

Acknowledgements

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House Farm Bill Places Families at Risk

By Elizabeth Lower-Basch

House and Senate conferees are now meeting to try to reconcile the differences between the Farm bills passed by the two chambers. The House-passed nutrition title includes two provisions that are sometimes described as work requirements for adults who are receiving benefits under the Supplemental Nutrition Assistance Program (SNAP). However, these provisions are missing critical protections. If these provisions were enacted into law, entire families could be denied benefits when members were willing to work but unable to find employment.

In addition, the bill does not provide any new funding for job training or child care, but would put additional strain on already overburdened systems. Given limited funding, well-intentioned states would be faced with equally unacceptable options – deny food assistance to needy individuals who are unable to find jobs or who can't afford the associated costs of work, such as child care, or use limited employment and training dollars to provide low-cost, low-impact activities that serve only to allow recipients to meet participation requirements. States would also have an incentive to use work participation requirements to deny SNAP benefits to needy individuals and families, as states would be allowed to keep half the savings resulting from decreased SNAP payments. States would receive these bonuses even if caseloads declined with no increase in employment, and the money could be used for any purpose, not limited to nutrition or other supports for low-income people.

Overview of Employment Provisions

Section 109 of the House bill would remove state flexibility to waive time limits on SNAP receipt by unemployed working-age adults without children during recessions or in specific areas with high unemployment rates. The 1996 welfare reform law imposed a time limit on SNAP receipt of just three months in any 36-month

period for non-disabled adults 18-49 without dependents who were not working or engaged in training; however, states may waive this limit when jobs are not available. Removing this waiver option would penalize unemployed individuals who could be denied benefits even if they are willing to work. The bill would not require states to offer recipients opportunities to participate in a training activity and would not provide any additional funding to support such activities.

Section 139 of the House bill would allow states to choose to impose TANF-like work requirements on SNAP recipients, including parents of infants and young children, and could deny benefits to entire families if they did not participate. States that took up this option could keep half the savings resulting from decreased SNAP payments, even though the federal government pays the full cost of SNAP benefits. They would not be required to show that their work activities led to increased employment or earnings in order to qualify for this bonus, and could use the bonus for any purpose. States would have to certify that they had the intent to provide work activities to individuals subject to the participation requirements; but there is no mechanism for ensuring that states do not sanction families who were not offered a work activity slot or who could not obtain child care for school-age children. The bill provides no additional funding for child care assistance at a time when federal funding for child care subsidies reaches only 18 percent of children potentially eligible for help.¹

Young Adults and Families Placed at Risk¹

The Congressional Budget Office (CBO) estimates that the provision affecting unemployed, working-age adults without children at home would cut 1.7 million individuals off of SNAP in 2014, and an average of one million over the next 10 years.² The number of individuals affected is expected to decline over time because CBO assumes that unemployment rates will gradually fall. However, if this provision were in effect, it would severely restrict SNAP's ability to respond

automatically to the next recession. This would both reduce SNAP's effectiveness as a safety net and undermine its role as an automatic stabilizer for the economy as a whole.

Young adults would be particularly affected by the restrictions. If these rules had been in effect in 2011, 1.2 million young adults aged 18-24 would have been at risk of losing SNAP benefits because they lived in households without children, did not have an identified disability, and were employed less than 20 hours per week.³ This reflects the fact that young adults have struggled to get a toehold in the workforce since the Great Recession -- the share of the population employed for 20-24 year olds remains more than 6 percentage points below pre-recession levels.⁴ These cuts would be particularly harmful for African American and Hispanic youth, who face even higher unemployment rates than white youth.

CBO did not attempt to model the effects of the provision in section 139, because it would depend on the number of states that adopted this option. However, the evidence from welfare reform is that the opportunity to draw down flexible federal funds -- and to divert them to other activities -- will prove tempting for many states. Moreover, TANF also teaches us that it is far cheaper and easier to impose barriers that discourage needy families from applying for and receiving benefits than to provide effective work programs and child care in order to help parents achieve steady employment so that they no longer need government assistance.

For example, some states require applicants for TANF cash assistance to prove that they are searching for work. They may require applicants to make and document dozens of employer contacts before they can receive benefits, even if they are homeless or fleeing domestic violence. They may require applicants to attend all day job search classes, without providing any help with child care or transportation. Such requirements have the effect of deterring applications and limiting the number of families receiving assistance, but not of helping parents find work. A Government Accountability Office (GAO) report on TANF found that 87 percent of the dramatic decline in the number of families receiving cash assistance from 1995 to 2005 was due to eligible families not receiving assistance, rather than to families' income increasing to the point that they were no longer eligible

¹ See CLASP's companion fact sheet on how SNAP cuts will particularly affect young adults: Elizabeth Lower-Basch, "SNAP Cuts Put Youth at Risk," CLASP, November 18, 2013, http://www.clasp.org/admin/site/publications/files/SNAP-Cuts-Put-Youth-at-Risk-11_18.pdf.

for benefits.⁵ This trend of declining participation occurred even though Congress provided additional funding for child care when it created the TANF work requirements; a policy that expanded work requirements without additional child care funding would be likely to have even more negative effects.

The declining access to cash assistance under TANF has resulted in an increase in extremely poor families with children— defined as those living on less than \$2 per person, per day, a level often used in studies of global poverty. SNAP has, in many cases, become the safety net of last resort for such families – cutting the number of extremely poor children in the U.S. in half in 2011, from 2.8 million to 1.4 million.⁶ The state work requirement option in the House Farm bill would leave these most vulnerable children at even greater risk.

Employment and Training Programs Do Not Have Capacity to Serve These Participants

The House SNAP bill does not provide additional funding to support work activities, but says that states may use funds provided under other programs, such as TANF, the Workforce Investment Act (WIA) and the Social Services Block Grant. However, these programs already do not have enough funds to provide employment and training services to all who could benefit, especially since federal funding has been cut in recent years.

State estimates of the cost of providing SNAP employment and training services to the individuals who are subject to the SNAP time limits range from \$125 to \$300 per month, per participant.⁷ If these spending levels were applied to the 4.5 million individuals identified in the most recent SNAP characteristics report as non-disabled adults ages 18-49 in childless households,⁸ this would imply annual costs of \$6.7 billion to \$16 billion to provide work activities just to this population, without expanding services to other unemployed SNAP recipients. For perspective, the programs for adults, youth and dislocated workers under the Workforce Investment Act (WIA), TANF, Job Corps, and the Wagner-Peyser Employment Service together provided just \$6.2 billion of federal funds for employment services in FY 2013.⁹ It is inconceivable that states will actually expand services in

this way; rather, low-income unemployed individuals will have to compete with other workers for limited job training slots and many will be denied SNAP benefits after three months, even if they are willing to participate in work activities.

Another piece of the House bill would take away funding from states that currently draw down matching funds to provide employment and training programs for SNAP recipients unless they agreed to impose these new participation requirements. This would undermine effective programs like the Washington Basic Food Employment Training program which has served more than 40,000 individuals with employment training and support services since 2005. The program tracked individuals who started participating in 2009, at the heart of the recession, for 2 years and found that 71 percent became employed with a median hourly wage over \$11.00 per hour.¹⁰

Conclusion

Over the past five years, SNAP has been an effective safety net at a time of high unemployment and economic security.¹¹ The number of households receiving SNAP food assistance has remained high in the wake of the Great Recession because poverty rates remain high -- too many families, even with regular employment, struggle to make ends meet and put food on the table.¹² This is not the economy any of us want. But the answer is to build a full-employment economy that allows people to achieve economic security through work, not to install barriers to prevent them from receiving needed assistance. SNAP provides adults and children with the help they need to buy food so that they can be healthy and succeed at work and school. The House Farm bill would take this essential support away from millions of individuals and families, and leave millions more at risk in the next recession.

¹ U.S. Department of Health & Human Services, Office of the Assistant Secretary for Planning and Evaluation, *Estimates of Child Care Eligibility and Receipt for Fiscal Year 2009*, August 2012, <http://aspe.hhs.gov/hsp/12/childcareeligibility/ib.cfm>.

² Congressional Budget Office, *Cost Estimate of H.R. 3102, Nutrition Reform and Work Opportunity Act of 2013*, September 16, 2013, <http://www.cbo.gov/publication/44583>.

³ Calculations are from the Center on Budget and Policy Priorities' analysis of USDA Household Characteristics Data, FY 2011. All figures are rounded to the nearest thousand. Additionally, the national total includes Guam and the Virgin Islands. These figures are based on the latest available data, fiscal year 2011. The current figures may be different because of changes in the number of individuals who are eligible for and apply to participate in SNAP and in state eligibility for, and take-up of, waivers from the three-month cut-off. We have not attempted to estimate how many would actually be affected, which depends on future state policy choices.

⁴ See BLS data series LNS12300036, "Databases, Tables & Calculators by Subject." The employment to population ratio for 20-24 year olds was 68.1 in January 2008 and 61.9 in September 2013.

⁵ Government Accountability Office, *Temporary Assistance for Needy Families: Implications of Recent Legislative and Economic Changes for State Programs and Work Participation Rates*, GAO-10-525, May 28, 2010, <http://www.gao.gov/assets/310/305109.pdf>.

⁶ H. Luke Shaefer and Kathryn Edin, *Extreme Poverty in the United States, 1996 to 2011*, National Poverty Center Brief #28, February 2012, http://www.npc.umich.edu/publications/policy_briefs/brief28/policybrief28.pdf.

⁷ Texas estimates spending \$306.47 per ABAWD per month based on analysis of historical spending. See page nine of the FY 2013 state plan, *State of Texas Supplemental Nutrition Assistance Program Employment and Training Federal Fiscal Year 2013 State Plan of Operations*, <http://www.twc.state.tx.us/welref/fsetplan13.pdf>. Wisconsin's budget request for its expansion of ABAWD requirements assumes a spending level of \$125 per ABAWD per month. The legislative fiscal bureau notes that this is likely to be an underestimate, as it is based on current spending per participants, and many of the activities currently provided are insufficiently intensive to meet the hours of participation requirements. See *FoodShare Work Requirements and Employment and Training Funding (DHS -- Medical Assistance and FoodShare -- Administration)*, Wisconsin Legislative Fiscal Bureau, May 23, 2013, <http://legis.wisconsin.gov/lfb/publications/budget/2013-15%20Budget/Documents/Budget%20Papers/335.pdf>.

⁸ USDA Food and Nutrition Services, Office of Research and Analysis, *Characteristics of Supplemental Nutrition Assistance Program Households: Fiscal Year 2011*, Report No. SNAP-12-CHAR, November 2012, <http://www.fns.usda.gov/sites/default/files/2011Characteristics.pdf>.

⁹ CLASP, *A New Look at the GAO Report on Workforce Funding*, November 2013, <http://www.clasp.org/admin/site/publications/files/A-New-Look-at-the-GAO-Report-on-Workforce-Funding.pdf>. These are six of the seven largest workforce programs identified in the 2011 Government Accountability Office (GAO) report. The largest one is state grants for Rehabilitative Services, which can only be used to serve individuals with disabilities. Some supporters of the House bill have cited the GAO report for a claim that there is a total federal funding level of \$17.6 billion for workforce programs. However, this figure is based on 2009, when funding was significantly expanded by the one-time availability of funds under the American Recovery and Reinvestment Act of 2009. Funding for the seven largest programs, which the GAO reported accounted for ¾ of total workforce funding; programs declined by 35 percent from FY 2009 to 2013.

¹⁰ "Basic Food Employment & Training," accessed November 8, 2013, <http://www.basicfoodet.org>.

¹¹ Dottie Rosenbaum, *SNAP Is Effective and Efficient*, Center on Budget and Policy Priorities, updated March 11, 2013, <http://www.cbpp.org/cms/?fa=view&id=3239>.

¹² CLASP, *Child Poverty in the US: What New Census Data Tell Us About Our Youngest Children*, September 18, 2013, http://www.clasp.org/admin/site/publications/files/9.18.13-CensusPovertyData_FactSheet.pdf.