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# Food Stamp Leavers Research Study—Study of ABAWDs Leaving the Food Stamp Program in South Carolina

## Final Report

By Philip Richardson, Gregg Schoenfeld, Susan LaFever, Frances Jackson, and Mark Tecco, MAXIMUS, Inc.

ERS project representative: Elizabeth Dagata

### Abstract

This report presents the findings of a study of able-bodied adults without dependents (ABAWDs) in South Carolina who left the Food Stamp Program (FSP) between October 1998 and March 2000. Under 1996 welfare reform legislation, ABAWDs are limited to 3 months of food stamp benefits in a 36-month period unless they work or participate in an approved work or training program. Survey data collected 12 months after they left the FSP showed that about 72 percent of ABAWD leavers were either working or living with an employed adult. Of those who were unemployed at the time of the survey, about half had worked in the past year. About half were below the poverty line, and two-thirds appeared, based on income, to still be eligible for food stamps. Forty percent were food insecure and 23 percent food insecure with hunger evident. Outcomes for ABAWDs who left the FSP in counties exempted from the ABAWD work requirements and time limits were similar to outcomes of ABAWDs leaving the program in nonexempt counties.

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The opinions expressed in this report are those of the authors.

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## EXECUTIVE SUMMARY AND DISCUSSION

This report presents the findings of a study of able-bodied adults without dependents (ABAWDs) who left the South Carolina Food Stamp program between October 1998 and March 2000. Under the 1996 welfare reform law, these persons are limited to 3 months of Food Stamp benefits in a 36-month period unless they work or participate in an approved work or training program.

### A. Study Objectives

The major goal of the study was to determine how persons who are subject to the ABAWD work requirements and time limits were faring after leaving Food Stamps. A major concern of policy makers is that persons who are subject to the ABAWD time limits and work requirements may not be ready to meet the demands of the job market, and may not be able to obtain steady employment and sufficient earnings after leaving Food Stamps. To examine the impact of the ABAWD provisions, the study compares key outcomes for three groups of ABAWD leavers:

- **Leavers from Non-Exempt Counties:** these are persons living in counties that did *not* have exemptions from the ABAWD time limits and work requirements;
- **Leavers in Counties Exempt Due to High Unemployment:** these are persons from counties that were exempt from the ABAWD provisions because of high unemployment and labor surpluses; and
- **Leavers in Counties Exempt Due to the 15 Percent Provision of the 1997 Balanced Budget Act:** these are persons from counties that were exempt from the ABAWD provisions under the 15 percent waiver provision of the 1997 Balanced Budget Act (see below).

### B. Policy Background of the Study

Prior to the 1996 PRWORA legislation, childless adults aged 18-50 were not subject to time limits on the receipt of Food Stamp benefits. In the three years after PRWORA was enacted, the average monthly number of ABAWDs receiving food stamps fell from 1,133,000 to 362,000, a decline of 68 percent.<sup>1</sup> A major focus of the study is to help understand what is happening to ABAWDs who have left the Food Stamp program.

Under PRWORA, waivers of the work requirements and time limits for ABAWDs can be granted for geographic areas where there is high unemployment or that have an insufficient number of jobs. The Balanced Budget Act of 1997 introduced an important addition to the ABAWD exemption provisions. Under the new law, States may directly exempt up to 15

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<sup>1</sup> Implementation of the Employment and Training Program for ABAWDs, U.S. General Accounting Office, February 2001

percent of their ABAWD cases from work requirements and time limits, using statedetermined criteria.

## C. Study Design and Data Analysis

In comparing ABAWD leavers in exempt and non-exempt counties, a major goal of the study was to highlight the impact of the ABAWD provisions. In theory, it might be expected that the ABAWD leavers in the exempt counties would do better after leaving Food Stamps than leavers in the non-exempt counties. The reason for this is that the ABAWDs who leave Food Stamps in exempt counties are not subject to the time limits and work requirements and are more likely to be leaving the program for “voluntary” reasons, such as employment.

One of the problems in comparing the exempt and non-exempt counties is that ABAWD leavers in exempt counties are typically dealing with higher local unemployment rates than ABAWD leavers in non-exempt counties. In examining county unemployment rates in South Carolina, however, we found that unemployment rates in counties exempt under the 15 percent provision were relatively low and were comparable to unemployment rates in the nonexempt counties during the study period. By comparing the nonexempt counties and the counties exempt under the 15 percent provision, we were in a position to examine outcomes in the two types of counties while largely controlling for the impact of county unemployment rates.

The study involved two samples of ABAWD leavers in South Carolina, as follows:

- ABAWDs who left Food Stamps between October 1998 and March 1999 (the 1998-1999 leavers sample); and
- ABAWDs who left Food Stamps between October 1999 and March 2000 (the 1999-2000 leavers sample).<sup>2</sup>

Telephone surveys were conducted with the sample members about one year after they left the Food Stamp program.

With regard to response rates, researchers have traditionally found it difficult to achieve high response rates in surveys of ABAWD leavers.<sup>3</sup> We achieved a response rate of 47 percent among the 1998-1999 leavers (285 survey completions) and 45 percent among the 1999-2000 leavers (283 survey completions). Two major factors seem to explain the difficulty in achieving high response rates on surveys of ABAWD leavers. First, ABAWD leavers have relatively low rates of participation in Medicaid, child support enforcement, and other programs, making it difficult to locate the ABAWD leavers using data from state databases. Second, the ABAWD population is unusually mobile due to their relative youth, their status as childless adults, and their relatively low level of attachment to the labor force. The youth of the ABAWD population

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<sup>2</sup> Under the sample selection criteria, an ABAWD could not be the adult living in a family with children, or the PI or spouse in a case involving two adults and children.

<sup>3</sup> Study of Arizona Adults Leaving the Food Stamp Program, December 2000; Food Stamp Leavers in Illinois: How Are They Doing Two Years Later?, January 2001.

was especially significant in the South Carolina study. Due to the somewhat low response rates on the surveys, some caution must be exercised in interpreting the findings.

## **D. Summary of the Major Findings**

This section presents a summary of the key findings from the study, while Section E discusses the policy implications of the findings.

### **The Percentage of Leavers Who Were Still Off Food Stamps and Currently Employed at the Time of the Surveys Did Not Vary Significantly Between the Non-Exempt Counties and the Exempt Counties**

Exhibit ES-1 shows that, among the 1998-1999 leavers, there was not much difference among the three types of counties in the percentage of respondents who were still off Food Stamps and working at the time of the surveys. The Food Stamp recidivism rate was slightly lower in counties that were exempt due to high unemployment, but the differences among the counties were not statistically significant.

Among the 1999-2000 sample of leavers, the percentage who were still off Food Stamps and employed was slightly higher in the non-exempt counties (47 percent) than in the counties exempt under the 15 percent provision (42 percent). The percentage was lowest in the counties exempt due to high unemployment (37 percent). As shown in the exhibit, the counties that were exempt due to high unemployment had a recidivism rate of 21.6 percent, compared to only 9.1 percent in the non-exempt counties – a statistically significant difference. The higher recidivism rate in the counties that were exempt due to high unemployment may have been due to economic conditions.

### **The Percentage of Respondents Who Were Still Off Food Stamps But Not Working Ranged from 37 to 43 Percent and Did Not Vary by Type of County**

As indicated in Exhibit ES-1, a relatively large percentage of the survey respondents were still off Food Stamps but not working – ranging from 37 to 43 percent. The percentage did not vary greatly by type of county.

### **The Employment Rate Among Respondents Who Were Still Off Food Stamps at the Time of the Surveys Did Not Vary Significantly Between the Non-Exempt Counties and the Counties Exempt Under the 15 Percent Provision**

As indicated in Exhibit ES-1, the employment rate among respondents who were still off Food Stamps was about the same in the non-exempt counties as in the counties that were exempt under the 15 percent provision. The employment rate was also similar in counties that were exempt due to high unemployment. These results were confirmed when we conducted multiple regression analyses of the data to control for the impact of demographics on employment outcomes.

**Exhibit ES-1  
Overview of Key Outcomes Among Survey Respondents, by Type of County**

OUTCOMES AMONG RESPONDENTS	Sample of Leavers	TYPE OF COUNTY			Total
		Non-Exempt	Exempt – 15 Percent Rule	Exempt - High Unemployment	
<b>Overall Food Stamp and Employment Status</b>					
Percent still off Food Stamps and currently working	1998-1999	44.4%	46.1%	49.4%	46.4%
	1999-2000	47.7%	42.6%	37.1%	43.1%
Percent still off Food Stamps but NOT working	1998-1999	38.3%	36.7%	36.7%	37.4%
	1999-2000	43.2%	42.6%	41.2%	42.4%
Percent back on Food Stamps	1998-1999	17.2%	17.2%	13.9%	16.2%
	1999-2000	9.1%*	14.8%	21.6%*	14.5%
<b>Employment of Persons Still Off Food Stamps</b>					
Percent employed at the time of the surveys	1998-1999	53.7%	55.7%	57.4%	55.4%
	1999-2000	50.0%	50.0%	47.4%	50.4%
Percent of employed persons working 40+ hours per week	1998-1999	61.7%	50.9%	53.8%	56.3%
	1999-2000	61.9%	47.8%	61.1%	59.0%
Median monthly earnings of employed persons	1998-1999	\$1,126	\$1,059	\$1,137	\$1,090
	1999-2000	\$1,204	\$1,082	\$1,018	\$1,082
Percent of employed persons earning more than \$1,000 per month	1998-1999	62.5%	58.5%	65.8%	62.3%
	1999-2000	69.6%	52.2%	50.1%	60.0%
Persons NOT working – percent who had worked in past 12 months	1998-1999	50.0%	46.7%	48.3%	48.7%
	1999-2000	54.4%	56.5%	65.0%	58.3%
<b>Poverty Status of Persons Still Off Food Stamps</b>					
Percent below 100 percent of poverty	1998-1999	40.1%	54.7%	48.3%	46.3%
	1999-2000	46.7%	54.3%	50.0%	49.2%
Average monthly household income	1998-1999	\$1,002*	\$768*	\$881	\$905
	1999-2000	\$1,051	\$838	\$991	\$990
<b>Food Security of Persons Still Off Food Stamps</b>					
Percent who had cut or skipped meals in past year due to lack of money	1998-1999	18.8%	31.2%	19.1%	22.8%
	1999-2000	23.3%	36.9%	27.6%	27.2%
Percent food insecure with hunger evident in last year	1998-1999	n/a	n/a	n/a	n/a
	1999-2000	15.8%	21.7%	15.8%	16.9%

\*Differences between types of county statistically significant at the .05 level.

N/A -- not collected for the 1998-1999 sample

**About 72 Percent of the Survey Respondents Were Either Working or Living With an Employed Adult at the Time of the Surveys -- The Percentage Was About the Same in the Exempt and Non-Exempt Counties**

Although not shown in Exhibit ES-1, about 72 percent of the respondents who were still off Food Stamps at the time of the surveys were either working or living with an employed adult. For both samples, the percentage was about the same for the exempt counties and nonexempt counties. Among the 1998-1999 leavers who were *not* working and *not* living with an employed adult, 15 percent were living in households that were receiving SSI or child support.

Among the 1999-2000 leavers who were *not* working and *not* living with an employed adult, 32 percent were living in households that were receiving SSI or child support.

## **Employment Stability Was Relatively Low Among ABAWDs in the Samples But Was About the Same in the Non-Exempt Counties as in the Counties Exempt Under the 15 Percent Provision**

An analysis of earnings data from the Unemployment Insurance (UI) system showed that employment stability was not very high among the ABAWDs in the samples. Of all the 1998-1999 leavers (including those who were back on Food Stamps), only 36 percent were employed for 6 or more quarters in the 8 quarters after they left Food Stamps.<sup>4</sup> This included only 39 percent of the persons from the nonexempt counties and 40 percent of the persons from counties exempt under the 15 percent provision. In counties exempt due to high unemployment, the percentage was only 29 percent.

## **Among Employed Persons Who Were Still Off Food Stamps, There Was Not a Statistically Significant Difference Between the Non-Exempt Counties and the Counties Exempt Under the 15 Percent Provision in the Percentage Working Full-Time**

As indicated in Exhibit ES-1, the percentage who were working 40 hours or more per week was somewhat higher in the non-exempt counties (about 62 percent in both samples) than in counties exempt under the 15 percent provision (48.51 percent). However, the differences were not statistically significant. About one-third of all employed respondents who were still off Food Stamps were working evenings or nights, and slightly more than 40 percent were working all or most weekends.

## **Somewhat More than Half of the Employed Persons Who Were Still Off Food Stamps Were Earning More than \$1,000 per Month**

As indicated above in Exhibit ES-1, more than 60 percent of the employed respondents in the non-exempt counties reported that they were earning more than \$1,000 per month. This was somewhat higher than the 52-58 percent in the counties exempt under the 15 percent provision, but the differences were not statistically significant. Median monthly earnings were somewhat higher in the non-exempt counties than in the counties exempt under the 15 percent provision, but again the difference was not statistically significant.

## **About One-Fifth of All Employed Leavers Were Earning \$750 a Month or Less**

Overall, about 20 percent of the employed leavers were earning less than \$750 per month at the time of the surveys. In non-exempt counties, the percentage was 14 percent for the 1998-1999 leavers and 18 percent for the 1999-2000 leavers. This difference was not statistically significant. In the counties that were exempt under the 15 percent provision, the percentages were higher -- 28 percent and 26 percent, respectively. Overall, almost 38 percent of the employed 1998-1999 leavers said that they were working in jobs that paid \$7 per hour or higher,

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<sup>4</sup> The 8 quarters covered the two-year period after the sample members left Food Stamps. They left Food Stamps between October 1998 and March 1999.

while almost 25 percent were in jobs that paid less than \$6 per hour. The figures for the 1999-2000 leavers were 56 percent and 26 percent, respectively.

## **About Half of the Unemployed Leavers in the Non-Exempt Counties Had Worked in the Past Year – About the Same as in the Exempt Counties**

Among persons who were still off Food Stamps but not working at the time of the surveys, Exhibit ES-1 shows that between 50 and 54 percent of the persons in the non-exempt counties had worked at some time in the past year. This was not significantly different from the situation in the exempt counties.

## **Many of the Respondents Who Were Still Off Food Stamps Were Living Below the Poverty Level**

For respondents who were still off Food Stamps, Exhibit ES-1 shows that 40-47 percent of the respondents from the non-exempt counties were below the poverty level, based on reported household income. This compares to about 54-55 percent of the respondents in the counties that were exempt under the 15 percent provision, and 48-50 percent of the respondents in counties exempt due to high unemployment. These differences are not statistically significant.

## **Among Respondents Still Off Food Stamps, Average Monthly Household Income Was Significantly Higher in the Non-Exempt Counties than in the Counties Exempt Under the 15 Percent Provision**

As indicated in Exhibit ES-1, average monthly household income, as reported by the survey respondents, was much higher in the non-exempt counties (over \$1,000 in both samples) than in the counties exempt under the 15 percent provision.

## **Poverty Rates Were Highest for Persons Who Were Off Food Stamps for Reasons Unrelated to Employment**

Of the respondents who said they were no longer on Food Stamps due to employment, only 36 percent of the 1998-1999 leavers and 38 percent of the 1999-2000 leavers were in households below the poverty level. Of the respondents who said that they were no longer on Food Stamps due to “hassles,” or pride/dignity, 39 percent of the 1998-1999 leavers and 50 percent of the 1999-2000 leavers were in households below the poverty level. Finally, among respondents who were off Food Stamps for any other reason (including time limits), 53 percent of the 1998-1999 leavers and 54 percent of the 1999-2000 respondents were in households below poverty.

## **About 62 Percent of the 1998-1999 Leavers and 69 Percent of the 1999-2000 Leavers May Still Have Been Eligible for Food Stamps Based Only on Income**

Based only on income, about 62 percent of the 1998-1999 leavers and 69 percent of the 1999-2000 leavers were living in households below 130 percent of the poverty level (the gross

income level for Food Stamps), indicating that they might still be eligible for Food Stamps based on household income. Some of these respondents, however, may have been ineligible based on household assets, time limits, or other eligibility factors. Of the respondents who said they were no longer on Food Stamps because of hassles or pride/dignity, 61 percent of the 1998-1999 leavers and 69 percent of the 1999-2000 leavers were in households below 130 percent of poverty.

### **Some Respondents Reported That Since Leaving Food Stamps, They Had Been More Likely to Skip Meals or Cut the Size of Meals Due to Lack of Money. The Increase Was the Same in Non-Exempt Counties as in Counties Exempt Under the 15 Percent Provision**

Among the 1998-1999 leavers who were still off Food Stamps, almost 19 percent of the persons in the non-exempt counties reported that they had to cut the size of meals or skip meals in the past year due to lack of money. This was an increase from only 3 percent who said that they had cut or skipped meals before leaving Food Stamps, a statistically significant increase. Among respondents in the counties that were exempt under the 15 percent provision, the percentage increased from 15 percent to 31 percent, also statistically significant. Among the 1999-2000 leavers, the percentage in the non-exempt counties increased from 12 percent to 23 percent, a statistically significant increase. The percentage in the counties exempt under the 15 percent provision increased from 22 percent to 37 percent— a large increase but not statistically significant.

### **Between 16 Percent and 22 Percent of the Respondents Who Were Still Off Food Stamps Had Been Food Insecure With Hunger Evident at Some Time in the Past Year**

For the 1999-2000 leavers, an analysis of food security was conducted using the short version of the USDA food security index. It was found that, in the past 12 months, about 60 percent of the 1999-2000 leavers were food secure, 23 percent were food insecure without hunger, and 17 percent were food insecure with hunger. As indicated in Exhibit ES-1, between 16 and 22 percent of the respondents had been food insecure with hunger at some time in the past year.

### **Minor Hardships Increased Among Leavers in Both the Exempt and Non-Exempt Counties, But the More Severe Hardships Were Not Prevalent**

In both the exempt and non-exempt counties, respondents who were still off Food Stamps reported experiencing an increase in the more minor types of hardships since leaving Food Stamps, such as falling behind in housing payments or having to move because of problems paying for housing. However, only a very small percentage of the respondents reported that they had to go to a homeless shelter in the past year. Relatively few respondents reported going without heat, water, or electricity, although there was an increase in the percentage whose utilities had been cut off at some time.

## **Health Care – Of the Respondents Still Off Food Stamps, 51 Percent of the 1998-1999 Leavers and 39 Percent of the 1999-2000 Leavers Did Not Have Health Coverage -- These Percentages Did Not Vary Greatly by Type of County**

Overall, 51 percent of the 1998-1999 leavers who were still off Food Stamps reported that they did not have health care coverage. The percentage was about the same in exempt and non-exempt counties. About 39 percent of the 1999-2000 leavers did not have coverage, with little difference between the exempt and nonexempt counties.

About 11 percent of the 1998-1999 leavers who were still off Food Stamps reported that there had been times in the past year when someone in their home had been sick or injured but they could not pay for needed health care. This was a slight increase from 9.7 percent for the period before leaving Food Stamps. Among the 1999-2000 leavers, the percentage increased from 8.3 percent to 16.1 percent. The increases were similar for the non-exempt counties and the counties exempt under the 15 percent provision.

## **Most of the Respondents Thought Life Was Better Since Leaving Food Stamps**

About 80 percent of the respondents who were still off Food Stamps agreed with the statement that life was better since leaving Food Stamps. This included 75-77 percent of the respondents in exempt counties and 85 percent of the respondents in nonexempt counties. However, 45 percent of the respondents reported that they felt more stress than a year ago.

## **About Two-Thirds of the Leavers Were Living With Other Adults**

About two-thirds of the respondents in both samples were living with other adults. Almost 16 percent of the 1998-1999 leavers and 15 percent of the 1999-2000 leavers were living with a spouse or partner.

## **Most of the Leavers Were Under 25 and a Large Percentage Were High School Drop-Outs**

About 70 percent of the 1998-1999 sample and 63 percent of the 1999-2000 sample were under 25. In addition, about 48 percent of the 1998-1999 sample and 43 percent of the 1999-2000 sample were aged 18-20.

About 57 percent of the 1998-1999 leavers and 50 percent of the 1999-2000 leavers reported that they had not completed high school.

## **Several of the Counties That Were Granted Exemptions from the ABAWD Provisions Under the 15 Percent Provision Had Relatively Low Unemployment Rates During the Study Period**

As noted previously, we found that a number of the counties that were exempted from the ABAWD requirements in South Carolina had relatively low unemployment rates during the study period. For the period from March 2000 to February 2001, for example, 7 of the 24 exempt counties did not have high unemployment rates or labor surpluses. These seven counties were kept exempt from the ABAWD rules through the use of the 15 percent exemption. The

objective was to “keep the list status quo” for the purpose of providing continuity in local program administration. The seven counties included three of the larger counties in the state. By the fourth quarter of 2000, all seven of the counties that were exempt under the 15 percent provision had unemployment rates well below 5 percent.

## **F. Implications of the Findings**

The findings from the study have a number of potential policy implications. These are reviewed below.

### **1. Implications for Overall Policies on Time Limits and Work Requirements for ABAWDs**

The study found that there was not a major difference between the non-exempt counties and the counties exempt under the 15 percent provision in terms of the key employment outcomes for the leavers. This indicates that the ABAWD leavers who were actually subject to the work requirements and time limits (i.e., the non-exempt cases) were doing as well as the leavers who were not subject to the ABAWD provisions, controlling for economic conditions.

As noted previously, one of the major concerns of policymakers is that the persons who are subject to the ABAWD time limits and work requirements may leave the Food Stamp program before they are ready for stable employment. A related concern is that the non-exempt leavers may have trouble meeting their financial and nutritional needs in the absence of Food Stamp benefits.

The fact that the ABAWD leavers in the non-exempt counties were doing as well as the leavers in the counties exempt under the 15 percent provision suggests that these concerns may not be warranted. If the leavers in the non-exempt counties were at a serious disadvantage in being prepared to find stable employment, they would have had significantly lower employment rates than the leavers in the counties exempt under the 15 percent provision. The study suggests, therefore, that the ABAWD time limits and work requirements did not create undue hardships for the non-exempt leavers in terms of employment outcomes when compared with their probable outcomes had they been exempt.

The data on poverty rates and food security provide confirmation of this overall finding. Leavers from the non-exempt counties actually had a somewhat lower poverty rate at the time of the surveys than leavers from the counties that were exempt under the 15 percent provision.

### **2. Implications for Employment Services for ABAWDs**

Despite the overall conclusion presented in the previous section, the study showed that many of the ABAWD leavers – both in the exempt and non-exempt counties – were having problems finding stable employment and adequate earnings. These problems may partly be attributable to the large percentage of young people among the ABAWD leavers. It is possible that the labor force problems being experienced by the ABAWD leavers were partly the result of a lack of work experience. Over time, these leavers may find more stable employment and higher earnings.

Despite this qualification, the findings suggest that more intensive services may be needed to help ABAWDs prepare for the job market, especially in the nonexempt counties, but also in the exempt counties. The large percentage of high school dropouts in the ABAWD population is also a factor that may have to be considered in addressing barriers to employment.

A closely related area of concern is the low rate of health care coverage among the ABAWD leavers. The low employment rate among the ABAWD leavers is a major factor in this situation. In addition, many of the employed leavers were parttime workers or had only been in their current jobs for a short period of time— with the result that many of them may not have been eligible to enroll in employer health plans.

### **3. Implications for Policies to Promote Access to the Food Stamp Program**

The study found that many of the ABAWD leavers may still have been eligible for food stamp benefits based only on household income, including leavers in both the exempt and non exempt counties. However, it is not possible to estimate the exact percentage of leavers who may have been eligible because we did not have information on other eligibility factors such as assets, time limit status, and other factors.

In addition, persons who were off Food Stamps because they did not want to deal with the paperwork and other administrative hassles were more likely than other respondents to still be eligible for program benefits. This finding suggests that more steps may be needed to facilitate access to the Food Stamp program and to minimize the administrative barriers to obtaining benefits.

### **4. Implications for the 15 Percent Exemption Policy**

The study showed that a number of counties in South Carolina continued to be exempt from the ABAWD provisions even after their unemployment rates had fallen considerably. This was possible because of the 15 percent provision of the 1997 Balanced Budget Act. In these counties, the unemployment rate was not very different than the unemployment rate in the non-exempt counties.