle, Dimmit, Duval, El Paso, Hidalgo, Jasper, Kinney, Liberty, Loving, Marion, Matagorda, Maverick, Newton, Orange, Panola, Presidio, Reeves, Starr, Tyler, Uvalde, Val Verde, Webb, Willacy, and Zavala

has for this new waiver. Texas has been informed that they will be allowed to exempt 5,242 individuals for the coming fiscal year with this type of waiver. Currently, staff of the Department of Human Services are working with staff of the Texas Workforce Commission to draft an appropriate plan for this population.

Although states have broad flexibility in structuring exemptions, potential exemptions could include, but are not limited to, exempting particular areas of the state not covered by the unemployment waiver, exempting individual recipients based on hardship, exempting subgroups of recipients (those over a certain age or below a certain education level).

Some examples of groups of individuals who may be appropriate for such a waiver are farmworkers who are not disqualified based on their immigrant status, anyone older than 45 years of age, anyone with less than a 9th grade education, displaced homemakers, and a number of other categories. The state could also combine various categories to add up to the allowable number of exemptions (5,242).

A relatively straightforward method of implementing the new 15% waiver would be to look at scenarios that would exempt all childless adults in an area, region, or county. By exempting an entire county, the department does not have to worry about documentation issues that occur when only segments of a population are exempted.

Using available data we examined three possible scenarios for county-based exemptions for the new 15% waiver. Remember, the 15% waiver is in addition to any other waivers the state has received. These scenarios do not include counties which have already been exempted by the “greater than 10% unemployment” waiver. One scenario uses the most recent poverty data available (See Chart I), another utilizes the most recent unemployment data available (See Chart II), or a third proposes using a combination of poverty and unemployment data.

1. Chart I, uses county-level poverty data as a basis for the 15% waiver request. Using the threshold of 30% of the population living below poverty in 1996, 28 counties with a total of 2,317 recipients, as of July 1996, would qualify for the new waiver. Although the poverty rate in these counties is quite high (30% or greater) the childless adult population receiving food stamps on July 1996 accounts for a very small percentage of the overall population for each county. High poverty rates can indicate high rates of hunger. Such a waiver could help alleviate the probable high rates of hunger in these counties. Also, poverty rates may capture a community economic condition not fully reflected in unemployment data. Unfortunately this methodology exempts less than half of the allowable number of individuals.

**Chart I: Possible Criteria for the new 15% Waiver.
High Poverty**

	County	# of Childless Adults July '96*	Number Below Poverty in 1996 **	Percent Below Poverty in 1996 **
1	Atascosa	189	10,539	30.4
2	Caldwell	157	9,119	30.0
3	Castro	42	3,058	32.6
4	Cochran	32	1,392	29.8
5	Collingsworth	13	1,066	30.9
6	Crosby	62	2,429	32.4
7	Culberson	69	1,192	30.9
8	Dawson	96	4,937	31.9
9	Deaf Smith	115	6,029	30.4
10	Dickens	20	818	32.8
11	Edwards	12	1,094	45.0
12	Floyd	43	2,616	30.2
13	Frio	107	5,955	38.3
14	Gaines	26	4,477	30.5
15	Gonzales	142	5,436	30.4
16	Hall	34	1,173	31.4
17	Hudspeth	16	1,307	40.7
18	Jim Hogg	61	2,018	34.3
19	Jim Wells	547	12,678	32.4
20	Karnes	103	5,695	37.9
21	La Salle	47	2,169	34.7
22	Lamb	77	4,507	30.5
23	Lynn	50	2,454	36.0
24	Menard	8	735	32.2
25	Real	41	761	30.5
26	San Augustine	70	2,439	30.6
27	San Saba	13	1,886	32.2
28	Zapata	125	4,667	40.6
	Total	2,317	102,646	33.23

2. Chart II, uses the most recent unemployment data available as a basis for exempting counties. Using as a threshold an unemployment rate of 8% or greater during a 12 month average and/or a 3 month average,^{vii} 28 counties with a total of 7,328 recipients would be exempt. In this scenario 25.6% of the individuals in these counties lived below poverty in 1996 and recent unemployment rates average 8.13% (for the 12 month average) and 8.62% (for the 3 month average). Of course, 7,328 recipients is more than the number of allowable exemptions Texas was granted which would require some other qualifying factors to narrow the exemptions.

3. A third approach could use a combination of poverty and unemployment data to exempt the most vulnerable individuals. The state could choose to select a higher unemployment threshold or exempt a client sub-group such as farmworkers. Farmworkers often have periods of unemployment due to the cyclical nature of their work. There are also a number of other seasonal worker categories, such as shrimpers, who also experience cyclical work patterns. Documentation for cyclical work may be difficult, but the state may choose to exempt entire counties with high populations of seasonal workers as a straightforward method of reaching this population which actually is working, but sporadically.

* Prepared August 28, 1997. Texas Dept. of Human Services
 ** Estimates of the Texas Poverty Population in 1996 by County. April 1997. Texas Dept. of Human Services.
 *** Most recent twelve month average and three month average

**Chart 2: Possible Criteria for the new 15% Waiver.
High Unemployment**

	County	# of Childless Adults on July '96*	% Below Poverty in 1996 **	Unemployment Rate ***	
				12 month period	3 month period
1	Bowie	317	17.8	8.0	8.9
2	Brazoria	431	10.2	7.2	8.0
3	Calhoun	102	19.9	8.6	9.6
4	Cass	182	24.6	7.8	8.0
5	Coleman	69	26.9	7.0	9.3
6	Crosby	62	32.4	7.8	8.5
7	Culberson	69	30.9	8.8	8.1
8	Deaf Smith	115	30.4	8.0	8.2
9	Floyd	43	30.2	7.1	8.4
10	Frio	107	38.3	8.9	9.5
11	Galveston	1466	16.3	8.3	8.6
12	Garza	24	24.5	6.6	8.3
13	Hardin	270	16.0	7.7	8.3
14	Harrison	254	21.0	8.8	8.7
15	Jim Hogg	61	34.3	9.0	10.4
16	Jim Wells	547	32.4	8.7	8.7
17	La Salle	47	34.7	8.4	7.9
18	Morris	66	25.2	7.8	8.3
19	Nueces	2372	21.7	8.2	8.1
20	Sabine	57	19.2	8.8	7.8
21	San Patricio	489	26.6	8.3	9.2
22	Somervell	19	16.6	9.2	9.7
23	Winkler	34	23.4	7.3	8.0
24	Zapata	125	40.6	8.7	8.3
	Total	7328	25.59	8.13	8.62

New Federal Job Training Money

In order to draw down new job training funds, all states are required to meet and continue their FY 96 spending level. The E&T program in Texas spent a total of \$18 million, federal and state funds, in FY 96. Texas' allocation for FY 1998 is slightly over \$16 million but Texas must spend slightly over \$3 million in state funds to meet its maintenance of effort requirements. As a result, Texas must spend a total of \$19.7 million for their Food Stamp Employment & Training Program if they wish to draw down all available funds. The Texas E&T state plan indicates that Texas estimates spending about \$25 million in 1998 for the E&T program in both federal and state dollars. The majority of the \$25 million is federal money

while the state spending is close to its FY1997 level. The Budget Bill also required that 80% of all state's unmatched federal money be targeted to the childless adult population (not just the additional allocation).^{viii} This provision leaves states with a substantial portion of overall E&T money targeted only to the childless adult population.

The federal government will also continue the 50/50 matched funds for this program and allow states to continue to spend their 50/50 match on any population they choose. Currently, there is no cap on the level of federal matching funds a state can receive for the food stamp E&T program. Texas may use this money to continue support services, such as transportation and child care, for this population or other populations.

Work Program Models

Federal changes to the food stamp program give states a couple of options in conducting work programs for childless adults. States are looking at three general program models: the current Food Stamp Employment & Training Program or a revised version of the current program, "Workfare", and subsidized work programs.

this program is broadened to include the activities which would qualify as "work programs" under the federal bill. However, the job search limitations do not apply when such components are offered through JTPA or trade readjustment programs. The state could possibly purchase some job search or job search training slots from these programs for the least vulnerable of this population.

Food Stamp Employment & Training Program

The main employment and training program available to this population has been the Food Stamp Employment & Training Program. In Texas, the Food Stamp Employment & Training Program is a mandatory work program for recipients unless otherwise exempted. Currently, the state has E&T programs in 56 counties, but the commission is exploring expanding services to other counties and/or redefining services in existing counties that are exempt from the work requirements. The budget bill allocates unmatched federal funds for states providing E&T services to recipients living in exempt (waived) counties. Therefore, it is advantageous to the state and recipients to continue E&T services in the current 56 counties, broaden those efforts to reach more individuals subject to work requirements, and continue to include those individuals living in waived counties.

Workfare

Workfare is a general term used to describe work related activities in which an individual participates in order to continue to receive assistance. Federal law allows states to conduct a food stamp workfare program. The law stipulates that a food stamp workfare program shall be designed to require recipients only to work the number of hours at the current federal or state minimum wage level (whichever is higher) equivalent to their benefit level. Using the current federal minimum wage, a childless adult recipient, on average, would only be required to work 20-23 hours per month to work off their benefits (about 5 hours per week) in a food stamp work program. USDA has informed states that they would be receiving some additional money to help support workfare activities, but it will not be enough to pay clients for their additional work at minimum wage levels.

It is unclear how the new money will fit into the current E&T program. The E&T program essentially only offers job search and job preparation assistance to food stamp recipients. These activities do not satisfy the work requirements in the federal bill. Therefore, participation in the current E&T Program would not prevent an individual from losing their food stamp benefits. The federal law does give states much flexibility in designing and operating their E&T programs. Essentially, the new E&T program may include work training programs such as JTPA and trade adjustment programs, work subsidized activities, volunteer work, workfare, and various other "work" programs. Unlike the old E&T program requirements, states no longer have to meet minimum participation rates so they can focus their resources on providing more intensive services. Also, food stamp E&T money can be spent on other training, education, and substance abuse programs which would exempt participants from the work requirements.

At this time, there is no food stamp workfare program in Texas nor has there ever been. The program, although administratively costly to conduct, does help individuals retain their food benefits when no other work options are available. Partnerships with local community-based organizations may provide an inexpensive alternative to manage workfare slots for clients.

Subsidized Work Programs

The Texas Workforce Commission currently does not operate subsidized work programs for this childless adult population. Subsidized work programs use the recipients benefit dollars to pay some portion of the individuals salary. Instead of receiving food stamps, the individuals benefit amount would be paid to their employer to help "subsidize" their pay. Participants in a work subsidized program – both recipients and employers – must be carefully screened and matched to ensure quality work experience and access to permanent employment.

Recommendations

Individuals who want and need job training will have to look beyond the Food Stamp E&T program for training, unless

Alternative work programs provide a means by which those individuals who are willing to work but cannot find work would be able to retain their food assistance. Work programs can offer individuals, who do not receive enough hours at work to reach the 20 hour per week requirement, a means of securing their food assistance. Also, work programs may help solicit community involvement through “workfare” or subsidized work programs.

Work programs for this population may benefit some from the design of the new JOBS program. The design sets up a

tier system based on the individuals work and education history. Recipients with the least education and work history would be placed in the tier that would include more intensive services. Using this model, it may be possible to provide some level of E&T services to all of the childless population (even if they live in a waived county).

With all “work” alternatives, it is crucial that the programs remain focused on the recipient and actually help participants acquire skills that lead to self-sufficiency.

Conclusion

Major changes to the Food Stamp Program occurred with the federal welfare reform law of 1996. Since that time, the budget bill has refined those provisions and USDA has given states some direction. Texas continues to work on their plan to assist childless adults move into work or work programs. With 80% of the E&T money directed at the childless adult population, flexibility in designing the E&T program, and several new waiver options, Texas will have the opportunity to both protect this vulnerable population and design substantial work programs for this population.

In June, 1996 the Texas Workforce Commission acquired the responsibility of administering the Food Stamp Employment & Training Program. However, the Department of Human Services continues to run the eligibility determination and benefits distribution of the Food Stamp Program. It appears that the Texas Department of Human Services will be working closely with the Texas Workforce Commission to draft policy

and deal with any new provisions for this population. This is a commendable effort to deal with the new strict work requirements for this vulnerable population. Still, it is important that all options, old and new, are considered or reconsidered. It is crucial that the state move quickly to take advantage of the new waiver options and implement new work programs. The clock began ticking in December, 1996 for this population. For many, food stamps are their only means of assistance and their only safety net. Without adequate protections and exemptions the final effect of this provision will not be increased employment but only increased hunger and poverty. It is obvious that a lot remains to be defined in terms of services for this population. We will keep you informed as regulations and policies emerge. If you have any questions regarding changes to the Food Stamp Program or any other food and nutrition programs, please contact Veronica DeLaGarza at the Center.

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ⁱ Childless Adults is used interchangeably with Able-bodied Adults without Dependents (ABAWD).

ⁱⁱ This provision simply continues states access to matched federal funds for the E&T Program . These funds are matched at a 50/50 rate.

ⁱⁱⁱ Based on DHS July, 1996 caseload.

^{iv} The Texas Workforce Commission data includes the average unemployment rate of counties during February, 1997-April, 1997 and the twelve month average unemployment rate of counties during May, 1996-April, 1997.

^v DHS report. Based on clients in hardship counties (greater than 10% unemployment) active at July 1997 cut-off.

^{vi} Although DHS has received approval to run their waivers for FY 1997 through December, 1997, DHS is asking USDA for permission to run their waivers based on the federal fiscal year cycle, i.e. October 1st of every year.

^{vii} The data represents the average unemployment rate for the most recent 12-month period for which data is available (August, 96-July, 97) and the average unemployment rate for the most recent 3-month period for which data is available (May, 97-July, 97). Texas Workforce Commission.

^{viii} States receive two pools of money for the Food Stamp Employment & Training Program. One pool of money is 100% federal money. The second pool of money is a 50/50 state/federal match.