

## OVERVIEW OF THE FOOD STAMP TIME LIMITS FOR PEOPLE BETWEEN AGES 18 AND 50

A food stamp provision of the 1996 welfare law limits the receipt of food stamps for most people between the ages of 18 and 50 (*i.e.*, 18- to 49-year-olds) who are not disabled or raising minor children to three months while unemployed out of each three-year period. The non-partisan Congressional Budget Office has estimated that in an average month, this provision has served to deny food stamps to about 400,000 low-income jobless individuals who are willing to work but cannot find a job. This includes people who have been working but have lost their jobs due to a plant closing, company downsizing, or for other reasons and cannot find employment within a few months.

This provision marks the first time in the food stamp program's history that individuals have been cut off from the program not because they have refused to work but because no work opportunity is available to them within the time period the provision specifies. This provision was one of those to which President Clinton objected when signing the welfare bill. In his signing statement, Clinton stated that this provision "fails to provide food stamp support to childless adults who want to work, but cannot find a job or are not given the opportunity to participate in a work program." Although the President proposed in 1997 to convert this provision into a true work requirement, offering recipients work slots and terminating benefits only to those refusing to participate, Congress declined to enact these proposals and made only modest changes in the provision.

### How does the provision work?

This provision limits food stamps for most jobless adults who are not disabled or raising minor children to three months out of a 36-month period. Only those who are working or participating in a work or training program at least half-time — or participating in a food stamp workfare program — can continue to receive benefits after the end of the three-month period. In addition, the provision strictly limits the kind of work programs that states can establish for food stamp recipients reaching the time limits. Programs that focus primarily on requiring recipients to search for work and/or on helping recipients improve their job search skills generally do not count, regardless of how rigorous they may be.

Many areas of the country have very limited work, training, or workfare programs for these food stamp recipients. As a result, most members of this population who want to work must secure a job in the private sector. Although most areas do operate food stamp *job search* programs, participation in these programs generally does not exempt an individual from the three-month food stamp cut-off.

Jobless individuals who exhaust their three months of food stamps and later find employment can requalify after they have worked a full month. In certain limited circumstances, individuals who have exhausted their first three months of benefits, gone back to work, and then been laid off again can receive up to three additional months of benefits. CBO has estimated, however, that only about five percent of the individuals affected will receive any of these additional three months of benefits while out of work. For those who do get the additional benefits, food stamp benefits will be limited to a maximum of six months while jobless in any 36-month period.

### **Whom does this provision affect?**

Most of those affected are very poor. Many have no income other than food stamps and qualify for no other benefits because they are not raising minor children; food stamps is the only safety net they have. USDA data from a 1998 report show that 82 percent of the people whom this cut-off affects are part of a food stamp unit that has income below half of the poverty line. This same study found that over half of the affected population — 57 percent — are part of food stamp units that have no income at all.

The data also show that *more than 40 percent of this group are women*. In addition, close to one-third — 29 percent — are over the age of 40, an age above which individuals with limited skills may have more difficulty finding jobs quickly. More than 40 percent of this group lacks a high school diploma. Some are Vietnam veterans.

Many of those affected have a strong attachment to the workforce but can secure only short-term jobs — and endure stretches of joblessness — because of their low levels of education and skills. Only a modest proportion of this group remains on food stamps continuously. The Center on Budget and Policy Priorities' paper *Recent USDA Findings Show 18- to 49-year Old Food Stamp Recipients Are Disadvantaged and Can Face Difficulties in the Job Market* provides additional information on this population.

### **Can't those affected find jobs?**

Research indicates that poor individuals with limited skills can face substantial difficulties in finding low-wage employment, especially in the cities. One study conducted several years ago by Katherine Newman, now at Harvard University, examined all applicants for fast-food jobs in Harlem over a five-month period. She found there were 14 applicants for every person hired. She also found that 73 percent of the unsuccessful applicants were still out of work one year later despite the fact that most had repeatedly applied for jobs. A major study by Harry Holzer of Michigan State University found that workers who have limited education and are lacking in labor market skills experience substantial periods of unemployment and have difficulties finding jobs

even when the economy is strong. Unemployed workers in some poor rural areas also confront limited employment opportunities.

### **Can the food stamp cut-off be waived?**

The welfare law allows USDA to grant waivers from the cut-off on request to states for any area that “does not have a sufficient number of jobs to provide employment for such individuals.” In 2000, some 39 states obtained waivers from the three-month cut-off. Although USDA has stated that it is receptive to any evidence of difficult labor market conditions that states wish to submit, most waivers have been granted for cities and counties whose unemployment rate over a 24-month period exceeds the national average for that period by at least one-fifth. (Thus, if the national unemployment rate is five percent for a given two-year period, USDA will grant a waiver for an area where the unemployment rate exceeds six percent.) USDA also has granted waivers based on some other criteria, including data showing adverse labor conditions on impoverished Indian reservations and data showing a local unemployment rate in excess of 10 percent.

Many areas eligible for waivers appear on the U.S. Department of Labor’s (DOL’s) list of “labor surplus areas” (LSAs). Technical limitations on the procedures by which DOL compiles the LSA list, however, prevent a number of areas with high unemployment from being listed. For example, where a county contains one or more cities with a population of at least 25,000, DOL will not determine whether the county as a whole qualifies as an LSA. But states that wish to obtain county-wide waivers in such areas can nonetheless do so by demonstrating that the county’s unemployment rate exceeded the national average unemployment rate for a recent 24-month period by at least one-fifth.

In addition, the data DOL uses to compile the LSA list may not capture quite-recent downturns in the local economy. In such cases, USDA has been willing to grant waivers based on more recent data.

Finally, the LSA list does not include areas whose unemployment rate is less than six percent; USDA’s policy is to grant waivers for areas with unemployment rates exceeding the national average by at least one-fifth, without regard to this limitation. Since the national unemployment rate has now been below five percent for several years, a number of areas not on the LSA list because their unemployment rates are modestly below six percent still qualify for waivers because their unemployment rate continues to exceed the national average by at least one-fifth.

The substantial majority of the people affected by the time limits live outside areas for which waivers have been requested. CBO estimated in January 1998 that waivers would cover an average of about one-third of those reaching the time limits in 1998.

## Hardship Exemptions

Legislation enacted in 1997 also authorized states to grant a limited number of hardship exemptions to persons subject to the time limits. Exemptions that a state does not use in one year carry over to the next year. States now have accumulated substantial supplies of exemptions that open new possibilities for them.

For example, Missouri and Tennessee have used their exemptions to lengthen by several months the three-month period during which 18-49s can receive food stamps while out of work. Extensions of this kind can make an important difference for people who have a substantial attachment to the workforce but whose limited skills often make it difficult for them to find new work within 90 days after becoming unemployed. A USDA study of childless able-bodied individuals in the mid-1980s found that fewer than one-third were able to leave the food stamp program within three months of first receiving benefits, but 59 percent left within six months and three-quarters were able to leave within nine months. Analysis of data that USDA has compiled on the number of exemptions each state has amassed show that almost all states currently have sufficient exemptions available to them to be able to extend the three-month cut-off by at least an additional three months, effectively making it a six-month cut-off provision, and to maintain the provision as a six-month cut-off for at least a couple of years.

### **If a state requests and receives a waiver from this cutoff, does that eliminate all work requirements for these food stamp recipients?**

Some observers may mistakenly assume that waivers exempt recipients in waived areas from all work requirements. This is not the case. A waiver simply protects individuals who cannot find a job in three months from losing their food stamps automatically.

All regular food stamp work requirements continue to apply. These individuals are still required to register for work and to meet all work requirements their state imposes. Their state can require job searches, attendance at job readiness courses, and other activities. Individuals also are required to take jobs that are offered. Those who fail to comply with these work requirements are subject to sanctions. In fact, these sanctions have been made stiffer under the 1996 welfare law. The principal difference between areas covered by waivers and those not covered is that in areas with waivers, poor individuals who meet the work requirements will not be terminated from food stamp assistance simply because they can not find a job and no job training or workfare slot is available.

### **If a state secures a waiver, will that mean that women on welfare are subject to a time limit while 18- to 49-year-old men are exempt from a time limit?**

No. Under the welfare law, families with children are subject to a maximum five-year time limit on receipt of federally-funded *cash* assistance (with the state having options to exempt up to

20 percent of such families from the time limit, to provide assistance beyond the time limit if the assistance is funded entirely with maintenance-of-effort dollars rather than TANF funds, and to provide benefits considered “non-assistance” beyond the time limit). But there is no time limit on the eligibility of these families with children for food stamps or Medicaid. By contrast, non-disabled individuals aged 18 to 49 who are not raising minor children are ineligible for any federal cash assistance, and in most jurisdictions, they can receive no state or local cash assistance either or can receive only a few months of aid. They also are generally ineligible for Medicaid. Even if a state secures a waiver exempting them from the three-month food stamp cut-off, their safety net still will be vastly weaker than that provided to poor families with children. If their state does *not* secure a waiver, they generally will have little or no safety net at all.

Finally, it should be remembered that more than 40 percent of those subject to the food stamp cut-off provision are themselves women, some of whom have refrained from having children until they marry or otherwise better their economic circumstances and some of whom do not qualify for cash assistance because their children now are over age 18.