

ISSUES

IN FOOD ASSISTANCE

Assessing the Self-Sufficiency of Food Stamp Leavers

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Issue: The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) limited able-bodied adults without dependents (ABAWDs) between the ages of 18 and 50 to 3 months of food stamps in any 3-year period unless they were working. States could choose to exempt ABAWDs living in areas of the United States with high unemployment or insufficient jobs from the new requirement. The view that ABAWDs are able to support themselves and should be encouraged to become self-sufficient was the underlying cause of this change to the Food Stamp Program (Bell and Gallagher, 2001). The legislative changes contained in PRWORA, combined with a strong domestic economy, contributed to a dramatic decline in food stamp caseloads in the mid- to late-1990s. As food stamp caseloads declined, concern arose about the well-being of people, ABAWDs among them, who were no longer receiving benefits from the Food Stamp Program. This concern led to a need to evaluate whether the new rules were, in fact, moving food stamp recipients, including ABAWDs, toward economic self-sufficiency.

Background: The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 dramatically altered the system that had provided welfare cash assistance and food stamp benefits to low-income households since the early 1970s. While the primary focus of PRWORA was to replace Aid to Families with Dependent Children (AFDC) with the Temporary Assistance to Needy Families (TANF) block grant, it also included major reforms to the Food Stamp Program. Among those changes were some that instituted work or work-related requirements for ABAWDs and limited FSP participation of ABAWDs who were not working or

enrolled in work-related programs to no more than 3 months of food stamps in any 3-year period.

Many States were granted exemptions by the Food and Nutrition Service (USDA) from PRWORA work requirements and time limits for ABAWDs residing in areas of those States that had high unemployment rates or insufficient jobs. To obtain an exemption based on high unemployment, an area must have had an unemployment rate in excess of 10 percent. States could use a variety of data to demonstrate that the number of available jobs was insufficient. Many States relied on designations of labor surplus area (LSA) by the U.S. Department of Labor. These are areas with an unemployment rate that exceeds the national unemployment rate by 20 percent or more. Further, the Balanced Budget Act of 1997 allowed States to exempt up to 15 percent of their ABAWD cases from work requirements and time limits, using criteria determined by the State.

The Economic Research Service, Department of Agriculture, and the Office of the Assistant Secretary for Planning and Evaluation, Department of Health and Human Services, jointly funded and commissioned four State studies (Arizona, Illinois, Iowa, and South Carolina) that examined the well-being of ABAWDs who had left the FSP in the post-reform era. Some ABAWD leavers in Illinois (14 percent) and Iowa (19 percent) were rural residents. Information on rural residency was unavailable for Arizona and South Carolina. There are some limitations with making cross-site comparisons and generalizing study results. For instance, the studies vary, sometimes widely, in defining the populations they study, the time period of the surveys, and how the outcomes are

measured. In three States (Arizona, Illinois, and Iowa), the data are for ABAWDs who left the Food Stamp Program in 1997. In South Carolina, the data were gathered for ABAWDs who left the program between 1998 and 1999. Additionally, Arizona did not collect data statewide and focused only on ABAWD leavers living in counties with no work exemptions. ABAWD leaver response rates to the survey were relatively low—38 percent in Arizona (sample size = 240), 47 percent in South Carolina (sample size = 609), and 55 percent in Illinois (sample size = 419). The response rate for Iowa ABAWD leavers was not available.

Findings: ABAWD leavers' employment rates are significant, but earnings and incomes are low and their poverty rates are high. Some ABAWD households are likely to require assistance in the form of income supports and services such as job training or medical care to achieve economic sustainability.

A major goal of the time limits set for ABAWDs by PRWORA was to encourage self-sufficiency through employment. ABAWD leavers' employment rates varied considerably among the States (table 1). At the time of the surveys, employment of ABAWD leavers ranged from a low of 41 percent (Illinois) to a high of 76 percent (Iowa). Work hours for ABAWD leavers in Arizona, Illinois, and South Carolina averaged about 37 hours per week, while Iowa ABAWD leavers averaged about 49 hours a week.

The majority of ABAWD leavers in Arizona and Illinois who were not working reported poor health (or caring for a family member in poor health) as the primary reason for their lack of employment (table 1). Some nonworking respondents cited difficulty in finding a job as the reason they were not employed. In Illinois, 40 percent of

ABAWD leavers said they were unable to find a job while only 16 percent of South Carolina ABAWD leavers cited this reason. In Arizona, where none of the respondents lived in exempt areas, only 9 percent of ABAWD leavers reported they could not find a job. There was no information on the reasons given by unemployed Iowa ABAWD leavers for their lack of employment. Education often plays an important role in determining an individual's employment and earnings potential, and the surveys showed that in two States substantial shares of ABAWD leavers had not completed high school. Over half of respondents in Arizona (62 percent) and South Carolina (57 percent) were high-school dropouts. In Iowa, where the ABAWD leavers' employment rate was quite high, the ABAWD leavers dropout rate was markedly lower (17 percent). There were no data on educational attainment for Illinois respondents.

Monthly earnings for ABAWD leavers were quite low (table 2). Illinois respondents reported average monthly earnings of \$514. This low monthly earnings figure is partially a reflection of the relatively small portion of Illinois respondents who were employed. Average total monthly earnings for Iowa ABAWD leavers' households also were very low—\$518. Given their high rate of employment, low dropout rate (relative to the other two States), and very low earnings level, Iowa ABAWD leavers were most likely living in areas with a fairly high number of low-paying jobs and for this reason may find achieving self-sufficiency difficult. The monthly earnings of Arizona ABAWD leavers (\$956) was relatively high, in part, because no exempt areas were included in the survey.

However, some ABAWD leavers did have access to sources of income other than their earnings. Nine percent of South Carolina ABAWD leavers lived with an

Table 1—ABAWD leavers' employment characteristics

Item	Arizona	Illinois	Iowa	South Carolina
Employment rate (%)	62	41	76	55
Average hours worked per week*	37	36	49	37
Reason respondent not working (%):				
Health of respondent or family member	61	52	—	21
Unable to find a job	9	40	—	16
Respondent did not complete high school (%)	62	—	17	57

— Comparable data not available. *Base: Employed respondents.

Sources: Jensen et al., 2000; Mills and Kornfeld, 2000; Rangarajan and Gleason, 2001; and Richardson, 2001.

Table 2—ABAWDs' earnings and household income

Item	Arizona	Illinois	Iowa	South Carolina
Total household average monthly earnings (\$)	1,219	567	518	—
Respondent's average monthly earnings (\$)*	956	514	257	—
Respondent's average monthly earnings (\$)**	—	—	339	1,229
Spouse/partner's average monthly earnings (\$)	263	53	—	—
Earnings as share of household income (%)***	87	75	—	—
Total average monthly household income (\$)	1,406	751	888	905

— Comparable data not available. *Base: All respondents. ** Base: Respondents who worked. *** Respondent's and spouse/partner's earnings.

Sources: Jensen et al., 2000; Mills and Kornfeld, 2000; Rangarajan and Gleason, 2001; and Richardson, 2001.

employed spouse/partner. Thirty-eight and 24 percent of Arizona and Iowa ABAWD leavers lived with a spouse/partner at the time of the survey, but information on the employment status of the spouse/partner was unavailable. There was no information on the share of Illinois ABAWD leavers living with a spouse or partner.

The importance of earnings in ABAWD leavers' household income differed between Arizona and Illinois. Earnings of ABAWD leavers and their spouses/partners supplied about 87 percent of household income in Arizona, and about 75 percent of household income in Illinois. There was no comparable earnings information available for Iowa or South Carolina.

Public assistance and various other sources (retirement income, Social Security, child support, etc.) make up the remainder of household income. About 5 percent of Arizona respondents' household income was from public assistance, while in Illinois about 15 percent of household income came from this source.

The combination of earnings and public assistance accounted for over 90 percent of ABAWD leavers' household income in both States, with Illinois leavers somewhat more dependent upon public assistance for income. There was no comparable information on public assistance income for Iowa or South Carolina. In all four States some of the ABAWD leavers had returned to food stamps by the time of survey interview.

The rates of returns to the Food Stamp Program were highest in Illinois (29 percent) and Arizona (21 percent). Iowa and South Carolina ABAWD leavers had rates of returns to the FSP of 19 percent and 16 percent, respectively.

Household income levels among ABAWDs who have left the Food Stamp Program are important indicators of movement toward self-sufficiency. If incomes from sources other than public assistance are high, this is an indication of movement toward self-sufficiency. Low income suggests a difficult transition to self-sufficiency. In Iowa and Illinois, monthly household income for ABAWD leavers was quite low and reflects, in part, their low earnings. Respondents in these two States had monthly household income of \$888 (Iowa) and \$751 (Illinois). Monthly household income for ABAWD leavers was considerably higher in Arizona (\$1,406).

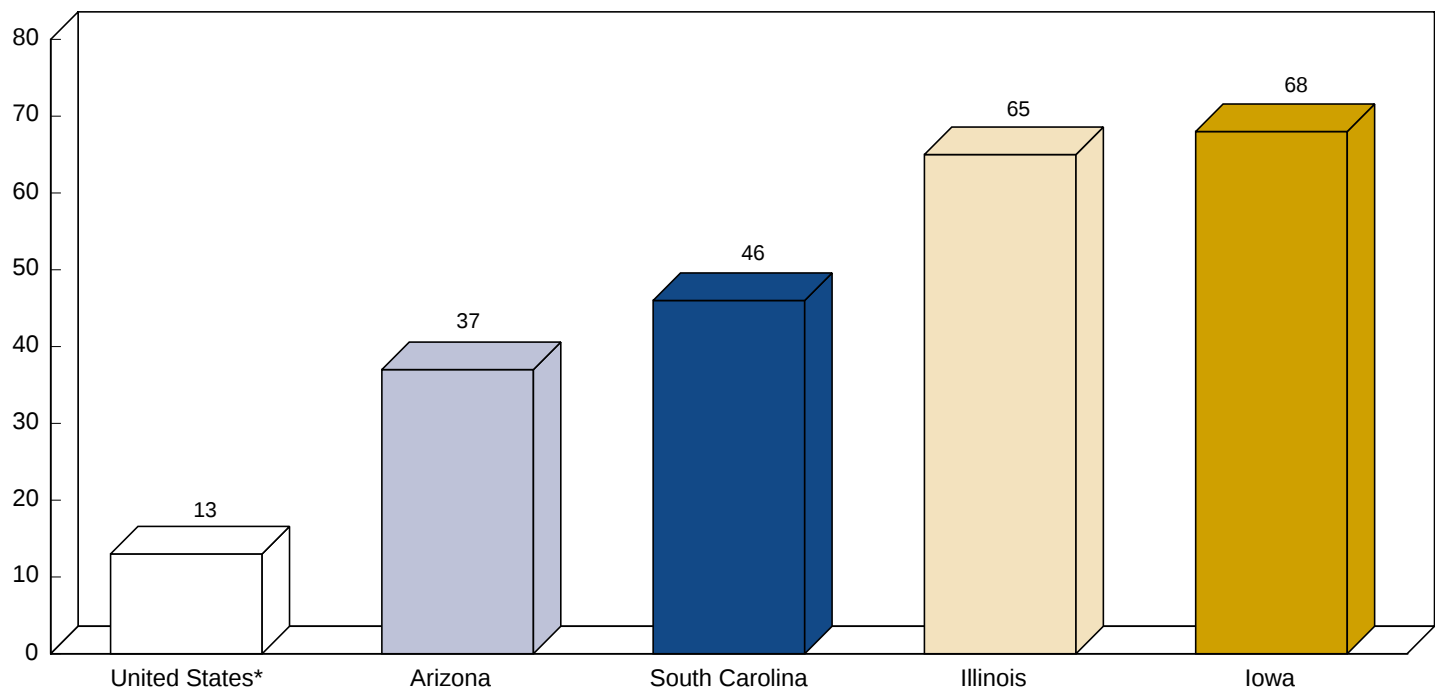
The high poverty rates for ABAWD leavers' households reflect their low household incomes and underscore the difficulty that many in this group of FSP leavers face trying to make ends meet (fig.1). About two-thirds of Illinois and Iowa ABAWD respondents had household income below the poverty level.

ABAWD leavers in South Carolina and Arizona fared somewhat better, with poverty rates of 46 percent and 37 percent. By way of comparison, the U.S. Census Bureau reported that the 1998 poverty rate for all people was about 13 percent (poverty data available at <http://www.census.gov/hhes/poverty/histpov>).

The portion of respondents' households experiencing severe poverty (income below 50 percent of the poverty level) was highest in Illinois and Iowa. About 40 percent of Illinois and Iowa ABAWD leavers had household income below 50 percent of the poverty level. Much smaller shares of ABAWD leavers in South Carolina (12 percent) and Arizona (19 percent) experienced severe poverty.

Figure 1—ABAWD leavers' poverty rates

Percent



*1998 U.S. poverty rate for all people.

Source: Poverty data, U.S. Census Bureau.

In addition to measuring income, the surveys measured other characteristics of ABAWD leavers' households that bear on their well-being and on their ability to achieve economic self-sufficiency. This information included the extent to which ABAWD leavers experienced food insecurity, were covered by health insurance, and had difficulty paying for housing and/or utilities.

In all four States, about 20 percent of ABAWD leavers reported experiencing food insecurity without hunger.¹ The prevalence of food insecurity without hunger for U.S. low-income households with no children under 18 years of age was 15 percent in 1998 (Andrews et al., 2000).² Food insecurity with hunger is an indicator of

an even more severe problem (fig. 2). Between 17 and 34 percent of the ABAWD leavers reported food insecurity with hunger, compared with 11 percent of U.S. low-income childless households.

Access to health care, through private or public insurance, can support one's transition to self-sufficiency. The surveys showed that about 30 percent of ABAWD leavers in Illinois and just over half of Arizona and South Carolina ABAWD leavers had no health insurance of any kind, including Medicaid. A smaller share of ABAWD leavers in Iowa, about a third, reported having no health insurance.

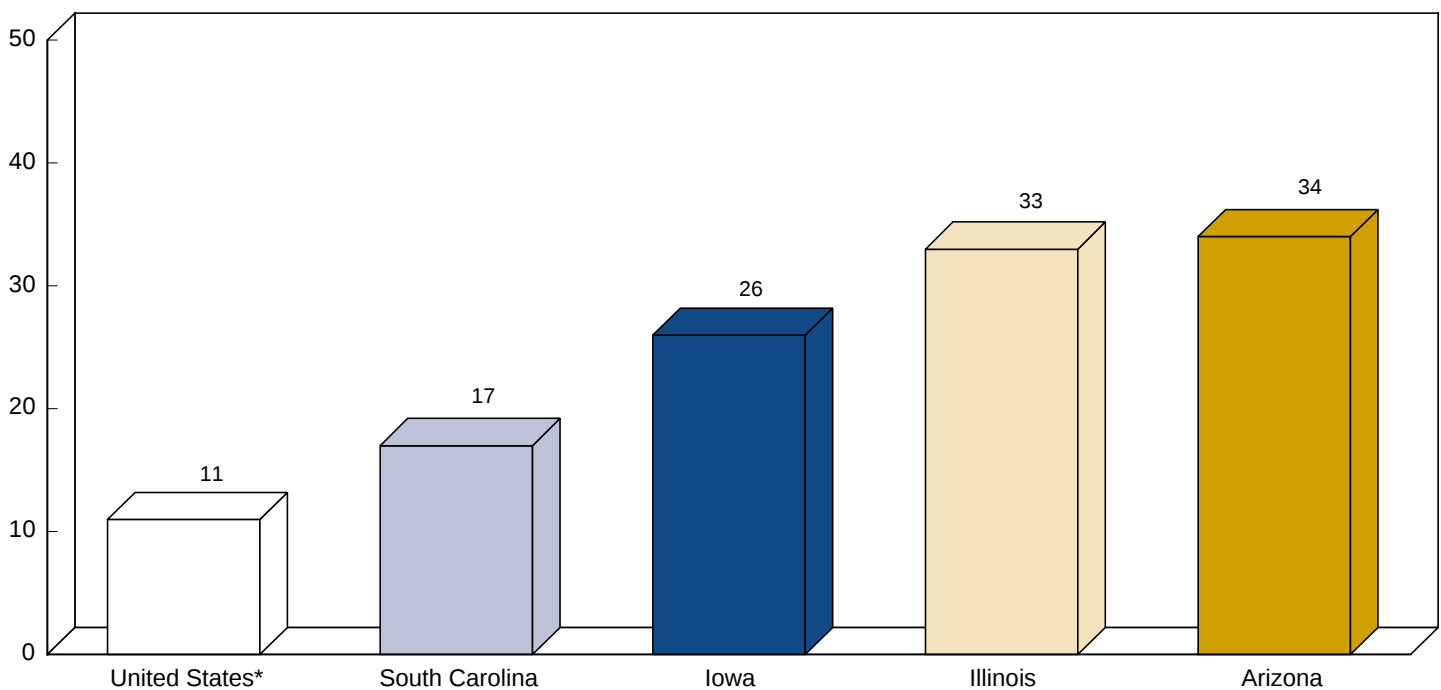
ABAWD leavers reported facing additional economic difficulties. About 38 percent of ABAWD leavers in Arizona reported experiencing housing problems ranging from getting behind in their rent to becoming homeless. Seventeen percent of Illinois ABAWD leavers faced eviction or stayed in a homeless shelter while another 20 percent reported having to move in with relatives or friends. Twenty-nine percent of South Carolina respondents reported difficulties with paying for housing, and 32 percent of Iowa ABAWD leavers could not pay their rent or had been evicted.

¹ Food security is defined as having access to enough nutritionally adequate food to maintain health. Food insecurity is limited or lack of access to a nutritionally adequate diet. Hunger is defined as involuntary hunger as a result of lack of access to enough food (ERS, USDA). Food security data for South Carolina are from the 1999-2000 survey.

² Low-income households are defined as households with income below 130 percent of the poverty level, containing no children under 18 years old.

Figure 2—ABAWD leavers experiencing food insecurity with hunger

Percent



*Share of U.S. low-income households (under 130 percent of poverty level) with no children under 18 years of age.

Source: Andrew et al., 2000.

In addition to housing problems, considerable portions of ABAWD leavers, particularly those in South Carolina and Arizona, reported problems paying for utilities. Sixty-five percent of ABAWD leavers in South Carolina and 50 percent of Arizona ABAWD leavers had problems paying their utility bills or had their utilities cut off. About a third of Illinois respondents reported having their utilities cut off. In Iowa, 21 percent of respondents lost use of their telephones or electrical utilities.

Unresolved Issues: In general, it appears that some of the ABAWD leavers in these studies are on the path to economic self-sufficiency. In three of the four States, the majority of ABAWD leavers were employed. But earnings were low and relatively large shares of this group had income below the poverty level. As time passes, more ABAWD leavers may become employed and, for those already employed, earnings will increase and poverty and material hardship will decline. But for some, particularly those ABAWD leavers who did not complete high school or who live in areas where living-wage jobs are scarce, economic self-sufficiency may be difficult to achieve.

The studies raise two important questions. The first question concerns the health status of ABAWD leavers. In two of the studies, the majority of nonworking ABAWD leavers cited health problems as the reason they were not working. Because ABAWDs who can verify that they are physically or mentally unable to work are exempt from work registration, it is important to know whether the standards for being categorized as “able-bodied” are set appropriately.

Second, relatively large portions of ABAWD leavers in these studies were poor and food insecure with hunger. Even taking into consideration ABAWD leavers’ rates of returning to the FSP, some of the working ABAWD leavers must have been poor and eligible for food stamps but were not receiving them. Why are working ABAWD leavers with incomes below the poverty level not receiving food stamps? Granted, a few of the working ABAWD leavers with household incomes close to the poverty line may have had assets that disqualify them from participation, but, at a minimum, those working ABAWD leavers living in or near severe poverty are almost certainly eligible to receive food stamp benefits.

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