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Food Stamps and the Working Poor

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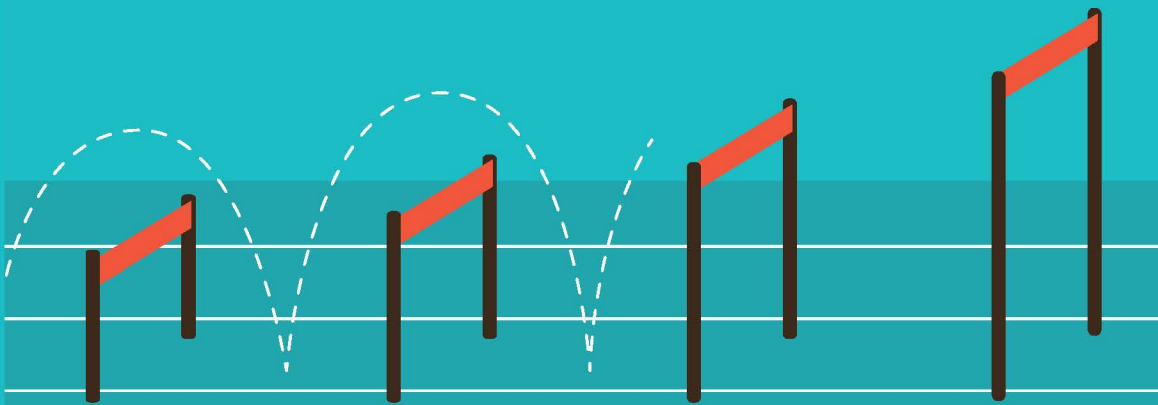
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The facts presented in this study and the observations and viewpoints expressed are
the sole responsibility of the authors. They do not necessarily represent positions of
the W.E. Upjohn Institute for Employment Research.

To the public servants who administer and
provide food assistance to needy Americans.

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Introduction

A NEW NAME AND A CHANGING EMPHASIS FOR FOOD ASSISTANCE

The Food Stamp Program formally passed into history on October 1, 2008, when it was rechristened the Supplemental Nutrition Assistance Program (SNAP). In the previous four decades, the Food Stamp Program reliably and unceremoniously helped millions of low-income individuals and families in the United States obtain more nutritious diets than they could otherwise afford. The program has been a vital strand in an otherwise fraying U.S. social safety net, retaining its basic structure during the welfare reform of the 1990s, and even expanding during the first decade of the 2000s.[1]

A renaming may have been overdue, given some of the changes in the Food Stamp Program. First, the program altered the way that it issues benefits. Since 2004, when the last of the states implemented its Electronic Benefit Transfer (EBT) system, monthly food assistance benefits have been credited to plastic debit cards rather than being distributed as coupons. So, "food stamps" themselves have become a thing of the past. Second, the federal and state governments have become more interested in leveraging the available food assistance into better nutritional outcomes and healthier lifestyles for disadvantaged families—that is, addressing problems beyond a simple lack of food. Third, beginning with the welfare reform of the 1990s, the program has increasingly emphasized self-sufficiency, with benefits that were expected to supplement the economic resources that people could contribute themselves. The program has adopted several methods to promote self-sufficiency, including easing income reporting requirements, offering employment and training services, and even mandating work for some recipients. Despite these major changes, the food stamps name has remained in popular use, presumably a reflection of the positive image of the program.[2]

This third area—the relationship between food assistance and economic self-sufficiency—is the focus of this book. Within this area, we are keenly interested in how food assistance serves and sometimes fails to serve the *working* poor through its rules and administrative practices.

We will be the first to admit that program rules and administration are an unglamorous, if not dowdy, topic; we are not holding our breath waiting for Hollywood to turn our book into a movie script. However, as several of us have discovered in our research, the relatively mundane rules that are the book's central characters play surprisingly large roles in people's program experiences and participation behavior. We hope to shine a light on some of these rules and practices.

Our book marshals evidence from three states—Georgia, Missouri, and South Carolina—where we were able to obtain detailed administrative records about households and their members from electronic case management systems and other databases. The book investigates the relationship between different program rules, program participation, and work from October 1, 2000 (the start of the 2001 federal fiscal year) to September 30, 2007 (the end of the 2007 fiscal year). Thus, the analysis covers a period that extends back two years prior to the enactment of the Farm Security and Rural Investment Act of 2002 (the 2002 Farm Bill) and forward five years after that legislation to just before the start of the Great Recession. The passage of the 2002 Farm Bill, as we subsequently discuss, was an important event because of the flexibility that it granted states in administering the Food Stamp Program to address issues associated with the working poor. As the main analysis focuses on the era before the program's name change, we generally refer to it as the Food Stamp Program, although our discussion of the program in the recent period often uses SNAP. The issues we raise remain highly relevant for the current program, which, in terms of basic structure, has changed relatively little since the period of our analysis.

In the remainder of this chapter, we begin by providing general background on the Food Stamp Program. We discuss the rules that define it as a means-tested entitlement serving as one of the main pillars of the U.S. safety net. We then turn to a discussion of the trends in the recent food stamp caseload and the incidence of paid work among recipients. The evidence suggests that substantial numbers of households that are eligible for food stamp benefits do not receive them, and that the extent

to which eligible individuals enroll is influenced by the states' administration of the program. We highlight two elements of importance: procedures for certifying potential recipients and recertifying recipients, and policies for treatment of able-bodied adults without dependents. These will be the primary focus of our analyses in the book.

GENERAL BACKGROUND ON THE FOOD STAMP PROGRAM

To start our examination, it is useful to review the structure of the Food Stamp Program, which operates throughout the United States. The program accounts for the lion's share of government food assistance expenditures. The U.S. Department of Agriculture (USDA) spent $54.3 billion for food assistance in fiscal year (FY) 2007. Of that total, $33 billion, or 61 percent, went to the Food Stamp Program (Oliveira 2008). The program served an average of 11.8 million households with 26.5 million people per month in 2007, providing participants with an average monthly per-person benefit of $96. The next most expensive food assistance program was the National School Lunch Program, which cost the federal government $8.7 billion but served more than 30.6 million children on a daily basis. Among the other large programs, the USDA spent $2.2 billion on the School Breakfast Program; $5.5 billion on the Special Supplemental Nutrition Program for Women, Infants and Children; and $2.2 billion on the Child and Adult Care Food Program.

We can also compare the Food Stamp Program to other major low-income assistance programs. The total amount spent on food stamp benefits far surpasses the amount spent on benefits for the Temporary Assistance for Needy Families (TANF) program. In FY 2009, the federal and state governments spent $11 billion on cash assistance for TANF ($31 billion if supportive expenditures are included), which served an average of 4.0 million people per month (Office of Family Assistance 2012). However, food stamp spending was dwarfed by the $316 billion that was spent on Medicaid in FY 2007 (U.S. Centers for Medicare and Medicaid Services 2008). Over the past decade, SNAP has grown in importance. By 2012, the SNAP budget had swollen to over $89

billion (including funds allocated by the American Recovery and Reinvestment Act), although the allocation declined to under $80 billion by 2017, as a result of the economic recovery (USDA 2013, 2017).

From a public finance and public administration perspective, the Food Stamp Program has operated as a federal/state partnership. In this arrangement, the federal government pays the full cost of benefits, covers half of the states' administrative expenses, and sets many of the overarching program rules, including the financial formulas for eligibility and benefits. The states, in turn, are responsible for administering the program on a day-to-day basis. The states receive and process applications for assistance, determine applicants' eligibility, operate and distribute benefits through their EBT systems, reassess participants' eligibility and benefits, and provide other services, such as outreach, nutritional education, and employment and training services. The states have considerable latitude in the way that they administer their programs.

The Food Stamp Program is a means-tested entitlement program. *Means-tested* signifies both that eligibility is restricted to households with few financial resources and that the assistance that eligible households can receive is reduced as their incomes increase. *Entitlement* indicates that spending in the program is not capped and that all eligible households can receive benefits. This may seem to be a minor point, but it contrasts with the structure of some other programs, such as TANF, in which federal spending is provided through lump-sum block grants to the states. If the states exhaust their TANF grants, they can turn eligible needy families away.[3]

Means-testing in the Food Stamp Program is generally accomplished through three specific criteria: a gross-income test, a net-income test, and an asset test. To pass the gross income test in the contiguous United States, a nonelderly household's total monthly pretax income from all sources, including other transfer payments, must be less than 130 percent of the government's monthly poverty threshold for that household's size. In FY 2007, the applicable monthly threshold for a four-person household was $2,167.[4]

Households must also satisfy a net-income test. The net income, which is also used in the benefit calculation, accounts for several potential and actual expenses in the household. For general expenses, the net income formula includes a standard deduction that varies modestly

with household size; in FY 2007, the standard deduction for a four-person household was $139. To account for work expenses, 20 percent of a household's earnings are also excluded from net income. The net income formula additionally excludes child care expenses, housing (shelter) costs over a threshold, and excess medical expenses (for those disabled or aged 60 or older) and adjusts for utility costs. Once these adjustments are made, a household's monthly net income must be below the relevant poverty threshold to receive benefits. In FY 2007, the threshold for a household of four was $1,667.

Finally, at the time of our analysis, a household's countable assets had to be less than $2,000 if the household had no elderly members (no members aged 60 or older) or $3,000 if the household had one or more elderly members. However, an increasing number of states have eliminated asset restrictions. By 2007, 7 states had done so, increasing to 35 states by 2013.[5] Asset limits have also increased slightly since the time of our analysis.

Households can qualify for food stamps under some other circumstances. For example, households are categorically eligible for food stamps if all the members already receive benefits from TANF, Supplemental Security Income (SSI), or General Assistance programs. Households that are categorically eligible must meet the income and asset tests of those other programs but not those of the Food Stamp Program. In addition to categorical eligibility, some states offer food stamps as short-term transitional assistance to families with members who have left the TANF rolls for work; these families might not be financially eligible at the time of the transitional benefit but would have been earlier. Food stamps are also sometimes provided under emergency circumstances, such as natural disasters.

If a household is eligible for the Food Stamp Program, its benefits are calculated by taking a maximum benefit allotment, which varies by household size, and subtracting 30 percent of the household's net income. In FY 2007, the maximum monthly allotment for a household with four people was $588. There is also a minimum benefit, so all households that are eligible can potentially receive some positive amount of assistance. For the period that we consider, the minimum benefit for households with one or two people was $10.

To see how the benefit and eligibility formulas work, consider a hypothetical four-person family in 2007 whose only income came from

a single earner who worked 40 hours per week at an hourly wage of $10. Also, assume that the family had no assets. On average there are 4.33 weeks in a month, so the family's prospective pretax gross income would have been $1,732 (= $10/hour × 40 hours × 4.33 weeks). This amount is slightly above the poverty threshold but below 130 percent of the threshold, so the household passes the gross-income test. If the family had no other special expenses (e.g., its shelter costs were less than half of its adjusted income), the family would take a work expense deduction of $346 (= 0.2 × $1,732) and a standard deduction of $139, leaving a net income of $1,247, which is below the net-income threshold. The household passes both income tests and has no assets to consider, so it is eligible to participate in the Food Stamp Program. The household's monthly food stamp benefit would have been $214 (= $588 – 0.3 × $1,247).

The means-tested eligibility and benefit formulas immediately reveal the tensions that exist in the Food Stamp Program between the goals of maintaining program integrity and promoting self-sufficiency. On the one hand, we want assistance to be targeted toward those who are unfortunate enough to truly need it. Such targeting is necessary to keep the program's costs in line. It is also vital to maintaining public faith and support for the program. A few news exposés that catch food stamp recipients using their assistance to purchase alcohol or lottery tickets or a well-covered political speech that rails against fraudulent beneficiaries collecting assistance on behalf of nonexistent family members can quickly undo much of the goodwill that has built up in the program.

On the other hand, means-testing also creates disincentives to obtaining an income independently and becoming self-sufficient. Once a family's income passes the amounts of the deductibles in the net-income formula, its benefits are reduced (effectively "taxed") at marginal rates of $0.30 for each extra dollar of unearned income and $0.24 for each extra dollar of earned income. We can get some perspective on the possible disincentive effects of these benefit reduction rates by comparing them to regular income tax rates. In 2007, the highest marginal federal income tax rate of 35 percent was only slightly steeper than the food stamp unearned income benefit reduction rate, and the top federal tax rate did not apply for married-couple households until their adjusted incomes passed nearly $350,000! In that same year, marginal federal

income tax rates of 25 percent did not apply until adjusted incomes of married-couple households passed $63,700. In the 2007 tax year, less than a quarter of U.S. tax filers paid marginal tax rates of 25 percent or higher (U.S. Internal Revenue Service 2009). The food stamp benefit reduction rate is less onerous than the rates in some other assistance programs but nevertheless lowers the incentives to work.[6]

As we shall see, the tension between the program integrity and self-sufficiency goals, which appears in the benefit and eligibility formulas, emerges in other aspects of the Food Stamp Program.

RECENT TRENDS IN FOOD STAMP RECEIPT AND WORK

After falling throughout the second half of the 1990s, food stamp caseloads began to rise in 2001. Table 1.1 reports national estimates of the average monthly food stamp caseload from FY 2001 through FY 2007 as well as FY 2010 and FY 2014, which we compiled using information from the Food Stamp Program Quality Control (FSPQC) database.[7]

Table 1.1 Estimated Average Monthly Caseloads in the Food Stamp Program, FY 2001–2007

	Participating households			Participating individuals		
Fiscal year	All (000s)	With earnings (000s)	Percent with earnings	All (000s)	In house-holds with earnings (000s)	Percent in households with earnings
2001	7,450	2,009	27.0	17,297	6,603	38.2
2002	8,201	2,299	28.0	19,041	7,426	39.0
2003	8,971	2,533	28.2	20,934	8,105	38.7
2004	10,070	2,896	28.8	23,486	9,249	39.4
2005	10,854	3,180	29.3	24,881	9,901	39.8
2006	11,315	3,364	29.7	25,595	10,493	41.0
2007	11,563	3,445	29.8	25,926	10,632	41.0
2010	18,369	5,498	29.9	39,759	16,179	40.7
2014	22,445	7,016	31.3	45,847	19,477	42.5

SOURCE: Authors' calculations from the Food Stamp Program Quality Control database.

The estimates in Table 1.1 show that the numbers of participating households and people in the Food Stamp Program rose steadily after 2001. The increases in the first few years of the data can be partly attributed to the deteriorating job market following the recession in 2001. Nationally, the unemployment rate climbed through the middle of 2003, peaking at 6.3 percent in June of that year. Unemployment subsequently abated, falling to 4.4 percent by the end of 2006 and still holding near that level at 4.7 percent in September 2007. Despite these improvements, food stamp caseloads continued to swell, with the fastest growth occurring just after the job market turned around in 2003. By FY 2007, the number of participating households was 55 percent higher than it had been six years earlier, while the number of participating individuals was 50 percent higher. Expressed another way, 8.6 percent of the U.S. population was receiving food stamps in an average month in FY 2007 compared to 6.1 percent in 2001.[8]

For Table 1.1, we also estimate the number of participating households that reported receiving any earnings in the month as well as the number of people living in those households. We refer to the households with earnings as "working households." The number of working food stamp households rose over this period and grew faster than the overall caseload. In an average month in FY 2001, working households made up 27 percent of the food stamp caseload; by 2007, their share had risen to nearly 30 percent. Working food stamp households are more likely to be married and to have children than nonworking households and therefore tend to be larger. As a result, the share of *individual recipients* living in working households is larger than the share of working households itself. In FY 2001, just over 38 percent of food stamp recipients were living in households with earnings, and by 2007, this share had increased to 41 percent.

Table 1.1 shows that working households were both a substantial and growing share of the food stamp caseload. This provides some initial evidence that food stamp benefits may have been playing an important supplementary role for families who were trying to support themselves through work. The trends also have some puzzling aspects, with two features in the trends running counter to what standard economic analyses would have predicted. The first puzzle, which we have already mentioned, is that caseloads continued to rise long after the turning point in the economy. Other things held constant, better job prospects

after 2003 should have reduced financial needs among families and consequently reduced the caseload. Instead, the caseload increased. The second puzzle also involves the lack of a turning point, in this case in the proportion of food stamp families with earnings. Despite a weakening job market from 2001 through 2003 and a fall in the proportion of working families generally (Crouse, Douglas, and Hauan 2007), the proportion of working food stamp households grew. Thus, the representation of working households in the program increased, not only relative to other food stamp families but also relative to their share in the population. Although outside the window of our analysis, the table also presents figures for 2010 and 2014, which show dramatic growth in the program due to the economic downturn that began at the end of 2007.

The continued rise in the food stamp caseload after 2004 occurred primarily because more people who were eligible for benefits joined or remained on the program. A series of reports undertaken under federal contract estimated numbers of eligible people and households and participation rates among eligible people and households. For these estimated rates, the analysts first ran household-level data from the annual demographic (March) files of the Current Population Survey through a microsimulation model that applied the income and asset tests to impute eligibility for the households. They then separately calculated the numbers of participants from administrative records. Participation rates were obtained as the ratio of participating households to estimated eligible households. Rates were estimated for all households and for different types of households. Rates were also calculated for individuals in the households.

Table 1.2 lists selected estimates from these reports for FY 2001 to FY 2014, which show how changes in the numbers of eligible households and individuals and participation rates among these groups each contributed to caseload growth. From FY 2001 through 2003, the household participation rate hovered at around 50 percent; however, the food stamp caseload grew because the number of eligible households and individuals grew. In contrast, the numbers of eligible households and individuals changed only slightly from FY 2004 to 2006. However, the household participation rate jumped, reaching nearly 63 percent by FY 2006. Similarly, the participation rate among individuals rose from 56.1 percent in FY 2003 to 67.3 percent in 2006. The changes in participation rates led to the increase in caseloads during these years.

**Table 1.2 Estimated Food Stamp Program Participation Rates, FY
2001–2007**

Fiscal year	Households		Individuals		
	Eligible households (000s)	Participation rate for all eligible households (%)	Eligible individuals (000s)	Participation rate for all eligible individuals (%)	Participation rate for eligible individuals in households with earnings (%)
2001	15,107	48.0	31,223	53.9	45.1
2002	16,693	47.6	34,388	53.8	45.0
2003	17,784	50.0	36,707	56.1	48.1
2004	18,079	55.3	37,921	61.1	52.0
2005	18,219	58.9	37,951	64.7	56.3
2006	17,779	62.7	37,418	67.3	57.0
2007	18,499	61.8	38,922	65.8	55.7
2010	23,268	74.6	52,204	72.7	61.8
2014	23,415	88.1	51,026	82.9	70.5

SOURCE: For 2001–2007, Leftin and Wolkwitz (2009, Tables 2 and 5); for 2010 and
2014, Gray and Cunnyngham (2016, Tables A.1, A.4, E.1, and E.4).

In FY 2007, the number of eligible households began growing again.
Although participation rates edged down, the overall caseload grew.

These reports also estimated participation rates for individuals liv-
ing in households with earnings, which we reproduce in the last col-
umn of Table 1.2. The estimates show that people in eligible working
households were substantially less likely to participate than people in
other eligible households. Participation rates for working households
generally rose during the period that we study but at a slower pace than
the rates for other households. The estimates also imply that the number
of individuals in eligible working households generally increased after
2001.[9]

Table 1.2 also shows that the eligible population increased substan-
tially due to the recession beginning in 2007. The participation rate con-
tinued its long-run growth, causing the SNAP population to grow even
during the economic recovery of 2010–2014.

FOCUS ON FINANCIAL CHARACTERISTICS IN EXISTING RESEARCH

Without a doubt, the income formulas that determine food stamp eligibility and benefits are important to program participation. However, the formulas are poor candidates for explaining program trends because they have changed so little over time. Over the period that we examine, the benefit formulas were updated only for inflation with just a few minor changes to definitions of income. Nevertheless, much of the research on participation and caseloads in the Food Stamp Program has focused on these financial aspects with little mention of other rules and administrative features of the program.

Several multivariate research studies have focused on financial eligibility. One of the most widely cited articles was published in 1996 by Blank and Ruggles, who examine spells of eligibility and participation in the Aid to Families with Dependent Children (AFDC, the predecessor to TANF) and Food Stamp Programs, using 1985–1989 longitudinal data on single mothers from the Survey of Income and Program Participation (SIPP). Blank and Ruggles (1996) estimate eligibility based on monthly financial criteria and participation on the basis of household self-reports. The "spells" in their research refer to continuous sequences of months in which households are financially eligible for benefits (eligibility spells) or report receiving benefits (participation spells). Blank and Ruggles find that eligibility spells tend to be short, with the lengths of spells being associated with skills and earnings abilities of the mothers. They also find that economic circumstances, such as changes in employment and earnings, contribute in expected ways to how eligibility and participation spells were resolved.

What is especially interesting though for our purposes is the importance of nonfinancial characteristics. Blank and Ruggles (1996) estimate that only a quarter of food stamp eligibility spells led to food stamp participation spells; they also estimate that 60 percent of food stamp participation spells ended with households still being eligible for benefits. On average, the families exiting food stamps appeared to leave substantial amounts of benefits on the table. Blank and Ruggles attribute these findings to "choices" among single mothers, speculating that these choices might reflect unmeasured time and money costs of participation, social

stigma and psychological discomfort associated with participation, and inconvenient but unspecified administrative procedures.

Gleason, Schochet, and Moffitt (1998) examine food stamp participation and nonparticipation spells among a broader group of households, using SIPP data from the early 1990s. They also find that most food stamp participation spells were short. Unlike Blank and Ruggles, Gleason et al. do not explicitly condition on eligibility, electing instead to include indirect controls and examine "trigger events" that were defined in terms of income shocks and demographic changes. Gleason et al. find that most, though far from all, changes in participation are associated with these trigger events. For example, just over half of the movements onto the Food Stamp Program were preceded by decreases in earnings among household members. Although framed differently than the study by Blank and Ruggles, the study by Gleason et al. leaves much less room for administrative and other nonfinancial explanations of program behavior.

Mills et al. (2001), who examine transitions out of the Food Stamp Program among single mothers in linked 1997–1999 Current Population Survey data, also find that economic changes, such as increases in earnings, and demographic changes, such as births and the aging of children, were responsible for many families' exits from assistance. Farrell et al. (2003) also look at data from the late 1990s but use the SIPP. Their research focuses on families who were eligible for food stamps and includes controls for current and past income. They find that households whose incomes were variable and only temporarily low were less likely to participate than households whose incomes were permanently low. However, they also find that less than a quarter of eligible nonparticipants had temporarily low incomes. A volume edited by Jolliffe and Ziliak (2008) reports mixed evidence regarding income variability, with some analyses indicating that it increases food stamp participation but others indicating that it does the opposite.

These and other multivariate studies show that food stamp participation is lower for households with earnings than for other households, even after we account for other differences between these households, such as differences in the sizes and age compositions of the families. Plainly, participation is lower because earnings reduce eligibility. However, as several of the studies show, participation is also lower among eligible working families.

What explains this pattern of reduced participation? One answer is lower benefits. Fraker and Moffitt (1988) and Keane and Moffitt (1998) estimate models of employment, food stamp use, and other program use and find that increases in the generosity of the food stamp benefit formula increase participation. Cross-tabulations reported by Leftin and Wolkwitz (2009) also indicate that participation rates increase with expected benefits. Thus, to the extent that working households expect fewer benefits, they are less likely to enroll in the Food Stamp Program.

Reduced benefits, however, provide only a partial explanation for lower participation. As Blank and Ruggles (1996) have reported, eligible nonparticipating families forgo considerable sums. We can update these figures using estimates from Leftin and Wolkwitz (2009). They calculate that in an average month in FY 2007, 6.4 million working households were eligible for $1.2 billion in food stamp benefits. Of these, 3.3 million participated, claiming $868 million in assistance. This means that the remaining 3.1 million households could have claimed $281 million, or about $106 per household. These expected benefits were far below those going to participating households (about $260 per household) yet much higher than the expected benefits for nonworking nonparticipants ($55 per household).[10] So, the average foregone benefits of participation are higher for working nonparticipant households than for nonworking nonparticipant households.

Another possible explanation for the difference in participation rates is a difference in program knowledge. The argument for this is that nonworking households have more information about Food Stamp Program rules either because they have more time available to them or because they receive assistance from other programs where they come into contact with caseworkers and other sources of program data. This explanation is plausible for differences in program entry, but it falls apart when considering program exits where households would have already been exposed to program rules. The research by Blank and Ruggles shows that eligible working families are more likely to end their food stamp spells than eligible nonworking families.

Stigma associated with benefit receipt and use is another potential explanation (Moffitt 1983). People who are embarrassed about using food stamps or EBT cards might also be more likely to work. More generally, attitudes regarding the importance of self-reliance might affect both participation and work, leading to the negative association

between them. Stigma, attitudes, and preferences may be important, but to explain the increases in participation we would need an explanation of why these attitudes weakened over the last few years. One would expect stigma to be less important in explaining lower rates of recertification, since presumably those receiving food stamps had to overcome such stigma in order to apply in the first case.

PROGRAM ADMINISTRATION

Recent research indicates that other administrative changes may have contributed to the growth in food stamp participation rates and caseloads. As we mentioned, the states, not the federal government, are responsible for direct client contact and implementing program rules. In this role, the states shape administrative policies and practices under the umbrella of broad federal guidelines. The states' administrative discretion was increased through changes in USDA policies and by the 2002 Farm Bill, including changes that allowed states to make the Food Stamp Program more accessible and convenient for working families. Among common modifications was the removal or easing of reporting requirements involving automobiles owned by the household. Some states have gone as far as eliminating all asset requirements. Moves by states to establish online registration systems have allowed working families to interact with the agency by phone or Internet, substituting for in-person interviews. We return to a discussion of these local policies in the final chapter, when we discuss the evolution of state policy up to the present.

This book focuses on two policies that are especially relevant for working families: policies of certification and recertification, and treatment of able-bodied adults without dependents.

Certification and Recertification

Rules for financial eligibility for food stamps are based on monthly criteria, and economic research that has examined individual participation histories has often assumed that eligibility is checked monthly. However, this is not how the program operates for many people.

When a family applies for food stamps, its financial information is checked and verified. For example, applicants are asked to document their sources of income by providing names of employers and copies of pay stubs. Other information is supplied, including the location and cost of the residence and the names, ages, and disability status of other members. Documentation for these items may include utility bills, rent statements, birth certificates, and social security cards. The initial verification process usually also requires a face-to-face interview with a caseworker, although this has been replaced with phone interviews in a growing number of states.

These procedures are a hurdle for needy families, especially those who work, because they require a substantial amount of time and effort. An employed household head may have to take one day off work to submit her application and another day to attend the interview. Because many low-wage jobs lack benefits, the time off from work is likely to be unpaid. For each of these visits, she may also have to wait for public transportation or arrange a ride with a friend or relative if the family does not have their own car.

The procedures also impose costs on the state governments because they must keep offices open and pay caseworkers to process the applications, conduct interviews, and verify the information. Nevertheless, verification procedures are necessary to maintain program integrity. There is not much controversy regarding *whether* verification should be done but rather *how* and *how often*.

States reduce the costs and inconvenience of verification while still maintaining program integrity and more accurate payments by certifying households to receive benefits for given periods of time. During the certification period, which can be a single month but usually ranges from a quarter of a year to as much as two years, the household is required to report certain types of changes in income and circumstances but might not need to provide the same documentation or undergo the same rigorous checks as at the initial application. At the end of the certification period, the household would supply some or all this information to *recertify* its eligibility and payment status.

The processes of certification and recertification mean that food stamp households confront much higher administrative obstacles at the time of their initial applications and at subsequent recertification dates than at other points during their program participation spells. There is

growing evidence that the frequency of recertification affects families' program participation (Kabbani and Wilde 2003) and the duration of food stamp participation spells (Gray 2018; Ribar, Edelhoch, and Liu 2008; Staveley, Stevens, and Wilde 2002).

Recertification policies help to explain some of the disparity in participation rates between working and nonworking households. States often set different recertification intervals for households with different types of income. The intervals for households with earnings are usually shorter than the intervals for households that rely entirely on unearned sources, such as TANF, retirement, or disability income. For example, South Carolina's recertification interval for working households before FY 2003 was three months, while its interval for many nonworking households was one year. The shorter intervals mean that working households face substantially higher costs of program compliance than do nonworking households.

Along these same lines, changes in recertification requirements may have contributed to changes in participation rates. In the early 2000s, many states increased their recertification intervals, which reduced compliance costs for families and may have increased participation. The USDA also gave states the option to use phone or mail-in recertifications instead of face-to-face interviews for recertifications within a one-year interval, making these interim recertifications less onerous. Ribar, Edelhoch, and Liu (2008) estimate that South Carolina's lengthening of its effective recertification interval for working families from three months to six months in FY 2003 may have increased that state's family food stamp caseload by 8 percent.[11] This research indicates that recertification intervals may be an especially potent administrative tool. Still, since this earlier work was based on a single state, it remains to be seen how patterns differ across states. Our consideration of Georgia and Missouri, in addition to South Carolina, allows us to extend and generalize results.

ABAWD Work Rules and Time Limits

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), which overhauled the cash welfare system, also introduced work requirements and time limits for able-bodied adults without dependents (ABAWDs) in the Food Stamp Program.

The law specifies that ABAWDs who do not work are eligible for only three months of benefits in any three-year period. The requirements likely reduced food stamp participation among ABAWDS, at least initially. ABAWDs who were unable or unwilling to work would have had their participation curtailed by the short time limits, and some of those who did comply with the work requirements would have lost benefits and possibly eligibility through increased earnings. At the same time, the requirements would have altered the composition of the remaining ABAWD caseload by reducing the number of nonworkers and increasing the proportion of workers.

Over time, however, the ABAWD work provisions were relaxed, and their impacts on participation and employment may have decreased. PRWORA allowed states to request waivers of the work requirements for ABAWDs living in economically distressed areas. In addition, starting in 1997, states also had the option of exempting up to 15 percent of their caseload from the ABAWD restrictions. The number of ABAWDs who were actually subject to the requirements decreased as more states exercised their discretion to waive the rules or exempt clients. In January 2001, 37 states had waivers covering parts of their territories; by FY 2008, as the recession loomed, the number of states with approved waivers had grown to 47.

Along with the rising numbers of states requesting any types of waivers, there were growing numbers of requests to implement statewide waivers—that is, to designate the entire state as having insufficient jobs. In FY 2008, these included Alaska, the District of Columbia, Michigan, Mississippi, North Carolina, Oregon, Rhode Island, and South Carolina. ABAWDs make up only a small share of the caseload. The FSPQC data indicate that only 8 percent of food stamp households in FY 2007 included an ABAWD as a member. However, that figure was up from just 7 percent of households in FY 2001. Consistent with the relaxed work requirements, employment in the participating ABAWD households was down slightly from 30 percent in FY 2001 to 29 percent in FY 2007. The decreased employment among ABAWD households contrasts noticeably with increased employment among other households.

In Chapter 4 we examine the effects of ABAWD policies in more detail. The waivers in our three states were applied on an area-by-area basis, with the set of areas changing over time. This provides a natural

way to test their impact. In particular, we can compare participation outcomes across areas and populations that are and are not exempt from the policies. As with the analysis of recertification intervals, we examine how exits from the Food Stamp Program vary with the duration of a person's or household's program spell. Because the ABAWD policies involve a three-month time window, they should have their largest effect at the start of a food stamp spell.

This work follows on analyses for South Carolina in Ribar, Edelhoch, and Liu (2010), which examined Food Stamp Program spells for ABAWDs from 1996 to 2005. However, that analysis is limited by the fact that in 2003 South Carolina obtained exemptions from the ABAWD time limit in all counties. Analyses of Georgia and Missouri allow us to extend both the time period and scope of the analyses.

ORGANIZATION OF THE BOOK

The focus of this book is the effect of administrative policies on the food stamp participation behavior of the working poor. The book reports results from empirical analyses of large samples of administrative case records drawn from the states of Georgia, Missouri, and South Carolina from FY 2001 through 2007. The next chapter in the book describes these data and the analytical samples and measures drawn from them. We examine how the case characteristics for our three states compare to characteristics for the nation as a whole. The chapter compares the characteristics of these groups to the characteristics of the general state caseloads. We also examine alternative ways in which "working" households can be defined.

The next two chapters of the book consider specific administrative policies: recertification intervals and ABAWD work rules. Each chapter reviews the policies in detail, discusses the incentives or obstacles these create for working households' food stamp participation, and summarizes the existing research on their effects. The chapters then examine the association between these policies and households' participation behavior, using the administrative data.

The final chapter discusses additional administrative policies that changed from FY 2001 through 2007 and how these modifications

mostly worked to the benefit of households with earnings. We also consider changes occurring since 2007 and discuss their likely impacts. Despite variations in the program, the issues addressed in our analysis remain relevant. The recertification requirements remain much the same in most states. While the program has often undergone modernization in its implementation, including increased use of the Internet and call centers, evidence suggests that many households still have difficulty meeting recertification requirements.[12] The proportion of SNAP recipients classified as ABAWDs increased from less than 15 percent to over 20 percent as states obtained waivers of work requirements following the onset of the recession in 2007. Although waivers in many states lapsed after 2013, the proportion remained close to that level at least through 2015. In recent years, the SNAP program has received greater attention as a variety of proposals to alter its structure have been floated. Perhaps more than ever, the role of the program in aiding the working poor is in the spotlight. In light of recent developments, we consider ways in which the program can be modified to be less onerous for working households while still addressing valid program concerns.

Notes

1. In contrast, the primary program providing cash support to poor families, Aid to Families with Dependent Children, was replaced with a block grant. For a discussion of the politics underlying the relative stability of the Food Stamp Program over time, see Gitter (2015).

2. Since the program is administered at the state level, each state determines the name under which the program operates. As of 2018, 6 states continue to use the name Food Stamp Program, 28 states use SNAP, and the remainder use some other name. See www.usac.org/_res/documents/li/pdf/samples/SNAP-Programs -by-State.pdf (accessed September 3, 2018).

3. The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 replaced Aid to Families with Dependent Children, an open-ended entitlement, with Temporary Assistance for Needy Families, a nonentitlement, block-grant system. Because of the declines in welfare caseloads since the block grants were instituted, no state has yet confronted the situation of suspending TANF enrollments or payments, although many states have instituted provisions that restrict eligibility for TANF. In principle, however, the loss of entitlement status means that eligible households could be turned away.

4. Higher thresholds apply in Alaska and Hawaii, reflecting the higher food costs and other costs of living in those states. Different thresholds are also in place for

some types of households with elderly disabled members. In the rest of the book, we will only consider rules that apply to the contiguous states. As our primary concern will be with potential working households, we will provide only limited discussion of rules applying exclusively to elderly or disabled recipients.

5. The modification of asset limits occurred under what has become known as "broad-based categorical eligibility," which we discuss in Chapter 5. See Falk and Aussenberg (2014).

6. Many SNAP households receive services from other government programs, and recipients' effective marginal tax rates are influenced by the interaction of these programs. Overall effective tax rates vary dramatically (Moffitt 2016). Hoynes and Schanzenbach (2012) examine the effects of the Food Stamp Program on work.

7. Data in the annual FSPQC files are obtained through case reviews and surveys of a large random sample of food stamp households in all states (see Wolkwitz and Ewell [2008] for details regarding the database). The underlying data are assembled to determine errors that the states may be making in their eligibility decisions and benefit awards. The FSPQC data exclude households receiving disaster assistance and recipients facing case closures but appealing those decisions. Because of these exclusions, the FSPQC caseload figures fall a little short of figures based solely on administrative data. For instance, the administrative records indicate that 11.8 million households and 26.1 million people received food stamps in an average month in FY 2007, while the FSPQC data record only 11.6 million households and 25.9 million people.

8. The literature shows that the economy was an important determinant of the food stamp caseload but that caseload growth during the middle of the first decade of the 2000s was due to policy changes. See Klerman and Danielson (2011), Ganong and Liebman (2018), and Ziliak (2016).

9. Rough estimates of the numbers of eligible people in working households can be formed by dividing the Table 1.1 values for individuals participating from working households by the participation rates from Table 1.2.

10. Lower benefits for this latter group in large part reflect higher levels of unearned (usually transfer) income. Different levels of deductions—for example, due to excess housing expenses—may also be responsible for differences in benefits.

11. Technically, South Carolina increased its certification period for working families to 12 months, with an interim report at 6 months.

12. As we note in Chapter 3, using data in six states extending up through 2011, Gray (2018) shows that recipients are particularly likely to lose benefits at the time of recertification. Although phone interviews might be expected to ease recertification, Heflin, London, and Mueser (2013) provide evidence that this is not always the case.

2
Who Works, Really?

OVERVIEW

To examine how rules and administrative practices in the Food Stamp Program affect participation and other outcomes among working poor households, we need measures of households' program participation, measures of the policies and program rules that households face, and, especially, measures of households' work status. Ideally, these measures should be as specific, accurate, and complete as possible. For example, we want the ability to characterize the particular policies, such as recertification dates and work-related time limits, that certain groups of households face at a given point in time and examine households' behavior at those same points in time.

While it is easy to specify our data needs, it is much harder to find data sources that have all the necessary measures or that record these measures accurately. Researchers turn to two principal sources. The first is information from questionnaire surveys, such as the Current Population Survey (CPS), the Survey of Income and Program Participation (SIPP), and the Panel Study of Income Dynamics (PSID). Surveys tend to have reliable information on household employment (the CPS is the source of monthly U.S. household labor statistics) and demographic characteristics. However, survey respondents also tend to underreport their participation in public assistance programs, including the Food Stamp Program, and to poorly report the timing of program transitions. The number of respondents who are at risk of participating in the Food Stamp Program is also usually modest, and sample sizes become even smaller when particular groups, such as able-bodied adults without dependents (ABAWDs), are considered.

The second general source of information is administrative program records. These provide extraordinarily accurate measures of program participation and benefit receipt, so they overcome some of the reporting problems of survey data. They also contain all the information that

is available to caseworkers and program administrators and thus can be used to describe the policy context for clients. In addition, administrative records have large numbers of observations—often the universe of program participants served by a state agency—and can provide us with precise estimates of relationships for narrowly defined groups. At the same time, administrative data have drawbacks. The biggest for our purposes is that work status, earnings, and income are likely to be underreported for strategic or policy reasons. Thus, it can be difficult to determine who really works. Other measures, such as education, race, and ethnicity, which are not strictly needed for program administration but are relevant for an empirical analysis, may be missing or inaccurately recorded. There is also the prosaic issue that administrative case records contain sensitive information, require substantial confidentiality protections, and are therefore difficult to obtain.

Of the two sources, administrative case records are better for our purposes. We obtain food stamp case records from three states—Georgia, Missouri, and South Carolina—covering fiscal years (FYs) 2001–2007, which describe households' participation, food stamp benefits, and other program-related characteristics. In this chapter, we discuss the data, explain their strengths and limitations, and describe the analytical records and measures that we develop from them.

Although we consider three different states that cover several different policy contexts and economic situations, we recognize that our states are not fully representative of all states. To consider how our analyses might be affected by the particular selection of states, we compare the measures on program outcomes and household characteristics from the states' administrative data sets to a repeated, cross-section sample of administrative records from all states that is available from the Food Stamp Program Quality Control (FSPQC) database.

Also, because of concerns about the reliability of work status information in the case records, we link the records to another administrative data set—quarterly earnings records from each state's Unemployment Insurance (UI) system—which provides an independent indication of work status. The UI earnings records have limitations of their own. For example, they do not include earnings from out-of-state employers or federal employment, and they overlook certain types of jobs, such as some agricultural and domestic work jobs, that UI does not cover. Also, the quarterly periodicity of the UI earnings records does not match the

monthly periodicity of reported earnings from the food stamp records. Nevertheless, the UI earnings records provide valuable information about the reliability of the food stamp records. Comparisons of the two data sources reveal that work and earnings are substantially under-reported in the food stamp records. Work appears to be much more common among food stamp recipients than is indicated in the case records.[1]

DATA FROM CASE RECORDS

As we discussed in Chapter 1, the Food Stamp Program is a federal-state partnership—the federal government pays the costs of benefits and half the cost of administration, and state governments are responsible for the remaining administrative costs and the day-to-day operations of the program. For our states, the responsible administrative agencies are the Georgia Department of Human Services, the Missouri Department of Social Services, and the South Carolina Department of Social Services. Each of these organizations operates and maintains electronic databases for their programs that are used by caseworkers, benefits operations, managers, and program officials. The systems record the information from initial applications, updates reported to or discovered by caseworkers, agency decisions regarding cases, benefits that are issued, and other actions. They contain the data that the agencies use to determine eligibility, benefit amounts, and program compliance among households that ask for assistance.

These properties make the data incredibly valuable for our analyses. Consider the longitudinal participation histories that are the focus of the subsequent chapters of this book. Program records identify the precise dates that people began and stopped receiving benefits. The data on start and stop dates do not rely on people's memories or cooperation, so they are not subject to recall, misreporting, nonresponse, or attrition problems that affect surveys, especially longitudinal surveys (see, e.g., Bound, Brown, and Mathiowetz [2001]). The administrative data contain similarly accurate information on other program outcomes, such as benefit amounts, agency decisions, and special group status. They also accurately record the program information that was available to the agency and the basis for its actions—for example, the earnings

amounts, unearned income amounts, and household size that the agency *used* to determine eligibility and benefits.[2]

The administrative systems also contain the universe of cases, so there is an enormous number of observations that we can consider. The large numbers of observations allow us to consider special policy-relevant groups yet still generate highly precise estimates. They also allow us to disaggregate the records in various ways. In addition, our data are available over a relatively long window of seven years, which means that we have an unusually large number of complete participation spells that we can examine.

The electronic case records also have shortcomings. First, we only have records that cover the periods when households are participating in the Food Stamp Program. Although we get an accurate count of participants and accurate measures of the programmatic characteristics of their assistance spells, we do not observe them before or after they participate in the Food Stamp Program. In FY 2007, only about two-thirds of the people who appeared to be financially eligible to participate in the Food Stamp Program actually did so (Leftin and Wolkwitz 2009); the use of administrative data does not allow us to examine all of the factors that contribute to participation. For longitudinal analyses, the data allow us to examine the durations of assistance spells and the timing of spell exits; however, since we do not have information on the population from which food stamp entrants are selected, we cannot study the determinants of SNAP entry or the role of prior program participation. Second, the measures in the records are limited in scope and do not contain many of the individual or family characteristics that are commonly included in surveys, such as health status or family background. Also, the quality and availability of some measures that are included in the records but not essential to program administration—such as people's education levels, race/ethnicity, and marital status—can be poor, given that the caseworkers have very little incentive to verify them.

Third, clients have some incentives to misreport information. For example, reporting extra earnings or income could lead to a loss of benefits or eligibility. Earnings that occur "off the books" or from self-employment might not be reported to authorities. Careful ethnographic studies of disadvantaged families and adults by Edin and Lein (1997) and Venkatesh (2006) find that unreported work and underground economic activity are common coping strategies. For example, Edin and

Lein find that about 40 percent of the welfare-reliant single mothers they interviewed engaged in unreported work during the preceding year. Overall, approximately 9 percent of the U.S. economy has been classified as part of the shadow economy, and such informal economic activities are relatively more important in states with more social program recipients (Wiseman 2013).

Even if strategic underreporting was not an issue, the food stamp authorities do not necessarily require a full reporting of earnings every month. In particular, all three states that we examine used "prospective reporting" for earnings, which essentially required that clients only report jobs that were likely to continue into the next month. Households were also only supposed to report reasonably anticipated earnings (e.g., they could exclude overtime if it was occasional and unpredictable). At different times each of the states had simplified income reporting policies, in which some types of income or income changes did not need to be reported. In South Carolina, for example, clients in the middle of a certification period were not required to report changes in income if their total incomes were below the gross income threshold of 130 percent of the federal poverty line.

Finally, there is some ambiguity as to how a case, or food stamp unit, is determined. Normally, it is defined as a single person or household whose members buy and prepare food together. An unrelated individual who buys and prepares food separately may be excluded from the unit, and such an individual may qualify as a separate unit, whether or not the household qualifies. Although regulations limit the extent to which related household members can form independent units, in some cases the food stamp unit may be formed strategically. Unfortunately, we have no information on individuals who are not part of a food stamp unit, nor on how units may be related to one another, so we simply take them as given and refer to them as households.

Analysis Files

From the FY 2001–2007 administrative data for each state's Food Stamp Program, we prepare analysis files by first selecting records for each month in which a case (usually a household) received a positive amount of food stamp benefits. This leads to an unbalanced panel analysis data set with one observation per case per month of benefit receipt

and observations for individual cases linked through case identifiers. From the case-level administrative data, we also obtain measures of each case's monthly benefits, reported earned and unearned incomes, deductions, and county of residence. We express all dollar-denominated values in constant 2007 amounts, using the Consumer Price Index for all Urban Consumers (CPI-U).

The food stamp administrative data also contain records for each person (client) who is associated with a case in a given month. We use this information to calculate the total number of people in the case as well as the age distribution of the members (e.g., the presence and number of children, the presence of elderly members). The records also indicate one client who is the head or primary informant for the case. For this person, we also obtain measures of his/her age, race/ethnicity, education, and marital status.

We drop monthly records for cases in which any of the measures of the head's or household's characteristics are missing. For all of our analyses, we also only consider cases in which there is a head who is at least 18 years of age (i.e., we drop "child-only" cases) and no older than 90.[3] One state—Missouri—only provided us with limited quarterly data from FY 2001–2003 but provided us with full monthly data afterward. Because of this we omit FY 2001–2003 observations from Missouri. To make our files more manageable, we randomly selected 1 out of every 11 cases in each state. Even with this selection, sampling error is so small that we focus exclusively on the substantive interpretation of the estimates, since differences large enough to be of importance are almost always statistically significant.

Finally, for the analyses in this chapter (but not in our later chapters), we only consider observations for the months of March, June, September, and December (the final months of each quarter). The reason for doing this is to align our case record data with other data that we will subsequently consider from each state's UI earnings records.[4]

DATA FROM UI EARNINGS RECORDS

We link the information from the food stamp case records to information on quarterly earnings from each state's UI system. UI benefits

are paid to eligible, covered workers who lose their jobs through no fault of their own. Eligibility for UI benefits depends on people's work and earnings histories over the five quarters prior to losing their jobs. The amount of benefits also depends on the level of earnings. To administer their UI systems and determine eligibility for both UI benefits and actual benefit amounts, states record the quarterly earnings from each covered job that a person has.

For each person in each food stamp case in each quarter, we tally all the earnings from all jobs in the UI database. A successful match to a UI earnings record indicates that the person worked sometime during the quarter; however, the UI record does not indicate precisely when. A failure to match to a UI earnings record could indicate one of several things. First, it might be the case that the person did not work at all during that quarter and thus did not have any earnings. Second, it is possible that the person worked but did so in a job that was not covered by the UI system, such as domestic work. Third, it is possible that the person worked "off the books," either in an informal position, such as a baby-sitter, in an underground or illicit job, or for an employer who did not report to the state UI system. Fourth, records can be matched only if people's social security numbers are accurately reported to both the food stamp agency and the employer. Edin and Lein (1997) describe how public assistance recipients sometimes misreport social security numbers to employers to avoid having their earnings detected. Fifth, the UI records for Georgia and South Carolina are limited to people who work in those states; a person who worked in another state (e.g., a resident of Rock Hill, South Carolina, who commuted to nearby Charlotte, North Carolina) would not have a record in his or her state of residence. Because of a data-sharing agreement between Missouri and Kansas, the UI records for those two states are merged with Missouri food stamp data; however, data are not available for other states. For all these reasons, we must recognize that the UI earnings records *understate* the incidence of work for pay.

For our analyses, we add the UI earnings for all people in a food stamp case together to form a measure of case or household UI earnings. To make these quarterly figures comparable to the monthly reports in the food stamp records, we divide the figures by three to obtain a monthly equivalent. As with our other dollar-denominated measures, we also adjust for inflation using the CPI-U.

COMPARISONS WITH THE FOOD STAMP PROGRAM QUALITY CONTROL DATABASE

Our initial analyses compare the food stamp administrative case records from Georgia, Missouri, and South Carolina with national, cross-section administrative data for FY 2001–2007 from the FSPQC database. Data in the FSPQC files are obtained through case reviews and surveys of a large random sample of food stamp households in all states (see Wolkwitz and Ewell [2008]). The underlying data in the FSPQC are assembled to determine errors that the states sometimes make in their eligibility decisions and benefit awards. Thus, the data include nearly all the same measures as the three states' administrative files. Despite the omission of a small number of cases included in state files of SNAP recipients, we examine the FSPQC data because they contain detailed and cross-validated information about participants, including their earnings status.[5] The FSPQC data are also the basis for annual reports describing the characteristics of food stamp households (see, e.g., Wolkwitz and Leftin [2008]).

Table 2.1 lists average characteristics of food stamp households for the United States as a whole (based on data from the FSPQC) in the first column and characteristics of households from each of our three analysis states (based on the states' own administrative data) in the next three columns. The FSPQC data come from all months of each year, while the individual state administrative data come from end-of-quarter months. Additionally, the figures for Missouri only cover FY 2004–2007.[6]

The estimates in Table 2.1 indicate that food stamp households in the three states we analyze were similar to the nation as a whole in terms of their size, the age of the household head, and the average level of food stamp benefits. However, there were also some noticeable differences. All three of our analysis states had fewer Hispanic recipients, fewer elderly recipients, poorer recipients (due mostly to lower levels of unearned income), and higher proportions of recipients with no reported case income than the average for the United States. Additionally, Georgia had more households with children and more households that reported earnings than other states. Because they had lower overall incomes and a higher share of income from earnings, Georgia food stamp households also received a higher proportion of their potential

Table 2.1 Average Characteristics of Food Stamp Households in the United States, Georgia, Missouri, and South Carolina

	United States	Georgia	Missouri [a]	South Carolina
Demographic characteristics				
Number of people in household	2.3	2.4	2.3	2.4
Percent with children in household	53.3	61.5	49.4	56.1
Number of children in household	1.2	1.3	1.0	1.2
Percent with elderly members	18.1	10.4	14.3	16.2
Percent with married household head	14.9	17.4	18.3	13.8
Percent with black household head[b]	32.2	62.0	31.7	64.3
Percent with Hispanic household head[b]	15.7	3.1	1.5	0.4
Household head's age	42.5	39.1	40.6	41.8
Household head's years of education	N.A.[c]	11.3	11.4	10.8
Economic characteristics				
Gross monthly income ($)	720	607	623	635
Gross monthly unearned income ($)	451	292	330	366
Gross monthly earnings ($)	269	315	293	268
Gross monthly income as % of poverty	59.1	47.6	51.1	50.7
Percent with reported earnings	28.8	31.5	28.6	27.6
Percent with no reported income	12.6	30.2	28.9	20.9
Area unemployment rate[d]	5.2	5.0	5.8	6.9
Program characteristics				
Monthly food stamp benefits ($)	214	239	216	223
Maximum food stamp allotment ($)	321	339	297	334
Monthly benefits as % of allotment	65.2	70.7	63.2	64.9

[a] Data from Missouri only available from FY 2004–2007.

[b] Race and ethnicity measures in the FSPQC were redefined in FY 2007; estimates in the table are based on FY 2001–2006 data.

[c] Education information is missing for many people in the FSPQC database and is not considered to be reliable.

[d] Total U.S. unemployment rate used in first column; unemployment rate for county of residence used in remaining columns.

SOURCE: Authors' calculations for the United States from the Food Stamp Program Quality Control (FSPQC) database, and authors' calculations for individual states from end-of-quarter administrative records. All dollar estimates have been adjusted for inflation to December 2007 values using the Consumer Price Index for Urban Consumers.

monthly benefits. Georgia and Missouri had more married households than the other states, and Georgia and South Carolina had more black recipients than other states. Missouri and South Carolina experienced higher rates of unemployment than the rest of the country. Thus, each of our analysis states had a caseload with some unique demographic and economic characteristics.

We can also compare trends in the percentage of the food stamp households that reported receiving earnings (and thus working) in our three analysis states and the United States as a whole. The relevant figures are listed in Table 2.2. As we discussed in the previous chapter, the percentage of food stamp households in the United States reporting earnings steadily rose from 27.0 percent in FY 2001 to 29.8 percent in FY 2007. Although Georgia had higher percentages of households with earnings than the rest of the country and South Carolina had slightly lower percentages, trends in both states were upward. In contrast, the data for Missouri, which are only available for FY 2004–2007, show no discernible trend.

COMPARISONS OF FOOD STAMP REPORTED EARNINGS AND UI EARNINGS

Earnings information in the food stamp administrative records is recorded on a monthly basis, while earnings information in the UI administrative databases is recorded quarterly. To make comparisons between the two systems as meaningful as possible, we restrict our end-of-quarter observations from the food stamp administrative records to cases that had participated for three consecutive months and thus that had an entire quarter of earnings information.

Food stamp households in our three analysis states report their earnings to their state agencies prospectively. Changes in earnings could occur after a household has already received its monthly benefits. To reduce the possible influence of households that experience such earnings boosts, we further restrict our analysis to end-of-quarter cases that continued receiving food stamp benefits for at least the first month of the subsequent quarter. Restricting the analysis sample to cases that had participated for all three months of a given quarter and at least the first

Table 2.2 Trends in the Percentage of Food Stamp Households Reporting Earnings in the United States, Georgia, Missouri, and South Carolina

Fiscal year	United States	Georgia	Missouri [a]	South Carolina
2001	27.0	30.3		26.0
2002	28.0	29.5		26.3
2003	28.2	30.7		27.3
2004	28.8	31.3	28.0	27.8
2005	29.3	31.8	29.2	28.1
2006	29.7	32.0	28.7	28.3
2007	29.8	32.6	28.4	28.3

[a] Data from Missouri only available from FY 2004–2007.
SOURCE: Authors' calculations for the United States from the Food Stamp Program Quality Control database, and authors' calculations for individual states from end-of-quarter administrative records.

month of the next quarter results in a sample that is slightly more disadvantaged than the sample used in Tables 2.1 and 2.2. However, the restrictions do not have a substantial effect on our findings.

Quarterly earnings that were reported to food stamp agencies in our three states and from the UI databases were highly, though imperfectly, correlated. In Georgia, the correlation between earnings amounts was 0.57; in Missouri, 0.63; and in South Carolina, 0.67.

Table 2.3 compares the incidence of earnings reported to food stamp agencies and those reported to the UI system in our three analysis states. The vast majority of earnings incidence reports agreed. In Georgia, 77.7 percent of the reports agreed, with 52.5 percent of households reporting no earnings to both the food stamp agency and UI system, and 25.2 percent reporting some earnings to both systems. In Missouri and South Carolina, 81.5 percent and 80 percent of the incidence reports agreed, respectively.

In all three states, there were also substantial fractions of households—10 percent in Georgia, 5.2 percent in Missouri, and 5.7 percent in South Carolina—that reported earnings to food stamp agencies but that had no earnings recorded in the UI system. Some of these households may have had members who worked out of state and who had earnings recorded in another state's UI system. Other households may have had members working in uncovered jobs. In some cases, house-

Table 2.3 Comparisons of Quarterly Earnings Reports from Food Stamp and UI Records (%)

	Georgia	Missouri[a]	South Carolina
No earnings reported to food stamp agency or UI	52.5	58.9	56.3
Earnings reported to food stamp agency and UI	25.2	22.6	23.7
Earnings reported to food stamp agency but not to UI	10.0	5.2	5.7
Earnings reported to UI but not to food stamp agency	12.3	13.3	14.3

[a] Data from Missouri only available from FY 2004–2007.

SOURCE: Authors' calculations from end-of-quarter food stamp administrative records for households that received benefits for all three months of the quarter and for the first month of the subsequent quarter matched to UI earnings records.

holds may have reported future expected earnings for jobs that ended prior to the quarter in which the employer reported earnings.

There were also sizable fractions of households—12.3 percent in Georgia, 13.3 percent in Missouri, and 14.3 percent in South Carolina—that had recorded earnings in their state's UI systems but who did not report any earnings to food stamp agencies. In some cases, these earnings may have been from short, temporary, or irregular jobs or from permanent opportunities that did not work out. If the job was unanticipated and if it did not last beyond the month, the state might not have required the job to be included in the household's prospective earnings. In other cases, however, it is possible that either the households or caseworkers failed to properly report incomes. Indeed, the quality control process estimated that the cumulative food stamp overpayment error rates (errors that included underreported earnings but also other things) from FY 2001 to 2007 ranged from 4.0 to 7.2 percent in Georgia, 2.0 to 8.1 percent in Missouri, and 3.4 to 5.5 percent in South Carolina.[7]

The results from Table 2.3 indicate that neither the records in the state UI systems nor the reports made directly to food stamp agencies capture the full extent of work among food stamp households. Although about a quarter to a third of the households in our three states report working for pay to food stamp agencies in a given quarter, the incidence

of work is at least 12–14 percentage points higher than that. Thus, the actual fraction of working food stamp households may be close to one half.

Sanctioned or not, the apparent underreporting of earnings in the food stamp system leads to questions regarding which types of households are more likely to make different types of reports. Table 2.4 lists the average characteristics of households in each of our analysis states that did or did not report earnings to the food stamp agencies and to their state's UI system. Households that did not report earnings to either system tended to have fewer members, be less likely to have children, be older, be less likely to be married, and have larger unearned incomes than other households. In contrast, households that reported earnings to both systems tended to have more members, be more likely to have children, be younger, have lower levels of unearned income, and receive lower proportions of their maximum food stamp allotments than other households. Comparisons of the reported earnings amounts reveal that these households reported about $130–$170 more in average monthly earnings to their state's UI systems than to the food stamp agencies. The differences in these amounts might be consistent with states' income reporting requirements, but they could also reflect purposeful, unauthorized underreporting.

Households that reported earnings to their state's food stamp agency but that did not have reported earnings in their state's UI system looked similar in many respects to households with indications of earnings in both systems. The principal differences between the two groups were that households with no indications of earnings in the UI system tended to be less likely to be black and to have lower reported earnings. In Georgia and South Carolina, these households were also more likely to be Hispanic and more likely to live in a border county. The differences for Hispanics could be attributable to their overrepresentation in agricultural work and other uncovered jobs. The differences between residents in border and nonborder counties for Georgia and South Carolina might reflect differences in the chances of working out of state.[8]

Households with reported earnings in their state's UI systems but with no earnings reported to food stamp agencies were less likely to be married, more likely to be black, had higher average unearned incomes, and received higher proportions of their maximum food stamp allotments than households that reported earnings. The average monthly

earnings recorded in the UI system for these households was just over $600 in each state, which was lower than the UI earnings for house-holds that reported earnings to food stamp agencies. To put the figure in perspective, it was the equivalent of just under three weeks of full-time work at the then-prevailing federal minimum wage. Among house-holds with UI earnings but no reported food stamp earnings, very high proportions—48.2 percent in Georgia, 45.5 percent in Missouri, and 36.3 percent in South Carolina—also reported not having any unearned income.

Table 2.4 reports average characteristics that condition on house-holds' income reporting behavior but not on other characteristics. We have also estimated (but do not report detailed results from) multivari-ate unordered discrete choice (multinomial logit) models that account for indirect associations among the measured characteristics. All the simple differences described in the preceding text also appear in the multivariate models.

As we did with the national FSPQC data, we can also compare trends in food stamp households' indicated work behavior based on their reports to state food stamp agencies and based on records from the state UI systems. Table 2.5 lists these results. Trends in the incidence and monthly equivalent amounts of earnings are mostly similar for the data reported to food stamp agencies and to the UI system, although there are a few exceptions. For example, the incidence of earnings reported to the Georgia Department of Human Services generally increased from FY 2001 to 2007, while the incidence of earnings in the state's UI sys-tem fell from FY 2001 to 2002 but increased thereafter. Comparisons of the estimated incidence of earnings reported to food stamp agencies from Table 2.2 and Table 2.5 further indicate that restricting the end-of-quarter administrative data to cases that participated in all three months of the quarter and in the first month of the subsequent quarter does not substantially alter the trends.

Table 2.5 also lists the average differences in the earnings amounts reported to food stamp agencies and to the UI system first in terms of monthly equivalents and second as a proportion of each house-hold's gross-income food stamp eligibility threshold (i.e., 130 percent of the federal poverty line). In Georgia, the average differences in the reported amounts are very modest, ranging from $27 to $45 in monthly terms over the period. In Missouri and South Carolina, the differences

Table 2.4 Characteristics of Food Stamp Households Conditional on Earnings Reports

Earnings report by source	Georgia				Missouri[a]				South Carolina			
	No FS, no UI	FS and UI	FS but no UI	UI but no FS	No FS, no UI	FS and UI	FS but no UI	UI but no FS	No FS, no UI	FS and UI	FS but no UI	UI but no FS
Demographic characteristics												
No. of people in household	2.0	3.3	2.9	2.7	1.6	3.3	2.7	2.5	1.9	3.4	2.8	2.8
% with children in HH	43.3	89.8	82.4	72.9	27.2	83.5	62.1	62.2	37.6	88.7	68.3	71.4
No. of children in HH	0.9	2.1	1.8	1.5	0.5	1.9	1.4	1.2	0.7	2.0	1.5	1.5
% with elderly members	19.6	1.2	2.6	3.9	28.7	1.3	6.6	4.1	29.1	1.4	4.1	4.3
% with married HH head	16.6	27.0	32.8	18.3	14.1	23.8	25.6	16.3	10.7	17.9	23.1	12.2
% with black HH head	59.9	67.6	48.5	72.9	29.7	28.2	21.7	42.2	62.9	70.8	53.7	71.5
% with Hisp. HH head	1.8	2.7	12.0	1.5	1.1	1.9	1.4	1.9	0.2	0.5	1.5	0.3
Household head's age	44.9	32.6	34.2	35.7	49.0	32.1	37.7	35.5	48.7	33.2	37.1	35.6
HH head's years of educ.	11.1	11.6	11.3	11.5	11.1	11.7	11.6	11.6	10.1	11.6	11.2	11.4
Economic characteristics												
Monthly unearned income ($)	423	126	127	294	494	135	243	329	509	147	146	361
Mthly. earnings rep. to FS ($)	0	950	672	0	0	995	577	0	0	944	539	0
Monthly earn. rep. to UI ($)	0	1,082	0	602	0	1,164	0	601	0	1,097	0	632
% with no reported inc.	33.8	0.0	0.0	48.2	26.6	0.0	0.0	45.5	20.9	0.0	0.0	36.3
Area unemployment rate (%)	5.1	5.0	5.0	5.0	5.8	5.6	5.6	5.9	7.0	6.7	7.0	6.8
Border county (%)	26.7	28.3	29.2	23.7	66.4	63.0	60.2	72.5	42.7	38.9	44.9	40.9
Program characteristics												
Monthly FS benefits ($)	213	275	291	314	157	276	264	289	183	267	285	318
Maximum FS allotment ($)	279	446	401	366	226	416	350	328	272	453	380	380
Monthly ben. as % of allot.	73.0	62.5	74.4	86.4	55.9	59.4	64.7	78.2	61.7	59.5	77.4	84.5

NOTE: FS = food stamps; UI = Unemployment Insurance; HH = household.
[a] Data from Missouri only available from FY 2004–2007.
SOURCE: Authors' calculations from end-of-quarter food stamp administrative records for households that received benefits for all three months of the quarter and for the first month of the subsequent quarter matched to UI earnings records. All dollar estimates have been adjusted for inflation to December 2007 values using the Consumer Price Index for Urban Consumers.

Table 2.5 Trends in Earnings Reported to Food Stamp Agencies and UI System

Fiscal year	Percent of households reporting earnings to FS agency (%)	Average monthly amount of earnings reported to FS agency ($)	Percent of households with earnings in UI system (%)	Average monthly amount of earnings reported in UI system ($)	Average difference between amounts reported to FS agency and UI system[a] (%)	Average difference between reported amounts as a percentage of gross-income elig. threshold (%)
			Georgia			
2001	33	279	38	309	30	3
2002	33	280	36	307	27	2
2003	35	305	37	335	30	2
2004	35	304	37	345	41	3
2005	36	313	38	358	45	3
2006	36	313	38	358	45	3
2007	36	313	38	358	45	3
			Missouri[b]			
2004	28	254	37	350	96	6
2005	28	260	37	355	95	6
2006	28	252	35	333	81	5
2007	27	252	34	330	77	5
			South Carolina			
2001	28	240	35	299	60	3
2002	28	248	36	319	70	4

2003	29	257	37	345	89	5
2004	30	256	38	360	103	6
2005	30	259	39	373	114	7
2006	30	257	39	366	109	7
2007	30	259	39	364	105	6

[a] Differences in column may not equal the differences in previous columns due to rounding.

[b] Data from Missouri only available from FY 2004–2007.

SOURCE: Authors' calculations from end-of-quarter food stamp administrative records for households that received benefits for all three months of the quarter and for the first month of the subsequent quarter matched to UI earnings records. All dollar estimates have been adjusted for inflation to December 2007 values using the Consumer Price Index for Urban Consumers.

between the reported amounts are more substantial, exceeding $100 in monthly equivalent terms in South Carolina in several years. However, when expressed as a proportion of the gross-income eligibility threshold, the differences in reported earnings are all very modest. In Georgia, the differences are only 2–3 percent of the gross-income threshold, while in Missouri and South Carolina the differences range from 3 to 7 percent of the threshold. These differences suggest that the apparent underreporting of earnings to state food stamp agencies has relatively modest effects on eligibility and benefits.

IMPLICATIONS

In the subsequent chapters, we use longitudinal administrative data from the Georgia, Missouri, and South Carolina Food Stamp Programs to investigate how changes in work-related policies affect the length of households' food stamp participation spells and the timing of households' exits from assistance. Administrative data have some advantages for these purposes—they accurately record the start and stop dates of spells, record all of the information available to the agencies and case managers, and contain many more observations than are typically available in surveys. However, administrative data are also generally understood to have drawbacks, and the analyses in this chapter confirm that some of these drawbacks are present in our data.

Representativeness

Because of confidentiality concerns and the sensitivity of the underlying information, special arrangements need to be made to work with case record data. We were fortunate to be able to make such arrangements with state agencies in three states, which allows us to examine policy changes in several contexts. However, we acknowledge that the three states that we analyze are not representative of all states. Over the period that we consider, food stamp households in Georgia, Missouri, and South Carolina were similar to food stamp households across the nation in terms of their sizes, reported earnings, and potential maximum food stamp benefits. However, households in our analysis states were

also poorer than households in the United States as a whole, owing mainly to lower unearned incomes and less generous cash assistance policies in the analysis states. Households in our analysis states were less likely to have elderly members and less likely to be Hispanic. Also, our two southern states—Georgia and South Carolina—had much higher proportions of black households than the rest of the country.

In the empirical analyses in the subsequent chapters, we use multivariate statistical techniques that condition on observed characteristics of households, including their unearned incomes, age composition, race, and ethnicity. Still the results should be interpreted as being representative of households in states with less generous cash assistance programs and not necessarily of households with access to more generous programs.

Underreported Earnings

Administrative data precisely record households' participation in the Food Stamp Program, the benefits households received, the policy conditions that they faced, and the information that served as the basis for program outcomes. However, the data provide a much less accurate picture of households' work behavior and earnings.

All three of our analysis states computed households' food stamp eligibility and benefits for a given issue month on the basis of "prospective budgeting," which means using income and resource amounts that could be reasonably anticipated for the month. Households with highly variable pay or hours and households with unanticipated earnings shocks would have received earnings that differed from those used in the calculations and recorded in the administrative data. Each of the states also adopted simplified income reporting procedures that meant that some types of earnings increases did not have to be reported to food stamp agencies during a household's certification period. Beyond these sanctioned reasons for reporting different incomes than were actually received, households had incentives to conceal earnings from the food stamp agencies.

We compared the earnings reported to the food stamp agencies to the earnings reported to each state's Unemployment Insurance system. The UI systems are themselves incomplete and fail to record all the income earned by households in each state. Despite this, the incidence

and amounts of earnings recorded for our food stamp households in the UI system were each higher than those recorded by the food stamp agencies. For example, a quarter to a third of the food stamp households that we examined reported earnings to food stamp agencies, but a further 12–14 percent with no earnings in the food stamp records had reported earnings in the UI records. Depending on the state and year, the average monthly value of earnings reported by households to food stamp agencies was $30–$114 less than the amount recorded in the UI system. Among households that reported no earnings to food stamp authorities but that had reported earnings in the UI system, the average monthly value of those UI earnings exceeded $600. Thus, work among food stamp households is more widespread and remunerative than agencies' records indicate.

The empirical analyses of participation outcomes in our subsequent chapters will utilize only the earnings data reported to food stamp agencies. Although the UI earnings data are available, we do not include them for two reasons. First, the data in the food stamp agency records were the data that were used to set the policies that we are interested in, including the length of recertification intervals and the applicability of ABAWD time limits. Second, the quarterly periodicity of the UI earnings information is different from and difficult to align with the monthly periodicity of the food stamp participation outcomes and data. In interpreting the results, however, it is important to note the distinction between households' reported and actual earnings behavior.

Notes

1. As discussed below, SNAP administrative practice records expected future earnings for use in calculating SNAP eligibility and benefits, so observed discrepancies may not be due to misreporting by participants.
2. The sources of countable unearned income are regular cash payments except for earnings. These include cash transfers from other government programs, such as Temporary Assistance for Needy Families benefits, Unemployment Insurance payments, Supplemental Security Income benefits, and Social Security retirement and disability insurance payments. They also include private sources of income, such as pensions, private disability payments, and child support. Countable income does not include some irregular sources of income, such as Earned Income Tax Credit payments. It also does not include other in-kind assistance, such as Medicaid or Medicare, energy assistance, school meals, or child care services.

3. The exclusions for item nonresponse and for very young and very old household heads reduce the analysis samples for each state by only a few percentage points.

4. The estimates that we report for the end-of-quarter months are similar to estimates using all months.

5. As noted in Chapter 1, the FSPQC data exclude a modest number of cases, such as households receiving disaster assistance and recipients facing case closures but appealing those decisions. See U.S. Department of Agriculture, Food and Nutrition Service, "Supplemental Nutrition Assistance Program Participation and Costs." http://www.fns.usda.gov/sites/default/files/pd/SNAPsummary.pdf (accessed May 14, 2014).

6. In separate analyses not shown, we compared the administrative data for Georgia, Missouri, and South Carolina with the FSPQC data for those specific states and confirmed that each data source provided similar estimates of household characteristics.

7. U.S. Department of Agriculture, Food and Nutrition Service, "Supplemental Nutrition Assistance Program Quality Control." http://www.fns.usda.gov/snap/qc/ (accessed May 14, 2014). Error rates beginning in FY 2003 can be found at http://fns.usda.gov/snap/qc/ (accessed December 20, 2018).

8. We do not observe the same relationship in Missouri between residence in a border county and the incidence of UI earnings. Recall that UI earnings data are available for people who work in Kansas. This would reduce the "border effect" for Kansas City metropolitan area residents who are in Missouri counties on the border with Kansas. In the case of the St. Louis metropolitan area, which is on the Illinois border, job opportunities are much greater in the Missouri portion of the metropolitan area, so relatively few Missouri residents commute across the border to jobs in Illinois.

3
Food Stamp Recertification Intervals and the Working Poor

We expect that the working poor would find the administrative requirements for obtaining and maintaining SNAP eligibility to be particularly burdensome. Beyond the time and effort of pulling together materials, the need to visit or call a state office at a specific time could present an important obstacle. In addition, employed food stamp recipients are generally required to submit documents for recertification more frequently than those without employment. For these reasons, recertification policies are particularly important for the working poor. This chapter focuses on those policies and their variation over time in Georgia, Missouri, and South Carolina, documenting their role in inducing attrition from the Food Stamp Program.

A household's eligibility to participate in the Food Stamp Program is based on monthly criteria. In principle, the states that administer the Food Stamp Program could check these criteria every month for every participating household and require the households to report their incomes and assets and provide supporting documentation. Such a policy would allow for highly accurate eligibility and benefits determinations, but it would also be terribly burdensome for the clients who would have to provide the materials and costly for the states that would have to process, review, and act on the information.

Instead of requiring this information every month, states certify eligibility for most clients for several months—and in some cases up to two years—at a time. During these certification periods, clients receive food stamp benefits and generally do not have to report about their household or financial circumstances unless there is some type of relevant change. At the end of the certification period, the household must have its eligibility for assistance recertified and its benefits redetermined. Recertification typically involves supplying the same information as in the original application. If the household fails to recertify, its benefits are terminated.

States are given some discretion in setting the length of certification periods. States typically set longer certification periods for households with incomes that come only from fixed sources, such as retirement and disability payments, and in some cases welfare. The logic behind this choice is that these sources of income either do not change much over time (so there is nothing new to report) or are already tracked through other state administrative systems (so eligibility can be confirmed automatically). States set shorter periods for households with earnings and other sources of income that are more likely to fluctuate. While this distinction makes sense from a reporting and information standpoint, it has the perverse practical effects of raising the costs of program compliance for households with working members and discouraging participation among these households. More frequent recertifications also increase the risk that a household will be dropped from the program because of carelessness or if an emergency or some other event interferes with completing this task, which would also reduce participation among working households. This chapter empirically examines whether the lengths of recertification intervals influence food stamp participation patterns and whether differences in those intervals explain some of the difference in food stamp participation between working and nonworking households.

States differ in the ways in which they set certification periods. Some states instruct caseworkers to assign periods that last up to a certain length but give caseworkers flexibility to set the period within that length. This kind of flexibility can be helpful to clients who participate in multiple assistance programs that also have certification periods; in some circumstances, the caseworkers can schedule the ends of the certification periods for the different programs so that they fall on the same date. Other states, including the three that we study, have had policies where certification periods for particular types of clients must be a certain length. These policies confer an analytical advantage because all clients of a given type are subject to recertification at regular, identifiable intervals.

Other studies have focused on the effects of recertification intervals. A common approach in the empirical literature has been to use information on the difference in recertification intervals across states or type of household within a state to examine how these are related to caseloads. For example, Currie and Grogger (2001) investigate how the average

frequency of recertifications in a state was associated with food stamp receipt. They find that longer average intervals were associated with higher rates of participation for most types of households but that few of the estimates could be statistically distinguished from zero. Kornfeld (2002) also finds that recertification intervals were associated with participation for some types of households, such as households with multiple adults and children and childless households with nonelderly members, but not others. Kabbani and Wilde (2003) find stronger evidence of participation effects, estimating that participation rates were as much as 2.4 percent lower in states with short (monthly to quarterly) recertification requirements than in states with longer certification intervals. In contrast, Ratcliffe, McKernan, and Finegold (2008) find much less consistent evidence. They report that longer recertification intervals were associated with increased participation for households with children but decreased participation for able-bodied adults without dependents (ABAWDs).

Other research has examined how recertification affects the timing of families' exits from the Food Stamp Program. Staveley, Stevens, and Wilde (2002) conduct a descriptive analysis of administrative data from Maryland and find that program exits were clustered at likely recertification dates. Ribar, Edelhoch, and Liu (2008) provide descriptive evidence and estimate multivariate models using administrative data from South Carolina and find similar results. Gray (2018) also shows that attrition from Michigan's Food Stamp Program over the period 2005–2011 occurred disproportionately in months when recertification was required. His analyses in six other states for 2011–2012 find essentially the same pattern of attrition.

In this chapter, we follow the approach of these latter studies and take advantage of the regularities in recertification policies to examine how the length of certification periods affects the length of time that households remain on the Food Stamp Program. We use case records for households with working-age members from Georgia, Missouri, and South Carolina that provide information on the duration of program spells, and we empirically examine how the timing of program exits relates to the timing of recertification dates. Our analyses reveal that households were several times more likely to leave the Food Stamp Program when recertifications were due than at other times. The analyses also show that shorter recertification intervals, which were com-

monly assigned to working households, were associated with shorter program spells.

RECERTIFICATION POLICIES IN GEORGIA, MISSOURI, AND SOUTH CAROLINA

Table 3.1 summarizes the recertification policies from 2001 through 2007 for Georgia, Missouri, and South Carolina. All three states had different recertification policies for different types of households, and all three also changed their policies over the period that we study.

Georgia's recertification policies are listed in the first row of Table 3.1. Prior to October 2002, Georgia required all nonelderly, nondisabled food stamp participants to recertify every 3 months and households with elderly or disabled members (and presumably fixed incomes) to recertify every 12 months. Starting in October 2002, the state increased the recertification intervals for nonelderly, nondisabled, non-ABAWD households to 6 months, but maintained the quarterly intervals for ABAWD households and the annual intervals for households with elderly and disabled members.

Missouri and South Carolina also set different recertification intervals for different types of food stamp households. In Missouri, most households without elderly and disabled members were initially required to recertify every three months; however, beginning in April 2003, the recertification intervals increased to six months. Households with nonworking elderly and disabled members had the same formal certification periods but could be recertified with much less information for up to 24 months. Missouri also set very short recertification intervals, ranging from 1 to 3 months, for households with very unstable circumstances, such as households with migrant workers.

South Carolina initially set recertification intervals of 3 months for households with fluctuating incomes and recertification intervals of 12 months for households with fixed sources of income. As with Missouri, South Carolina also had relaxed recertification requirements for households with nonworking elderly and disabled members and set very short intervals for households with unusually unstable circumstances. In October 2002, South Carolina increased the recertification interval

Table 3.1 Recertification Policies in Georgia, Missouri, and South Carolina, FY 2001–2007

State	Households with earnings	Households without earnings	Able-bodied adults without dependents	Elderly and disabled, no earnings	Other circumstances (e.g., migrant workers)
Georgia	Before Oct. 2002: 3 months After Oct. 2002: 6 months	Before Oct. 2002: 3 months After Oct. 2002: 6 months	3 months	12 months	
Missouri	Before Apr. 2003: 3 months After Apr. 2003: 6 months	Before Apr. 2003: 3 months After Apr. 2003: 6 months	Treated like other households	Treated like other households but with less formal reporting for up to 24 months	1–3 months
South Carolina	Before Oct. 2002: 3 months After Oct. 2002: 6 months	Before Feb. 2005: 12 months After Feb. 2005: 6 months	Treated like other households	Treated like other households but with less formal reporting for up to 24 months	1–2 months

for households with fluctuating incomes from 3 months to 6 months, and in February 2005, the state reduced the recertification interval for households that relied solely on unearned income from 12 to 6 months.

In all three states, the increases in recertification intervals from 3 to 6 months would be expected to increase the length of food stamp spells and contribute to an increase in the food stamp caseload, other things held constant. In South Carolina, the decrease in recertification intervals from 12 to 6 months in 2005 for households without earnings would be expected to shorten food stamp spells and reduce the caseload for that group. Also, the shorter recertification intervals for households with earned income is expected to reduce spell lengths and reduce program participation for working households relative to nonworking households.

EMPIRICAL APPROACH

Analysis Data

As we describe in the previous chapter, we use the administrative data from Georgia, Missouri, and South Carolina to form state-specific analysis files that each contain one observation per household per month of food stamp benefit receipt. These observations include information about the household's program benefits, its earned and unearned income, its composition, its head's characteristics, and its economic and geographic circumstances each month.

For the empirical analyses in this chapter, we further organize these monthly observations into participation spells, which consist of months of consecutive food stamp receipt. For each monthly observation within a spell, we measure the duration, which describes the number of months since the spell began. We distinguish between spells that are observed to their end and for which we observe an exit and "right-censored" spells, which are not observed to their end because they were ongoing when our observation window closed at the end of FY 2007 or were on-going when we stopped tracking the household because of missing information. We also drop "left-censored" spells, which were ongoing

when our observation window began and for which we cannot determine spell durations.

In the data, a substantial number of participation spells last one month. Many of these spells are for households that temporarily received food stamp benefits while their applications were being considered but that were subsequently determined to be ineligible for assistance. There are also many participation spells that are separated by a single month of nonparticipation. This frequently occurs when a household misses its recertification but upon losing its benefits immediately completes its recertification and resumes its participation spell. As is customary in event-history analyses of public assistance spells (see, e.g., Blank and Ruggles [1996]; Gleason, Schochet, and Moffitt [1998]; and Ribar, Edelhoch, and Liu [2008]), we smooth the data by dropping one-month participation spells and by eliminating one-month breaks in participation spells.

We drop spells for food stamp households in which all the members were elderly because the incidence of work for these households was miniscule. In all our analyses we also distinguish between households with and without children, owing to the differences in work behavior, some program rules, and the availability of other types of assistance for these groups.

Estimation Approach

The statistical approach that we use to examine the effects of recertification policies on food stamp participation is discrete-time hazard analysis (see Alison [1982] for a thorough technical description). In general, hazard analyses are used to examine the length of time that someone spends in one condition before transitioning to some other condition. In our case, we use the approach to investigate the length of time that a household receives food stamps from the month it begins receiving benefits until the month it stops receiving benefits. The analysis is framed in terms of discrete-time hazards, which are the probabilities of transitioning out of the initial status (leaving food stamps) conditional on having been in that status (receiving food stamps) up to that point. Hazard methods were originally developed to study mortality, and an example from that is the probability that someone dies at age 70 conditional on the person living to age 70.[1]

The term *discrete-time* refers to the fact that the time in the condition is measured in countable (integer) units. Food stamp benefits in the three states in our study were generally issued monthly. Thus, we count people as participating in the Food Stamp Program if they received benefits in a given month, and we record the length of their participation spells in terms of the number of months that they received benefits.

A key advantage of hazard analyses is that they show how people's chances of leaving the Food Stamp Program change with each month spent on the program. Thus, the analysis can show months when people are very likely to leave. This is extraordinarily helpful in looking at recertification policies because they are tied to specific months of program experience. For example, someone who is subject to quarterly recertifications would encounter this policy at the end of the third month on the program, sixth month on the program, ninth month, and so on, but not in other months. If recertifications (distinct from other events) cause some people to leave the Food Stamp Program, we would expect to see elevated hazard probabilities in these specific months.

We conduct descriptive and multivariate analyses. In the descriptive analyses, we calculate Kaplan-Meier hazard estimates for each month of the food stamp spell, providing the observed probability that individuals exit SNAP conditional on receiving SNAP up to that point, comparing people who begin their spells with and without earnings in each state under different recertification regimes. In addition, we estimate multivariate models that also examine the relationship between program exits and recertification policies but that control for household characteristics, economic conditions, and other observed measures.

The estimated hazard probabilities can also be used to calculate the probabilities that spells will continue past specified dates; statisticians call these survival probabilities. Thus, we can form distributions of the probabilities that spells will last at least one month, at least two months, at least three months, and so on.[2] From these distributions, we can calculate the median spell length (the spell duration by which half of the recipients will have exited and half of the recipients will remain on the program). In the analyses that follow, we also examine how median spell lengths in the states change with recertification policies and other household characteristics.

DESCRIPTIVE RESULTS

Timing of Exits

Figure 3.1 contains four panels depicting Kaplan-Meier estimates of the monthly hazard probabilities of leaving the Food Stamp Program over the first 30 months of participation spells for different groups of households in Georgia. The first two panels show estimated hazard probabilities for households that include children, while the next two panels show estimated hazard probabilities for childless households with nonelderly (working-age) adults. The panels are further organized by the dates when the households entered the Food Stamp Program. The first and third panels show estimates for the cohort of households that entered before October 2002—that is, during the period when Georgia required quarterly recertifications for most nonelderly, nondisabled households. The second and fourth panels show estimates from the cohort of households that entered on or after October 2002, when the state switched to semiannual recertifications for non-ABAWD households.

The sawtooth pattern in the hazard estimates indicates that the timing of Food Stamp Program exits in Georgia was strongly related to the timing of recertifications. Among food stamp households with children, exits were several times more likely to occur at quarterly recertification dates prior to October 2002. After October 2002, the quarterly spikes disappeared, and households were instead much more likely to leave at semiannual intervals. Among childless, nonelderly households there was also a substantially higher probability of leaving the Food Stamp Program at quarterly intervals prior to October 2002. After October 2002, there continued to be high probabilities of exiting the program at quarterly and semiannual intervals, though the semiannual spikes became relatively larger. The estimates after October 2002 for childless, nonelderly households are consistent with this group containing a mix of ABAWD households, who would have been subject to quarterly recertifications, and non-ABAWD households (e.g., households with disabled members or members between 50 and 60 years of age), who would have been subject to semiannual recertifications. Taken together, the estimates from Figure 3.1 provide very strong evidence that Geor-

**Figure 3.1 Estimated Food Stamp Program Exit Hazard Probabilities
for Georgia**
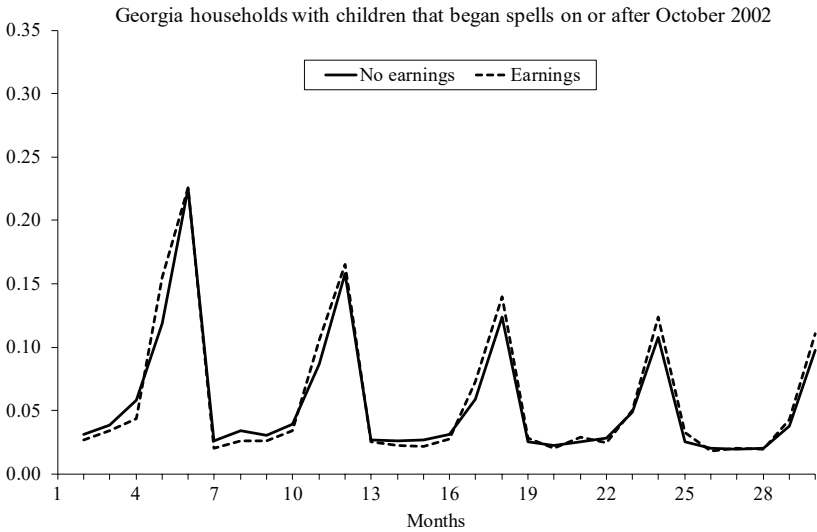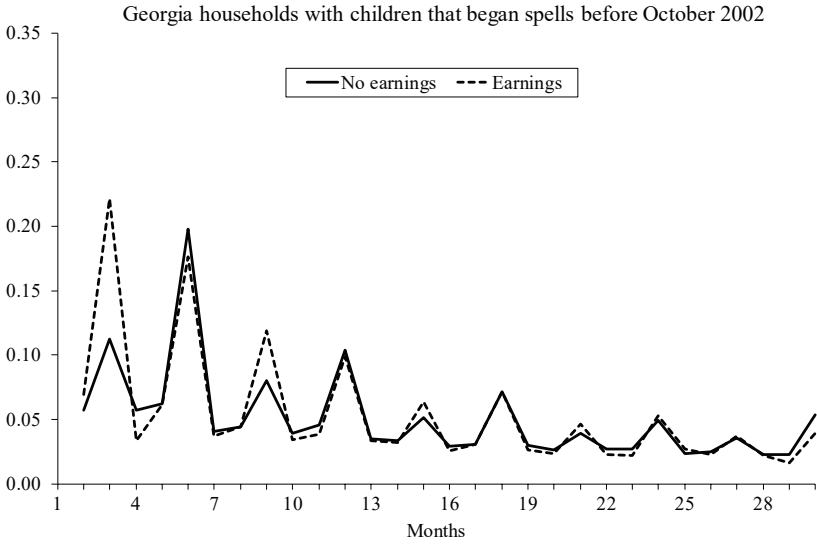
Georgia households with children that began spells before October 2002

Georgia households with children that began spells on or after October 2002

Figure 3.1 (continued)

Georgia households without children that began spells before October 2002

Georgia households without children that began spells on or after October 2002
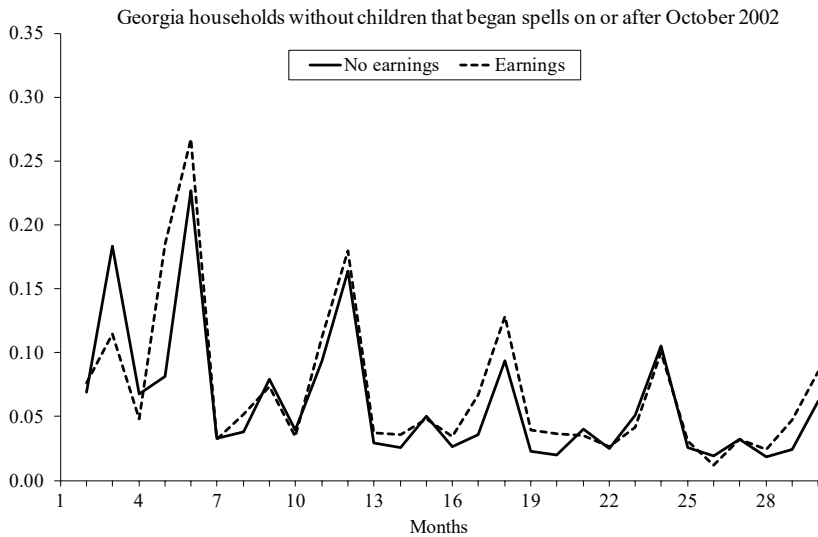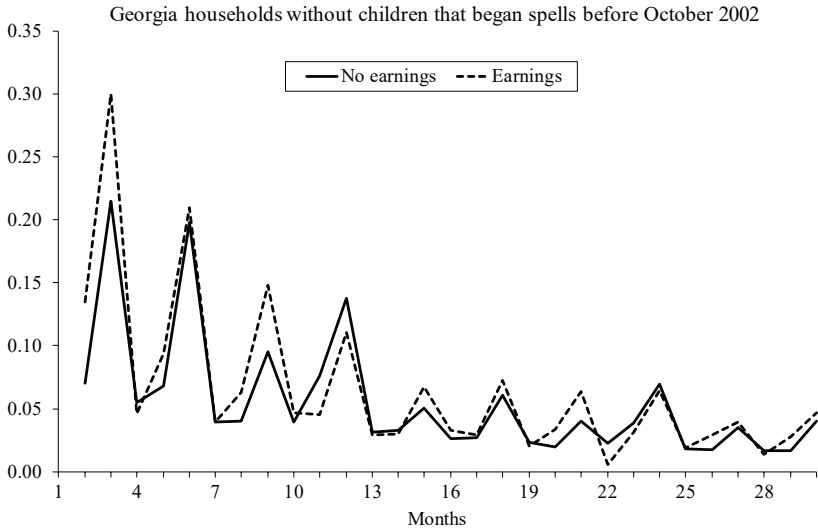
SOURCE: Authors' calculations of Kaplan-Meier hazard probabilities from Georgia administrative data.

gia's recertification policies influenced food stamp households' participation behavior through the timing of exits.

In Figure 3.2, we conduct a similar analysis for food stamp households in Missouri. As with the previous figure, Figure 3.2 shows Kaplan-Meier hazard estimates for households with children first and nonelderly households without children next. Monthly data on food stamp spells in Missouri were only available starting in FY 2004, so the panels show estimates for households that entered the state's Food Stamp Program after it had adopted longer recertification intervals and most households were subject to semiannual recertifications.

Food stamp households' exit behavior in Missouri exhibited the sawtooth pattern that we observed in Georgia. Specifically, households were much more likely to leave the program at semiannual intervals but not in other periods, which was consistent with the recertification policy that was in effect at the time.

Figure 3.3 shows Kaplan-Meier hazard probabilities estimated for households with children and nonelderly households without children who entered the Food Stamp Program in South Carolina during three different time intervals: October 2000–March 2001, July 2002–December 2002, and April 2005–September 2005. These time intervals correspond to the three different recertification policy periods in South Carolina.

South Carolina's initial recertification policies differed from those of the other two states because South Carolina distinguished between households with fluctuating and fixed incomes. In the first and fourth panels, South Carolina households were more likely to leave the Food Stamp Program at quarterly and annual intervals. The quarterly exit patterns were stronger for households that entered the Food Stamp Program with earnings, while the annual exit patterns were stronger for households that entered without earnings. The differences between households with and without earnings were especially pronounced for childless households (fourth panel).

After October 2002, South Carolina changed its recertification intervals for households with fluctuating incomes from three to six months. The second and fifth panels, which show estimates for households that entered the Food Stamp Program during this period, indicate that households were more likely to leave the program at semiannual

Figure 3.2 Estimated Food Stamp Program Exit Hazard Probabilities for Missouri
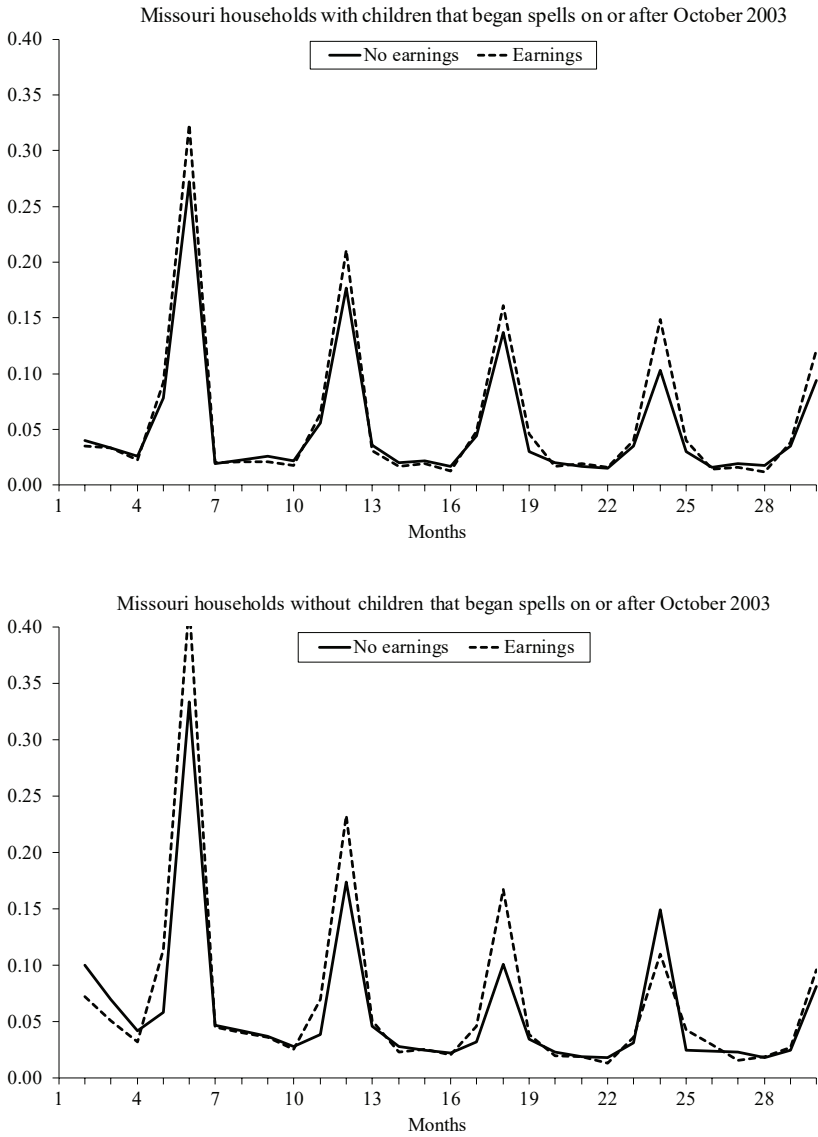
Missouri households with children that began spells on or after October 2003

Missouri households without children that began spells on or after October 2003

SOURCE: Authors' calculations of Kaplan-Meier hazard probabilities from Missouri administrative data.

**Figure 3.3 Estimated Food Stamp Program Exit Hazard Probabilities
              for South Carolina**

South Carolina households with children that began spells between Oct. 2000 and Mar. 2001
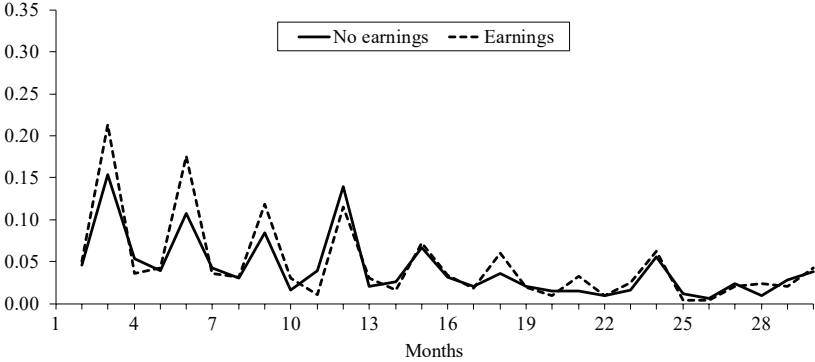
South Carolina households with children that began spells between Jul. 2002 and Dec. 2002
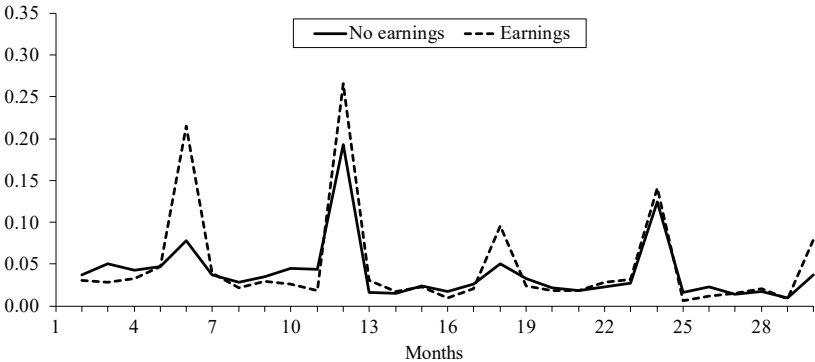
South Carolina households with children that began spells between Apr. 2005 and Sep. 2005
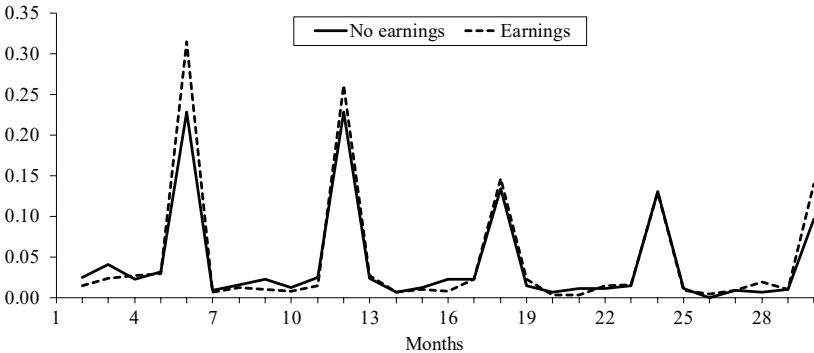
Figure 3.3 (continued)

South Carolina households without children that began spells between Oct. 2000 and Mar. 2001
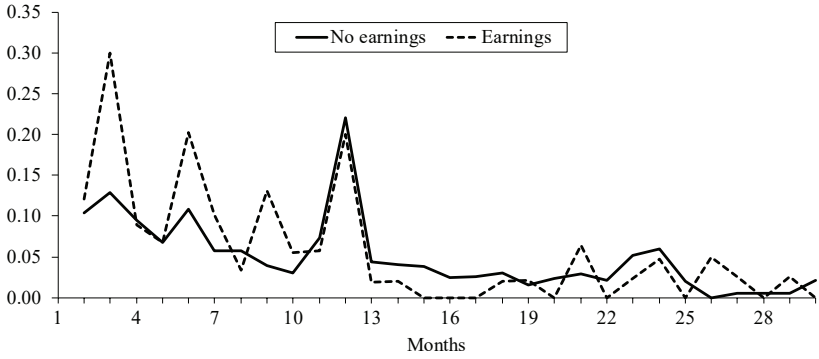
South Carolina households without children that began spells between Jul. 2002 and Dec. 2002
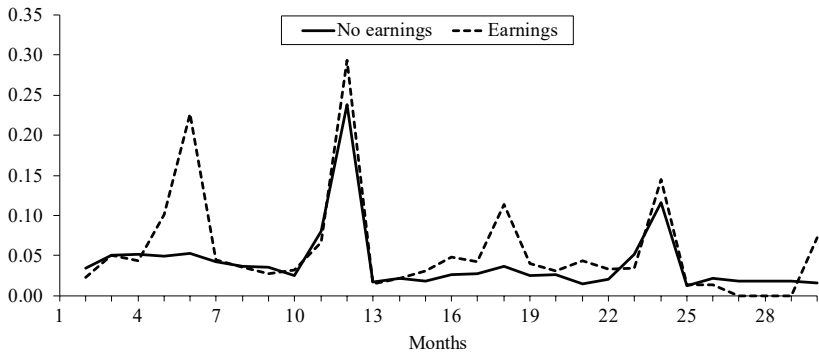
South Carolina households without children that began spells between Apr. 2005 and Sep. 2005
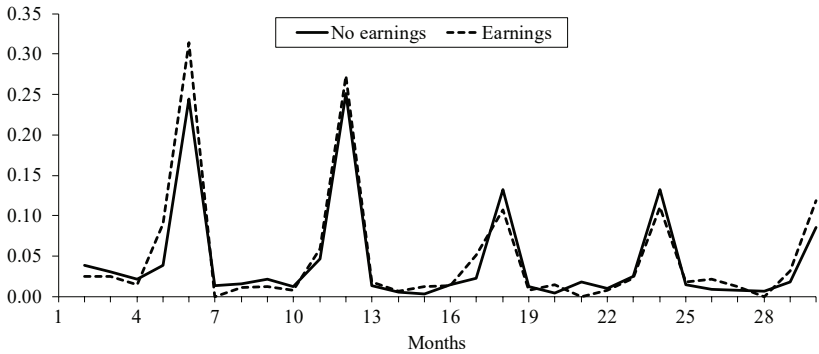
SOURCE: Authors' calculations of Kaplan-Meier hazard probabilities from South Carolina administrative data.

and annual intervals. Once again, households with earnings were more likely to leave at semiannual intervals, while households without earnings were more likely to leave at annual intervals.

South Carolina changed its recertification policies again in February 2005, setting a uniform 6-month interval for most nonelderly households. The estimates from the third and sixth panels of Figure 3.3 show a semiannual exit pattern with little discernible difference between households with and without earnings.

Lengths of Participation Spells

We use the hazard estimates from Figures 3.1–3.3 to calculate the median food stamp participation spell lengths for the different types of households in each entry cohort in each state. The estimated median spell lengths are reported in Table 3.2. The left two columns of numbers show median spell lengths for households with children conditional on those households beginning their food stamp spells with no earnings and with earnings. The right two columns of numbers show median spell lengths for nonelderly childless households with no earnings and with earnings.

The estimates from Table 3.2 reveal that median food stamp spell lengths were generally shorter for nonelderly childless households than for households with children. In Georgia and Missouri, the median spell lengths for nonelderly childless households were all close to 7 months regardless of earnings status or the recertification policy, while the median spell lengths for households with children varied more, ranging from 9.0 to 12.1 months. Median spell lengths were even more variable in South Carolina, ranging from 6.2 to 12.9 months for nonelderly childless households and 9.5 to 14.5 months for households with children.

Among households with children in Georgia and Missouri and among all nonelderly households in South Carolina, longer recertification intervals appear to have increased median food stamp participation spells. The direct effect of the policy is shown when states switched from quarterly to semiannual recertifications and the median spell lengths for these groups increased by two to three months. When South Carolina subsequently reduced its recertification interval for households with fixed incomes from 12 to 6 months, median spell lengths for households without earnings in that state fell.

Table 3.2 Estimated Median Food Stamp Spell Lengths

State/entry cohort	Households with children		Nonelderly childless households	
	No earnings	Earnings	No earnings	Earnings
Georgia				
Began spells before Oct. 2002	10.0	9.0	7.7	6.2
Began spells on or after Oct. 2003	11.6	11.7	7.0	6.8
Missouri				
Began spells on or after Oct. 2003	11.3	12.1	7.1	6.8
South Carolina				
Began spells between Oct. 2000 and Mar. 2001	12.4	9.5	10.0	6.2
Began spells between July 2003 and Dec. 2004	14.5	12.6	12.9	12.0
Began spells between April 2005 and Sep. 2005	12.6	12.9	12.6	12.2

SOURCE: Authors' calculations of median spell lengths in months from Kaplan-Meier hazard probabilities from Georgia, Missouri, and South Carolina administrative data.

More evidence for an association between recertification intervals and spell lengths comes from comparisons of households with and without earnings. Georgia and Missouri set the same recertification intervals for these two groups, and the median spell lengths for the groups were very similar. Prior to February 2005, South Carolina set shorter recertification intervals for households with fluctuating incomes than for households with fixed incomes, and median spell lengths were shorter for households with earnings than for households without. After February 2005, South Carolina adopted similar 6-month recertification intervals for both groups, and the differences in the groups' median spell lengths narrowed.

MULTIVARIATE RESULTS

Estimates of spell duration patterns, like the patterns shown in Figures 3.1–3.3, can be confounded by other unmeasured characteristics. For example, failing to account for general characteristics that might make households more or less likely to leave the Food Stamp Program, such as earnings ability or local economic conditions, can lead to a spurious negative relationship between duration and the hazard of leaving the Food Stamp Program.[3] So it is important to also obtain estimates of these patterns using multivariate statistical methods that can account for observed characteristics.

For each state, we estimate discrete-time logistic hazard models that include separate flexible (monthly dummy variable) controls for the duration patterns for households that began their food stamp spells with and without earnings in each recertification policy period. For example, in Georgia we estimate models with separate flexible duration pattern controls for households that entered before October 2002 with earnings, households that entered before October 2002 without earnings, households that entered on or after October 2002 with earnings, and households that entered on or after October 2002 without earnings. These models also include controls for the household's food stamp benefit level, earned income, unearned income, zero-income status, number of members, and number of children; the household head's age, education, race, and marital status; the age of the youngest member; the presence of any elderly members (only for households with children); the unemployment rate in the county of residence; and general controls (dummy variables) for each fiscal year. The models are estimated separately for households with children and for nonelderly households without children.

To show the adjusted duration pattern from these models, we take the estimated model coefficients for a state and type of household (with children or nonelderly without children) and apply them to every household observation of the same type in that state to form predictions of the hazard rates. The predictions assume that the households entered the Food Stamp Program on particular dates (for example, in October 2000 and October 2002 for Georgia) and that the households maintained the same observed characteristics as their first month on the program.[4] Con-

ditioning in this way approximates the distribution of population characteristics over the entire sample period. Predicted hazard rates from this procedure for Georgia, Missouri, and South Carolina are shown in Figures 3.4, 3.5, and 3.6, respectively.

The regression- and population-adjusted estimates of the food stamp participation spell hazard rates in Figures 3.4–3.6 are all very similar to the corresponding unadjusted estimates from Figures 3.1–3.3. For Georgia, the quarterly spikes in the exit rates in the initial policy period are replicated, while the semiannual spikes for all households and the smaller quarterly spikes for nonelderly childless households in the later period are also captured. For Missouri, the strong semiannual sawtooth patterns of exits in the later policy period are reproduced. Likewise, for South Carolina, all the exit patterns across household types, earnings status, and recertification policy periods are reproduced. Overall, the estimates from Figures 3.4–3.6 indicate that our findings of associations between the timing of food stamp exits and likely recertification dates are robust to controls for other observed characteristics.

We do not have data on reasons for attrition for all our three states. Ribar and Edelhoch (2008) examine the reasons for exit in South Carolina among households with children and find that just over half the exits occur because of missed recertifications and another sixth occur for administrative reasons such as failing to provide information. Gray (2018) reports that for Idaho in 2011 in more than three quarters of the cases where attrition occurs at a recertification deadline, exit from the Food Stamp Program is listed as being due to the missed deadline. In contrast, in other months, loss of eligibility is the primary factor, listed for up to 90 percent of the exits.

CONCLUSION

Periodic recertification in the Food Stamp Program represents a necessary compromise between two competing policy objectives. On the one hand, states need accurate information to determine whether households remain eligible for the program and what participating households' benefits should be. On the other hand, supplying and processing information imposes real costs on households and the state agencies.

Figure 3.4 Regression- and Population-Adjusted Food Stamp Program Exit Hazard Probabilities for Georgia

Georgia households with children simulated to begin spells in October 2000

Georgia households with children simulated to begin spells in October 2002

Figure 3.4 (continued)

Georgia households without children simulated to begin spells in October 2000

Georgia households without children simulated to begin spells in October 2002
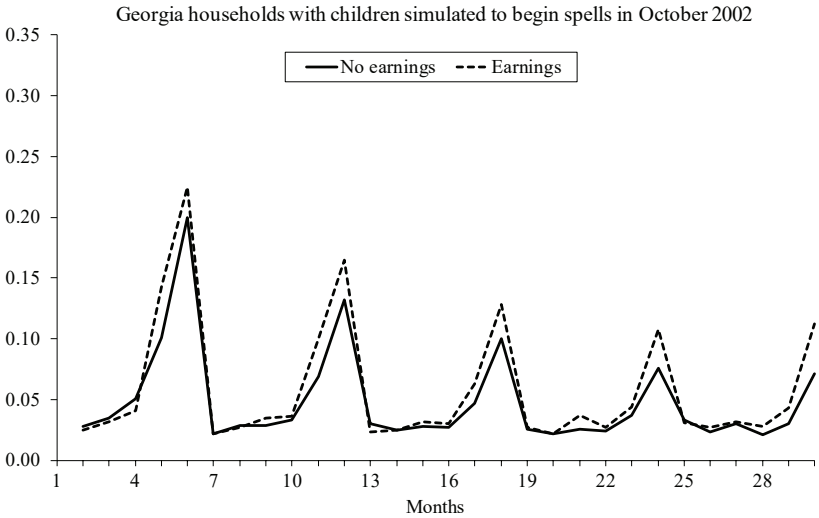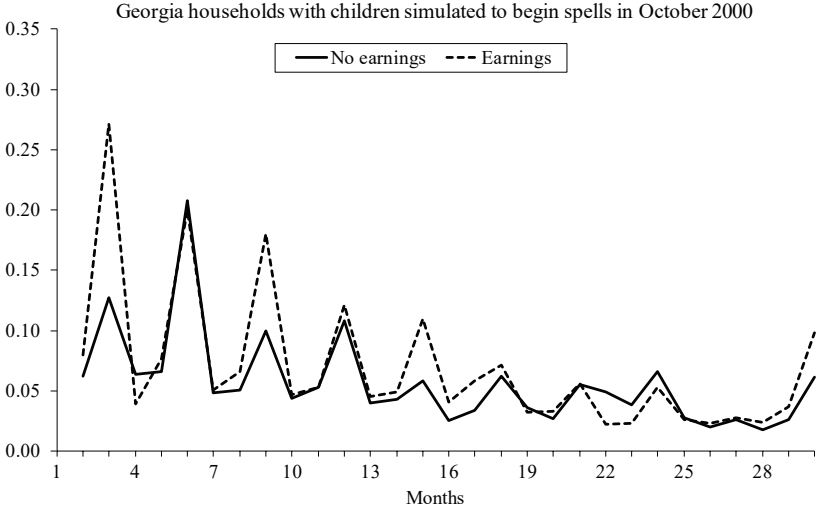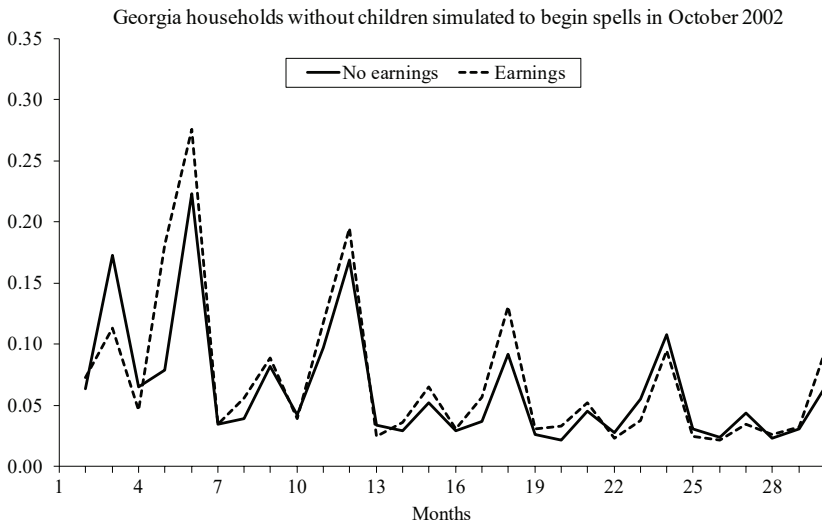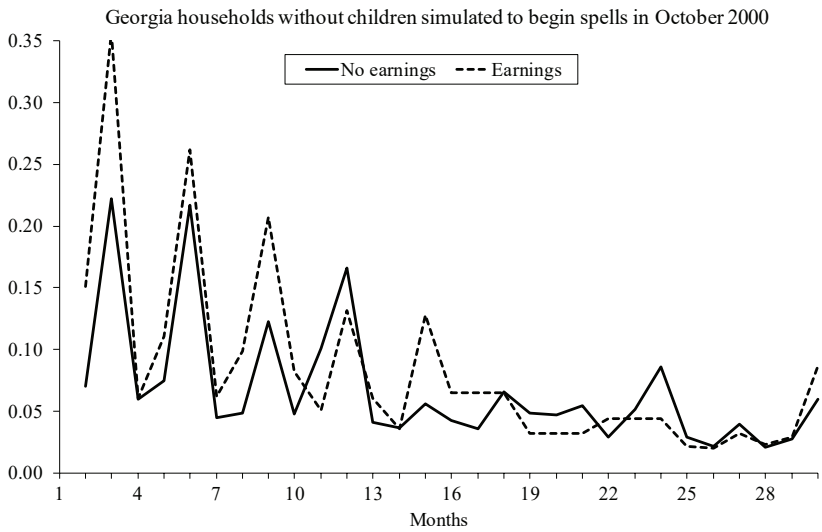
SOURCE: Authors' calculations of hazard probabilities obtained by applying coeffi-
cients from multivariate, discrete-time hazard models of food stamp exits estimated
using Georgia administrative data to first-month observations from all observed spells
in those data and assuming the specified start months.

Figure 3.5 Regression- and Population-Adjusted Food Stamp Program Exit Hazard Probabilities for Missouri

Missouri households with children simulated to begin spells in October 2003

Missouri households without children simulated to begin spells in October 2003
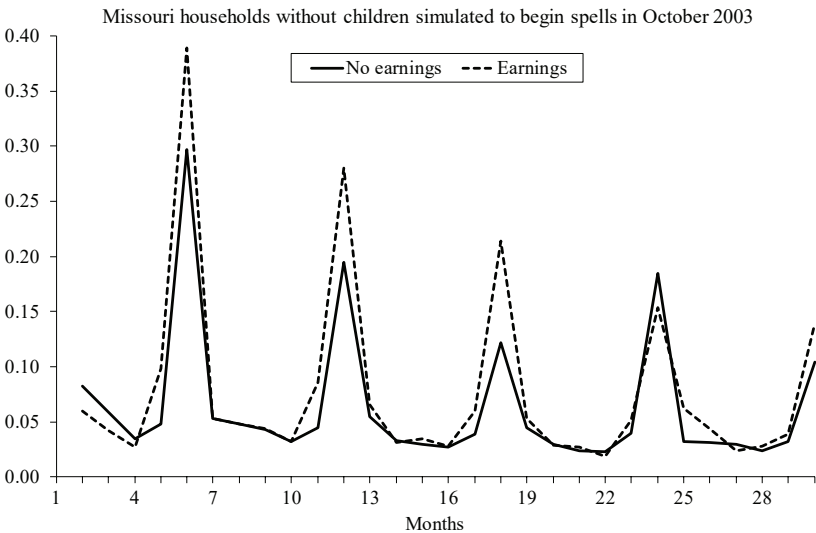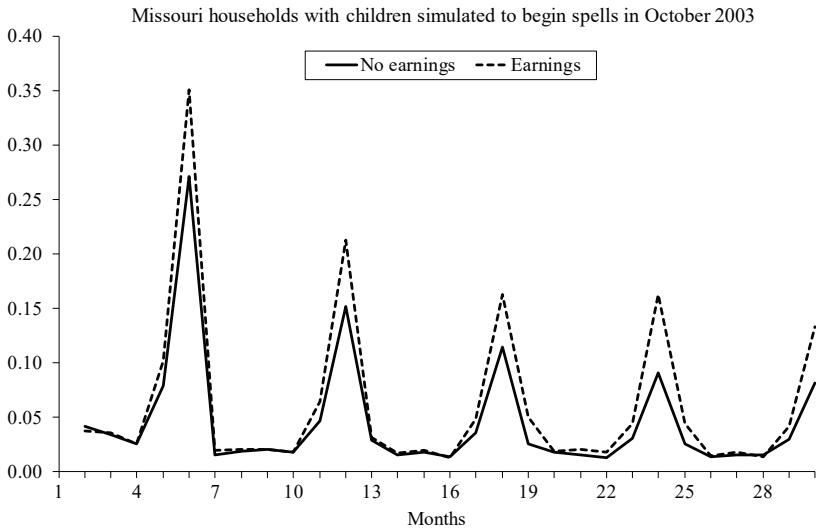
SOURCE: Authors' calculations of hazard probabilities obtained by applying coefficients from multivariate, discrete-time hazard models of food stamp exits estimated using Missouri administrative data to first-month observations from all observed spells in those data and assuming the specified start months.

States want to minimize these costs so that they do not discourage program participation or waste administrative resources.[5]

This chapter has examined data on the duration of food stamp participation spells from the administrative systems for Georgia, Missouri, and South Carolina using descriptive and multivariate event-history methods and compared the timing of households' exits from these spells to the timing of likely recertification dates. The analyses provide strong evidence that households are substantially more likely to leave the Food Stamp Program in months when they face recertifications than in other months. There is also evidence that longer intervals between recertifications are associated with longer spells of food stamp participation. The positive association between the lengths of recertification intervals and spell lengths, in turn, almost certainly contributes to higher caseload levels because there is no reason to believe longer recertification intervals reduce new program entry. The longer intervals reduce flows out of the program but do not reduce the flows into the program.

The evidence regarding the association of exit timing and recertification intervals is strong in several respects. First, in every analysis that we conduct, the probabilities of households exiting the Food Stamp Program are two to three times higher in likely recertification months than in the preceding or following months. Among the three states that we examine, we were able to compare six different policy regimes (two for Georgia, one for Missouri, and three for South Carolina). The substantial increases in exit probabilities in likely recertification months appear in every one of these regimes. Also, all three states increased their recertification intervals from three months to six months for at least some identifiable groups over this period. When the intervals increased for the two states that we could examine, the spikes in exit behavior at three months completely disappeared. To borrow a metaphor from Sherlock Holmes, the quarterly spikes that do not appear during these semiannual policy periods are the dogs that do not bark.

Second, our findings are robust across states and across household types within those states. In all our analyses, we report results separately for households with children and nonelderly households without children. Within these groups we also report results separately for households that began their food stamp spells with and without earnings. The patterns of exit timing for these groups match when the groups face the same recertification policy and differ when they face different policies.

**Figure 3.6 Regression- and Population-Adjusted Food Stamp Program
Exit Hazard Probabilities for South Carolina**

South Carolina households with children simulated to begin spells in October 2000

South Carolina households with children simulated to begin spells in October 2002

South Carolina households with children simulated to begin spells in March 2005

Figure 3.6 (continued)

South Carolina households without children simulated to begin spells in October 2000

South Carolina households without children simulated to begin spells in October 2002

South Carolina households without children simulated to begin spells in March 2005
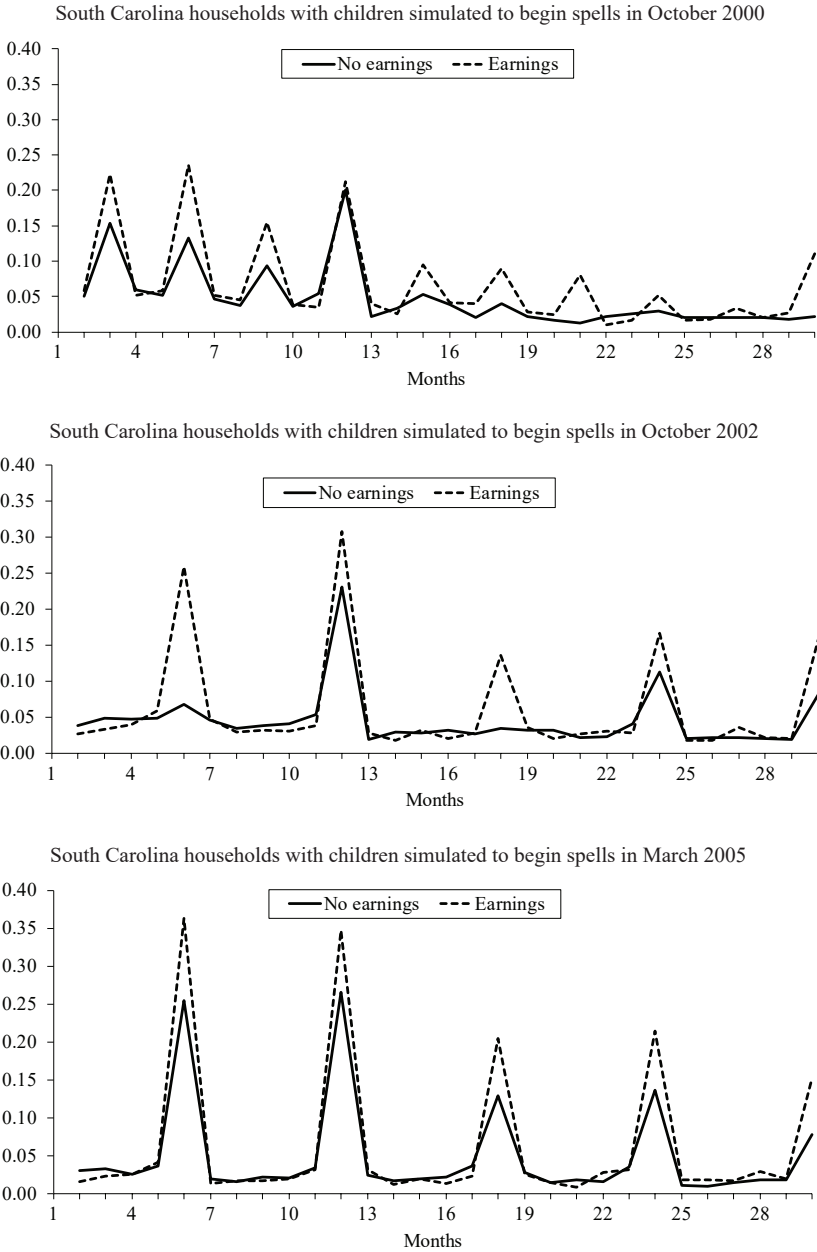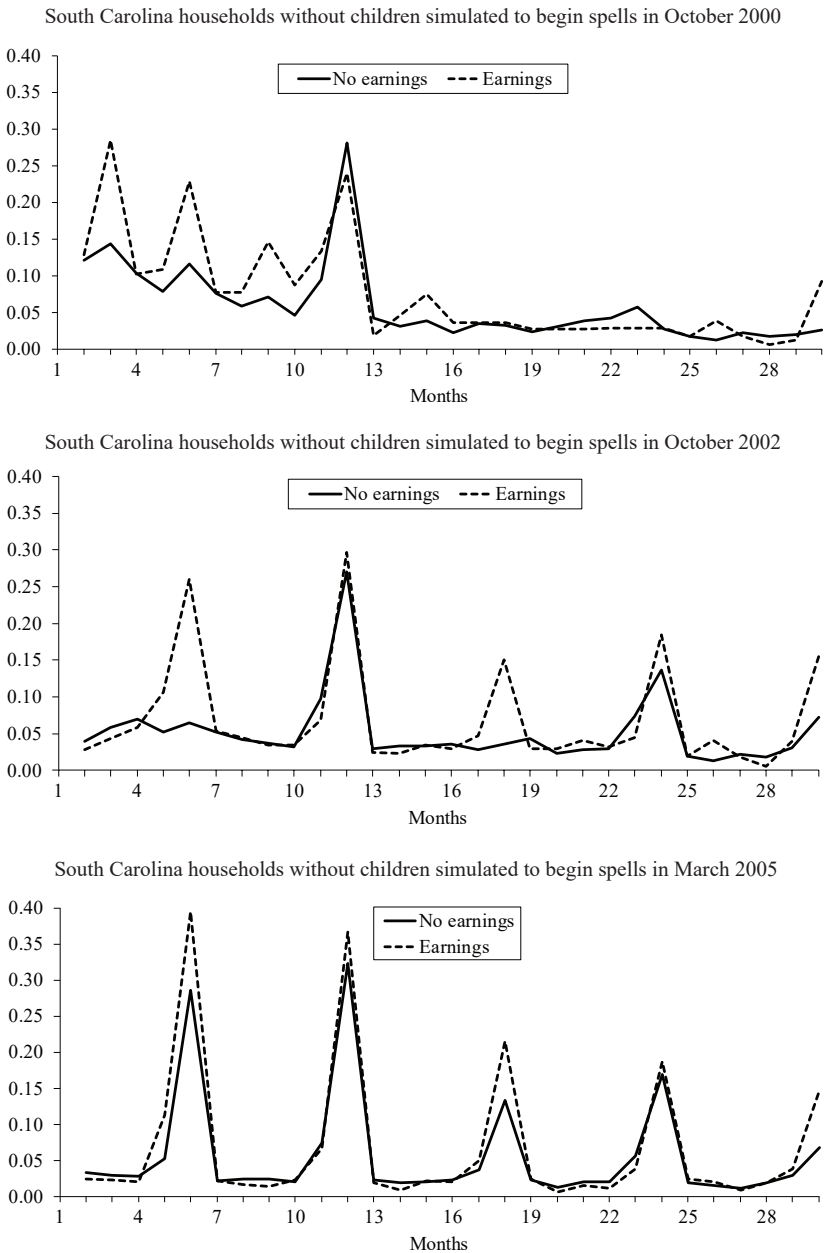
SOURCE: Authors' calculations of hazard probabilities obtained by applying coefficients from multivariate, discrete-time hazard models of food stamp exits estimated using South Carolina administrative data to first-month observations from all observed spells in those data and assuming the specified start months.

Third, our results are robust to the inclusion of multivariate controls for other observed characteristics of the households, relevant program variables, local economic conditions, and time trends.

One of the states that we study, South Carolina, initially set shorter recertification intervals for working households than for other households, and all our states set either shorter recertification intervals or stricter recertification procedures for households with working-age, work-able members than for households with elderly or disabled members. The results from our analyses indicate that these policies reduce food stamp spell lengths among working or work-able households relative to other households. Thus, these administrative procedures could account for some of the differences in food stamp participation between working families and other households. The more onerous administrative procedures for working families could also have the unintended consequence of discouraging work.

Our analyses lead to many strong positive findings in the sense we can conclude that the lengths of recertification intervals influence the timing of food stamp exits and the duration of food stamp spells. However, it is much harder to draw normative findings from this evidence in the sense of saying whether these relationships are good or bad. Shorter recertification periods could be reducing the amount of time that ineligible households remain on the program and continue to receive benefits. However, the shorter periods could also be creating administrative obstacles to program participation that discourage needy households, and especially poor working households, from continuing their participation spells.

Notes

1. Formally, the discrete hazard is a conditional probability. We will refer to it simply as a hazard or probability in what follows. For small values it is the same as the continuous time hazard evaluated over the relevant period.
2. Let T be a random variable that denotes the possible spell length, and let t be a particular spell duration. The survival probability is $S(t) = \text{Prob}(T \geq t)$, and the hazard probability is $\lambda(t) = \text{Prob}(T = t \mid T \geq t)$. Then $S(t) = (1 - \lambda(1)) \cdot (1 - \lambda(2)) \cdot \ldots \cdot (1 - \lambda(t-1))$.
3. If some individuals are more likely to leave food stamps at all times, such individuals will tend to exit earlier in a spell, causing the observed empirical hazard of leaving food stamps to decline. It will therefore appear that the hazard of leaving

declines over time, even if the hazard remains unchanged for any one individual (Heckman 1981).

4. We have program, household, and economic characteristics observed in the first month for every household in our administrative samples. We cannot control for changes in these characteristics that individuals experience in later months because some households leave the Food Stamp Program, and we are not able to observe them after that.

5. See Prell (2008) and Pei (2017), who develop formal models for the decision of how often to require recertification in social programs. Prell concludes that the optimal period for the WIC program is between 7 and 14 months, and Pei concludes that the optimum for Medicaid/CHIP is at least 12 months. Both are longer than common recertificaton periods for these programs.

4

Time Limits on Able-Bodied Adults without Dependents

Means-testing of eligibility and benefits in public assistance programs, including the Food Stamp Program, creates potential disincentives to work. If people value both consumption and the time that they spend outside the labor market, a transfer of assistance from the government allows them to increase both consumption and nonmarket time, with the increase in nonmarket time translating to a decrease in market work. Economists refer to this work disincentive as the income effect. Means-testing also reduces benefits by some proportion as people's incomes, including their income from earnings, increase. This reduces the marginal value of work and effectively serves as a wage decrease, creating a substitution effect that further reduces the incentives to work. Because of these reinforcing income and substitution effects, people are expected to work less (or possibly not work at all) when means-tested assistance is offered.[1]

The work disincentives of public assistance programs create a conundrum for policymakers. On the one hand, food stamps and other types of public assistance alleviate some of the worst hardships associated with poverty. In the case of food stamps, the benefits may mean the difference between someone eating and going hungry. On the other hand, insofar as public assistance discourages work, it undermines economic self-sufficiency and increases people's dependence on the programs. Absent other changes in opportunities or people's behavior, the programs can create a "poverty trap" in which people are stuck on assistance for a long time.

One way to overcome these work disincentives and break out of this trap is for public assistance programs to require people with the capacity for employment to work or participate in other activities, such as schooling or job training, that are consistent with eventual economic self-sufficiency. Work requirements have long been a feature of cash assistance programs in the United States. Less well known is that the

Food Stamp Program has also had a history of work requirements and work readiness requirements, for at least some recipients.

Botsko et al. (2001) review some of this history. Since the early 1970s, the Food Stamp Program has required working-age adults who are not in school or caring for others to accept suitable employment if it is offered to them. Over time, the proportion of food stamp recipients who were subject to work requirements increased, and the requirements themselves became more stringent. Legislation in 1985 required states to create Employment and Training (E&T) programs and to meet certain performance thresholds. Recipients who failed to comply with the E&T requirements and could not show "good cause" faced sanctions that ranged from a temporary suspension of benefits to a permanent disqualification from the program.

The Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996 created a much tougher set of work requirements. The PRWORA mandated that able-bodied adults without dependents (ABAWDs), who were defined as people aged 18–49 who were not disabled or caring for a child or disabled family member, had to either work or participate in some other qualifying activity for at least 20 hours per week. ABAWDs who failed to meet this requirement faced a time limit on the receipt of food stamp benefits of three months in a given three-year period. The work and qualifying activity requirements were much more onerous than those under the E&T programs, and the short time limit was much stricter than the earlier sanction policy. The E&T requirements remained in place for other food stamp recipients, such as parents of older children.

The PRWORA allowed states, at their discretion but subject to approval from the USDA, to waive the work requirements for ABAWDs living in areas that were suffering from high unemployment, which was subsequently defined as an unemployment rate in excess of 10 percent or designation as a labor surplus area by the U.S. Department Labor.[2] A year later, the Balanced Budget Act of 1997 further allowed states to apply for exemptions from the work requirements and time limits for up to 15 percent of their ABAWD caseloads. The intention behind these waiver and exemption provisions was that it would be unfair to require work in areas where jobs would be difficult to find.

Waivers and exemptions to the ABAWD work requirements were requested by the states and approved by the USDA on a year-by-year

basis. This meant that different areas within the requesting states were covered at different times, leading not only to geographic variation in the rules but also to time-series variation for particular areas. Over the period 2001–2007, Georgia, Missouri, and South Carolina each sought and obtained this type of relief. Table 4.1 shows the number of counties affected by waivers and exemptions in the states as of January 1 of each study year.

In Georgia, 45–61 of 159 counties were fully or partially affected in any given year. Georgia applied for and obtained high unemployment and labor surplus waivers for many entire counties, as well as for some cities.

The variation in waivers and exemptions for Missouri was even larger. Missouri's ABAWD waivers were initially applied very selectively—prior to August 2000, of 115 county units, only 26 counties and the city of St. Louis had waivers, and in 2001 the number of areas with waivers fell to 21.[3] However, beginning in August 2001, Missouri started using a less restrictive definition of labor surplus, which resulted in waivers for 10 more counties, and in November 2001, the state obtained a 15 percent exemption for 38 additional counties based

Table 4.1 Counties with Waivers or Exemptions from ABAWD Time Limits

Year	Georgia (159 counties) All	Georgia Portions	Missouri (115 areas[a]) All	Missouri Portions	South Carolina (46 counties) All	South Carolina Portions
2001	55	(6)	27	–	24	–
2002	50	(5)	69	–	25	–
2003	51	(4)	70	–	46	–
2004	48	(11)	82	–	46	–
2005	41	(12)	103	–	46	–
2006	42	(10)	105	–	46	–
2007	43	(2)	38	–	46	–

[a]Missouri has 114 counties and one independent city (St. Louis).

NOTE: The table lists counts of affected counties as of January in the year shown in the left column. The "all" column lists the number of counties in which the entire county was exempted or waived; the "portion" column lists the number of counties in which a city was exempted or waived but other portions of the county were not.

SOURCE: State agencies overseeing Food Stamp Program.

solely on their small populations, rather than their economic circumstances. As part of the same 15 percent exemption, Missouri effectively extended the time limit for ABAWDs living in larger counties to six months. The number of areas in Missouri with waivers or exemptions grew over the next few years until it reached 105 by January 2006. In 2007, however, the number fell substantially to just 38 areas.

South Carolina followed a different approach. In 2001 and early 2002, the state obtained exemptions or waivers for just over half of its counties. Beginning in October 2002, however, it obtained a special waiver from the USDA to treat the entire state—all 46 counties—as a single labor surplus area. Thus, from October 2002 until the end of our study period, all ABAWDs in South Carolina were effectively exempted from the time limits and work rules.

In this chapter, we use administrative data on Food Stamp Program spells from Georgia, Missouri, and South Carolina to compare the food stamp exit behavior of households that lived in areas with ABAWD time limits to households that lived in areas with exemptions and waivers to the time limits. We focus on households without children and without elderly members, as these were the households that were most likely to contain ABAWDs. However, for purposes of comparison, we also examine the exit behavior of households with children (some of these also contained ABAWD members) and households with only elderly members (these would not have contained ABAWD members). Our expectation entering this analysis is that food stamp recipients who were subject to the work requirements and time limits would have been more likely to leave the Food Stamp Program than recipients who were not subject to the requirements, especially during the first few months of their participation spells.

PREVIOUS RESEARCH

Although food stamp participation and caseload outcomes for ABAWDs have been examined in many studies, including Bartlett et al. (2004); Currie and Grogger (2001); Farrell et al. (2003); Gleason, Schochet, and Moffitt (1998); and Kornfeld (2002), the specific effects of time limits and work rules for ABAWDs have been considered by

only a handful of studies. In an early study, Stravrianos and Nixon (1998) use data on ABAWDs' employment and food stamp participation patterns that were collected prior to the passage of the PRWORA to predict how many ABAWDs might be affected by the time limits. They forecast that very few ABAWDs would be able to meet the work requirements and that a large proportion would lose eligibility. A descriptive analysis by Czajka et al. (2001) reports on the numbers of ABAWDs who were dropped from the Food Stamp Program and appears to confirm these fears. Neither of these studies provides causal evidence of an impact of the requirements.

Several studies examine how the overall food stamp caseloads in states responded to the ABAWD policies, using the percentage of ABAWDs in each state who were exempt from the time limits as a measure of these policies. The results from these studies are equivocal. Wilde et al. (2000) and Ziliak, Gundersen, and Figlio (2003) find that these exemption measures were associated with higher caseloads, while Danielson and Klerman (2006) find that the measures were not significantly associated with caseloads. All three studies suffer from weak research designs. First, the studies examine aggregate food stamp caseloads rather than the ABAWD caseload specifically. Because of the modest number of ABAWDs in the overall caseload, we would expect that this would substantially dilute any estimated effect of time limit policies. Second, the statewide measure of the percentage of ABAWDs exempt from time limits only captures the probability of a person being exempt. This is a much cruder policy measure than someone's actual exemption status.

Ribar, Edelhoch, and Liu (2010) report stronger evidence of ABAWD policy effects. They examine the timing of exits from Food Stamp Program spells among adult-only households, using administrative data from South Carolina. They find that program spells were shorter for households with likely ABAWD members living in counties with time limits and work rules than for similar households living in counties with exemptions or waivers to those rules. The researchers also distinguish between exits that were and were not associated with employment and find that the time limits and work rules increased both types of exits. Thus, while the work requirements were associated with greater economic self-sufficiency for some ABAWDs, they appeared to increase hardships for others. In this chapter, we extend the analysis of

program exits by Ribar et al., which was limited to South Carolina, to also investigate data from Georgia and Missouri.

DESCRIPTIVE EVIDENCE

To examine the relationship between ABAWD work requirements and people's food stamp participation behavior, we use administrative data on participation spells and follow the empirical approach from the previous chapter to estimate monthly Kaplan-Meier hazard probabilities for groups that were likely to face different work requirements. Specifically, we estimate hazard probabilities for three different, mutually exclusive types of households: childless nonelderly households, households with children, and households with only elderly members.

The first group—childless nonelderly households—consists of people aged 18–49, which conforms with the ABAWD age range. The age range for this group differs from the nonelderly age range used in the previous chapter (18–59).[4] With these age restrictions and with the absence of children, this group includes households with ABAWDs, but it also includes households with nonelderly disabled members, who would not be ABAWDs. While we would have liked to identify ABAWD households more precisely, the administrative data for the different states lacked reliable indicators for disability status. In the end, we chose a category of households that had a high probability of containing ABAWD members but that could also be constructed comparably across states.

The other two groups of households are used as pseudo-controls in our analyses. Households with children usually do not contain ABAWDs, although some of these households, such as those with both adult and minor children and with multiple generations co-residing, might include ABAWDs. Parents and other adults in households with children might also be affected by exemptions and waivers if they are mandatory participants in their state's E&T program. Households with only "elderly" members (defined in this chapter as people who are at least 50 years old) do not contain ABAWDs; however, these households may be less comparable because of their sources of income and work limitations.

For all three types of households, we estimate separate hazard probabilities for households that lived in counties that had exemptions or waivers from the ABAWD work requirements and counties that did not have exemptions or waivers—that is, counties in which the rules were in force.

These comparisons are inexact. As mentioned, the comparisons do not precisely identify ABAWD and non-ABAWD households. Also, the characteristics that we use to distinguish households in these descriptive analyses are all measured as of the start of the households' food stamp spells. A household's composition could change over the course of a spell. Also, the household's county of residence or its county's exemption or waiver status could change during the spell. These issues with time-varying household and county characteristics are addressed in our multivariate analyses and do not appear to affect the results much.

Figure 4.1 displays graphs of the monthly food stamp exit hazard probabilities for the first 24 months of households' program spells in Georgia. The top panel shows the hazards for nonelderly childless households who began their food stamp spells in either an exempt or nonexempt county.[5] The middle panel shows the hazards for households with children, and the bottom panel shows the hazards for households with only elderly members.

Nonelderly childless households living in Georgia counties with ABAWD work rules and time limits were much more likely to leave the Food Stamp Program during the first 6 months of their spells than similar households living in counties that were exempt from these rules. The differences in the probabilities over these months are substantial, ranging from 2.1 to 5.6 percentage points, and 21 to 67 percent in relative terms. After the sixth month, the differences in the hazard probabilities for the households in exempt and nonexempt counties are generally smaller, and are sometimes negative and sometimes positive after month 13. The differences seem consistent with the effects of the time limits—higher hazard rates appeared in counties that were subject to these policies, appeared in the first few months of spells when time limits would have had their effects, and were less apparent during later periods in the spells when time limits would have been less relevant.

The differences in the hazard rates for nonelderly adults lead to noticeable differences in their median spell lengths. The median food stamp spell for nonelderly adult-only households living in nonexempt

**Figure 4.1 Estimated Food Stamp Program Exit Hazard Probabilities
for Georgia Households Living in Counties with and without
ABAWD Exemptions and Waivers**
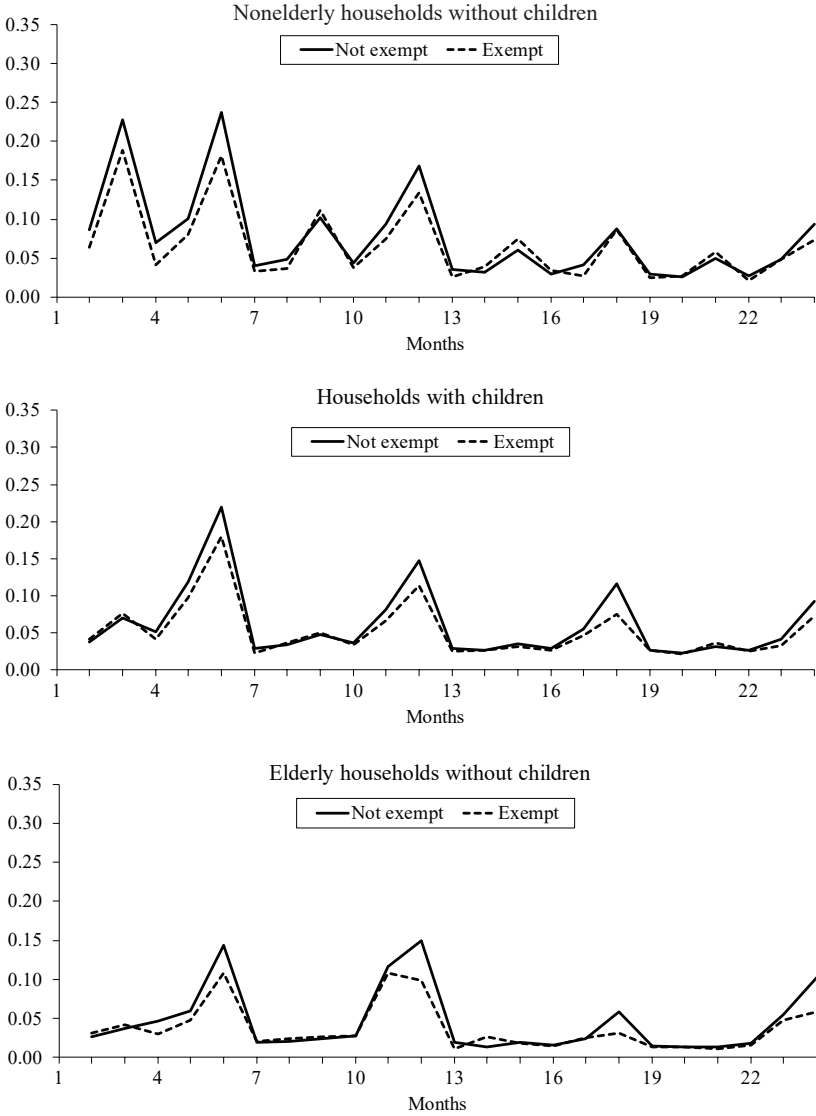
SOURCE: Authors' calculations of Kaplan-Meier hazard probabilities from Georgia
administrative data for FY 2001–2007.

counties in Georgia was 6.6 months, while the median spell for non-elderly adult-only households living in exempt counties was 9.2 months.

We see smaller differences in exit behavior for other Georgia households living in exempt and nonexempt counties, and the pattern of differences over the food stamp spell is not the same. From the middle panel of Figure 4.1, households with children living in nonexempt counties were no more likely to leave Georgia's Food Stamp Program during the first four months of their spells than households living in exempt counties. However, for some months after the fourth, households living in nonexempt counties had elevated risks of leaving. The small differences in exit behavior contribute to modest differences in median spell lengths—11.0 and 12.1 months for those living in nonexempt and exempt counties, respectively. These differences may be attributable to the nonexempt counties having better economic circumstances than exempt counties. For elderly households, we see a similar pattern with no differences in the second and third months of a spell but some differences at later durations. The contrast in findings between nonelderly childless households and these two other groups of households, especially during the early months of spell durations, strengthens the interpretation of the results for the former group as indicating effects of ABAWD work rules and time limits.

We repeat this analysis for Missouri, using the data from FY 2004–2007. Figure 4.2 shows monthly hazard probabilities estimated for nonelderly households without children (top panel), households with children (middle panel), and households with only elderly members (bottom panel). For each of these groups, we estimate hazard probabilities separately for households living in counties with exemptions to the ABAWD work rules (dashed lines) and counties without exemptions (solid lines).

From these data, we see patterns that are qualitatively similar to those from Georgia, although differences are somewhat smaller. Nonelderly childless households living in nonexempt areas and thus potentially subject to the ABAWD work rules and time limits had hazard probabilities during the first 7 months of their spells that were higher than those for households living in exempt counties. After those first 7 months, the hazard patterns for the remainder of the spells are indistinguishable. The median spell length for nonelderly adult-only households in nonexempt counties was 6.7 months, while the median spell

**Figure 4.2 Estimated Food Stamp Program Exit Hazard Probabilities
for Missouri Households Living in Counties with and without
ABAWD Exemptions and Waivers**
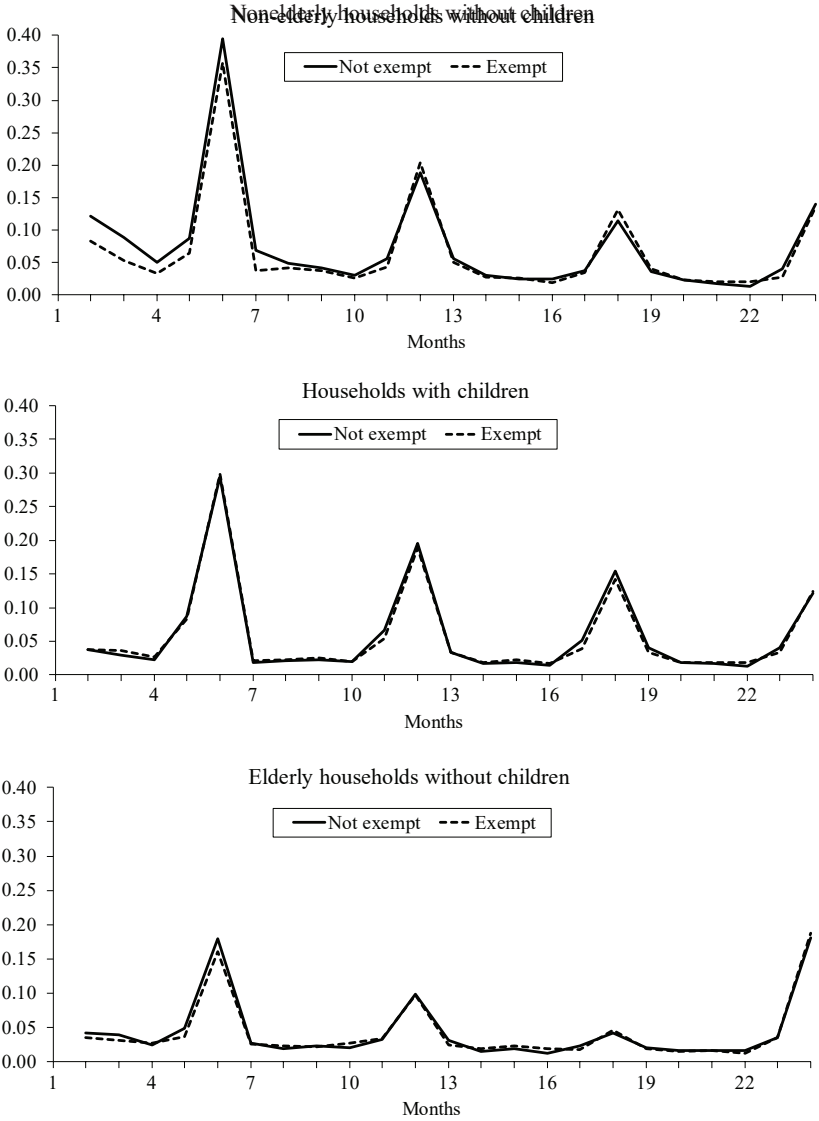
SOURCE: Authors' calculations of Kaplan-Meier hazard probabilities from Missouri
administrative data for FY 2004–2007.

length for nonelderly adult-only households in exempt counties was 7.2 months. There were few noticeable differences in the hazard probabilities over most parts of the spells for households with children and households with only elderly members. These groups also exhibited few differences in median spell lengths between nonexempt and exempt counties. Despite the fact that differences between hazard probabilities for those in exempt and nonexempt counties are small, the results provide a clear confirmation of our hypothesis. ABAWD time limit policies induce differences in the exit probabilities early in a spell, but such effects are not present in households without ABAWDs.

Figure 4.3 shows the descriptive hazard estimates for South Carolina. Recall that South Carolina obtained a statewide exemption for all its counties after FY 2002. Because of this, we limit our descriptive analysis to spells and benefit months from FY 2001–2002 to increase the comparability between the exempt and nonexempt counties. From the top panel, we see that nonelderly childless households for this period had substantially higher hazard probabilities during the first five months of their food stamp spells if they lived in counties that were subject to the ABAWD work rules and time limits than if they lived in other counties. The differences in the hazard rates were especially pronounced in the third and fourth months of the spells, near the point where the time limit would have come into play. Starting in the sixth month, there were fewer discernable differences, with higher exit rates in some months for households living in nonexempt counties but higher in other months for households living in exempt counties. The differences in the estimated hazard rates lead to substantial differences in the median spell lengths. The median spell for nonelderly adult-only households living in nonexempt counties was 7.6 months, while the median spell for nonelderly adult-only households living in exempt counties was 11.2 months. The results in the top panel, which use administrative data from FY 2001–2002, are consistent with the results from Ribar, Edelhoch, and Liu (2010), which use data from FY 1996–2005. More generally, the results fit with what we would expect from the ABAWD time limit policy.

The next two panels in Figure 4.3 show food stamp exit hazard estimates for South Carolina households with children (middle panel) and households with only elderly members (bottom panel). For both groups, households living in nonexempt counties had exit hazard prob-

Figure 4.3 Estimated Food Stamp Program Exit Hazard Probabilities for South Carolina Households Living in Counties with and without ABAWD Exemptions and Waivers
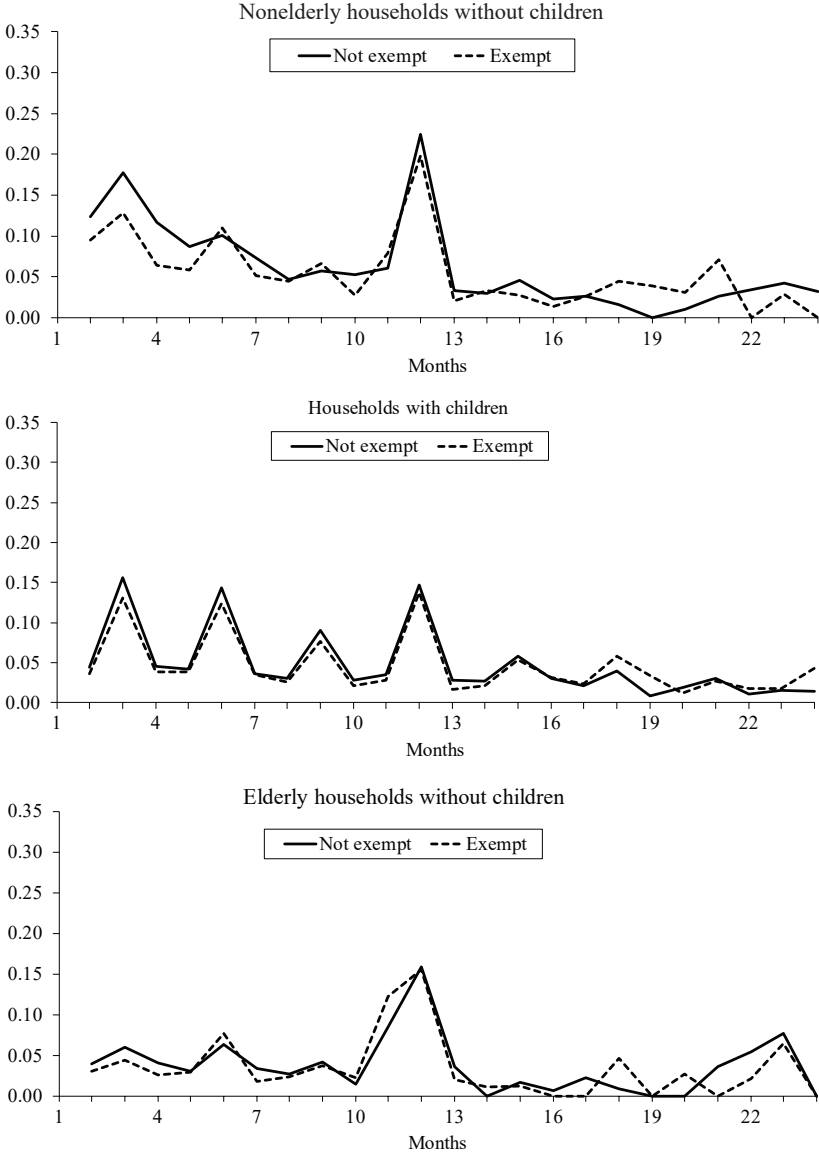
SOURCE: Authors' calculations of Kaplan-Meier hazard probabilities from South Carolina administrative data for FY 2001–2002.

abilities that were slightly higher and median spell lengths that were slightly shorter than the hazards for households living in exempt counties in most months. These led to modest differences in median spell lengths, which may indicate that better economic circumstances in non-exempt counties played a role in food stamp exits. In the next section, we reexamine the hazard relationships using multivariate models that explicitly control for county economic conditions and other observable characteristics of households.

MULTIVARIATE RESULTS

For each state and for each of the three types of households, we estimate discrete-time logistic hazard models (Alison 1982) of food stamp exits that include separate flexible (monthly dummy variable) controls for the duration patterns for households that were living in counties with exemptions or waivers or in counties without exemptions or waivers. Our multivariate models also include controls for the household's food stamp benefit level, earned income, unearned income, zero-income status, number of members, and number of children (for households with children); the household head's age, education, race, and marital status; the age of the youngest member (households with children); and the presence of any members over age 60 (where appropriate). In addition to measures that capture detailed recipient characteristics, we also control for fiscal year fixed effects and the level of unemployment in the county. Because exempt counties generally have slower-growing economies than nonexempt counties, observed differences might reflect different labor markets, so controls for unemployment are expected to remove or at least reduce observed differences.

To show the adjusted duration patterns from these models, we take the estimated model coefficients for a state and type of household and apply them to every household observation of the same type in that state to form predictions of the hazard rates. The predictions assume that the households entered the Food Stamp Program on particular dates—October 2000 for Georgia and South Carolina and October 2003 for Missouri—and that the households maintained the same observed characteristics as their first month on the program. Predicted hazard

rates from this procedure for Georgia, Missouri, and South Carolina are shown in Figures 4.4, 4.5, and 4.6, respectively.

The predicted hazard probabilities from the multivariate models show the same general patterns as the descriptive estimates. Even after adjusting for economic conditions and household characteristics, non-elderly childless households were more likely to leave the Food Stamp Program during the early months of their participation spells if they lived in counties that were subject to the ABAWD work rules and time limits than if they lived in counties with exemptions or waivers to these rules. These differences appear for all three states that we examine. Also consistent with the descriptive results, there were fewer differences and less consistent patterns in the later months of the spells.

In contrast, the patterns of predicted hazard results for households with children and for elderly households vary across states. In Georgia, the predicted hazards for these groups were higher in some months if they were living in nonexempt counties than if they were living in exempt counties but only during the later months of predicted food stamp spells. For households with children and elderly households in Missouri, there were few differences between the predicted hazards for those living in nonexempt and exempt counties. In South Carolina, predicted hazards for the comparison groups in the early months of their food stamp spells were slightly higher in nonexempt counties than in exempt counties. However, there were fewer consistent differences in the later months of their spells.

CONCLUSION

Since the early 1970s, the Food Stamp Program has used work requirements of various forms to overcome the program's employment disincentives. With the enactment of the PRWORA in 1996, the program adopted an especially stringent requirement that ABAWDs could receive benefits only for three months in a given three-year period unless they worked or participated in equivalent activities for at least 20 hours a week. The work rules and time limits were expected to reduce program participation.

Figure 4.4 Regression- and Population-Adjusted Food Stamp Program Exit Hazard Probabilities for Georgia Households Living in Areas with and without ABAWD Exemptions and Waivers

Nonelderly households without children

Households with children

Elderly households without children
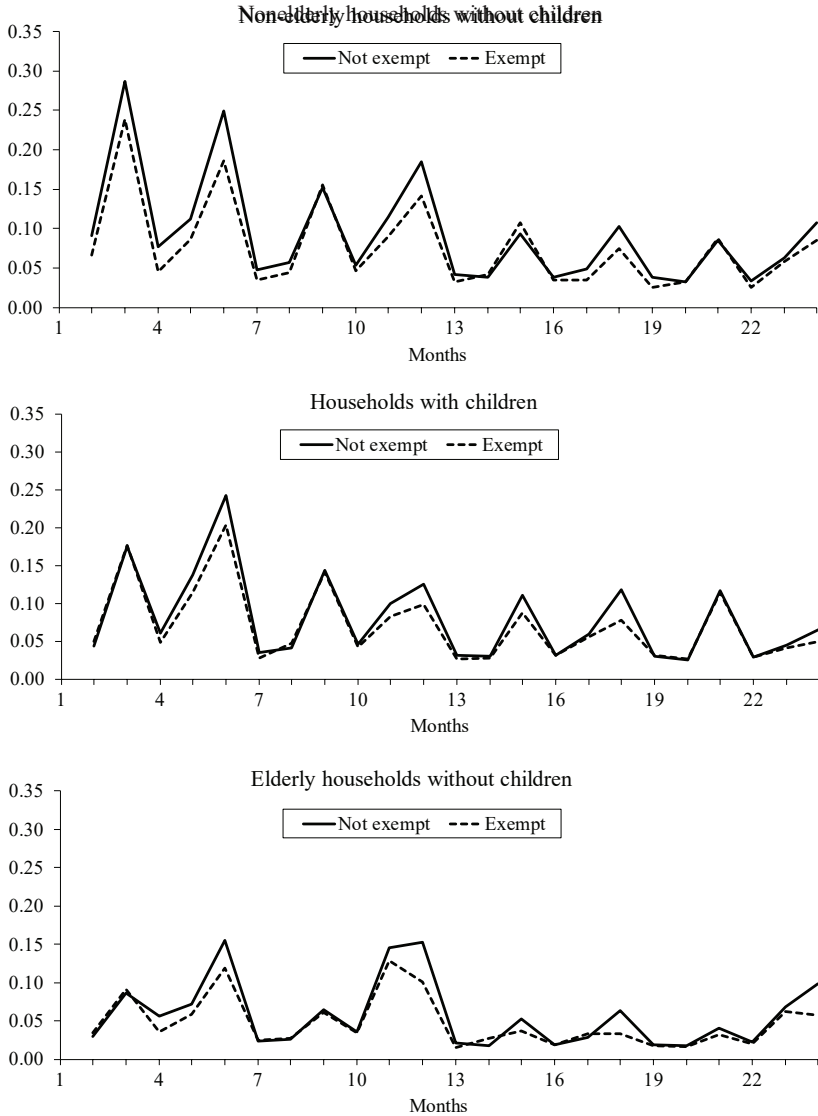
SOURCE: Authors' calculations of hazard probabilities obtained by applying coefficients from multivariate, discrete-time hazard models of food stamp exits estimated using Georgia administrative data to first-month observations from all observed spells in those data and assuming the specified start months.

**Figure 4.5 Regression- and Population-Adjusted Food Stamp Program
Exit Hazard Probabilities for Missouri Households Living in
Areas with and without ABAWD Exemptions and Waivers**
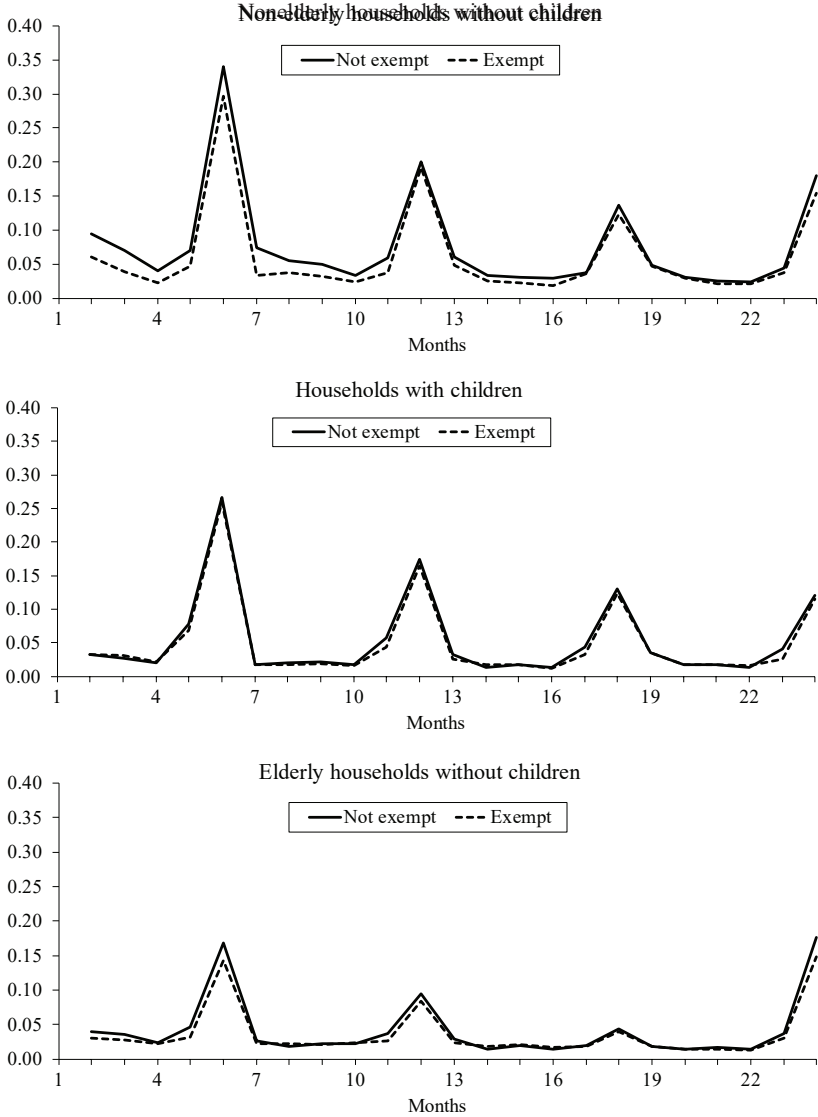
SOURCE: Authors' calculations of hazard probabilities obtained by applying coeffi-
cients from multivariate, discrete-time hazard models of food stamp exits estimated
using Missouri administrative data to first-month observations from all observed
spells in those data and assuming the specified start months.

Figure 4.6 Regression- and Population-Adjusted Food Stamp Program Exit Hazard Probabilities for South Carolina Households Living in Areas with and without ABAWD Exemptions and Waivers
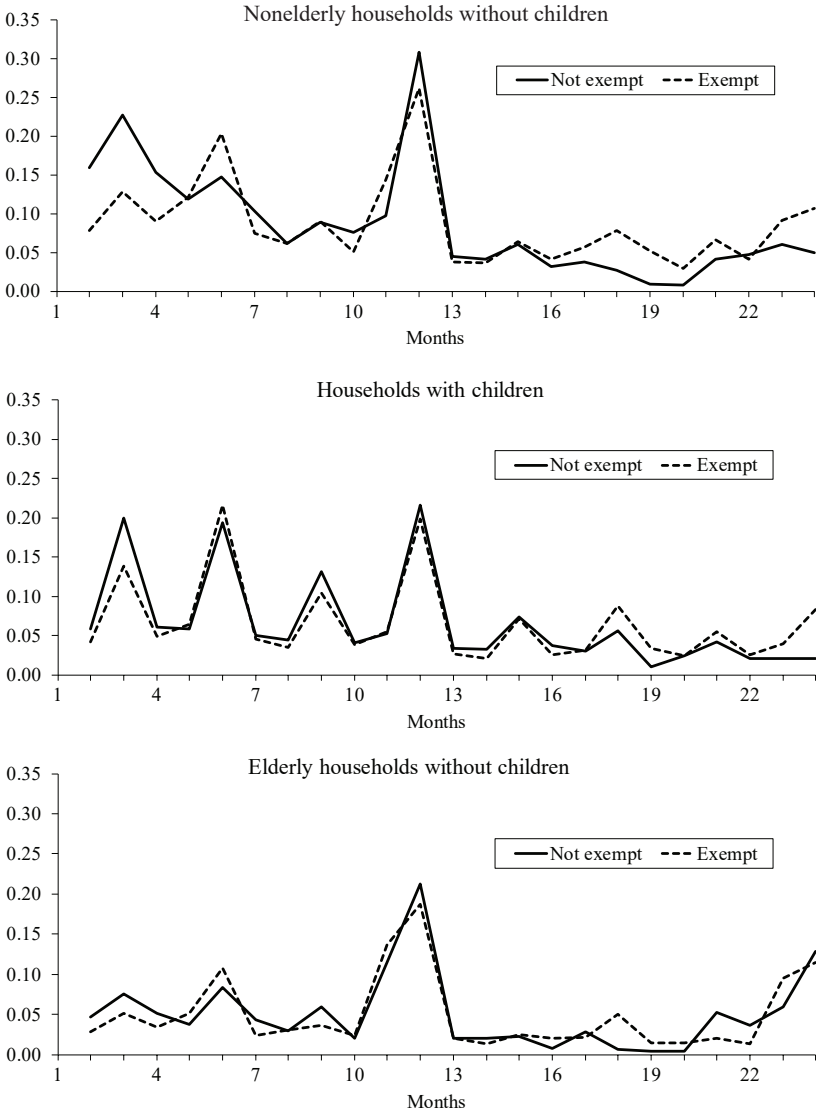
SOURCE: Authors' calculations of hazard probabilities obtained by applying coefficients from multivariate, discrete-time hazard models of food stamp exits estimated using South Carolina administrative data to first-month observations from all observed spells in those data and assuming the specified start months.

The PRWORA allowed states to apply for waivers from these requirements in areas with poor job prospects, and subsequent legislation allowed states to apply for exemptions for up to 15 percent of their ABAWD caseloads. The three states that we study obtained exemptions and waivers for specific periods for specific geographic areas. This created a situation in which some identifiable households were potentially subject to the ABAWD work rules and time limits while another set of identifiable households was not. We use this geographic and longitudinal variation in the applicability of the ABAWD rules to examine their effects on households' food stamp exit behavior.

In descriptive and multivariate event-history analyses, we uniformly find that childless households with adults aged 18–49 living in counties that were subject to the ABAWD work rules and time limits were more likely to leave the Food Stamp Program during the early months of their program spells than similar households living in counties with exemptions or waivers to these rules. The differences in the hazard probabilities were substantial. Nonelderly childless households were estimated to be several percentage points more likely to leave the program in each of their second through sixth spell months if they lived in a nonexempt county. These differences in program exit behavior among nonelderly childless households were largely confined to the first few months of a spell. Nevertheless, they led to nonelderly childless households having much shorter median spell lengths if they were living in a nonexempt county and potentially subject to the ABAWD rules. It is notable that controls for individual characteristics or the local economy had no systemic effect on estimates.

We also find some evidence of differences in exit behavior by county exemption status among two pseudo-control groups: households with children and households with only elderly members. However, the differences—when they appeared—tended to be muted compared to those for nonelderly childless households. Also, the differences were much less uniform for households in exempt counties, which sometimes had higher exit probabilities than households in nonexempt counties.

The patterns of findings, with relatively large differences in exit behavior appearing for nonelderly childless households and mainly in the early months of program spells, fit with what we would expect from an ABAWD time limit policy. The empirical findings strongly suggest that work rules and time limits for ABAWDs shortened their Food

Stamp Program spells and reduced their participation. These results appeared in all three states and in multivariate analyses. Thus, the findings are robust in a number of ways.

There are some important qualifications to this analysis. First, while we can identify households that are more likely than others to include ABAWDs, we cannot pinpoint these households exactly. In particular, our group of nonelderly childless households meets two of the three principal criteria for the ABAWD classification—the age and household structure criteria. However, we do not know the disability status of household members, which means that some might not contain ABAWDs. We expect, though, that a more precise identification would lead to even larger differences. Second, we do not have direct information about whether or when a household has reached its time limit. A household on its second spell within a three-year period might already have some months that were counted toward its limit. Also, some states, including Missouri, allowed for slightly longer time limits than the three months specified in the PRWORA. Third, our pseudo-control groups of households with children and with elderly members might not be directly comparable to nonelderly childless households, and the households with children might include ABAWD members or members subject to other E&T requirements. Finally, we use a county's exemption or waiver status as an indicator for the applicability of ABAWD work rules and time limits, and these counties might not be comparable, as waivers were granted on the basis of economic conditions.

These qualifications notwithstanding, the evidence strongly points to work rules and time limits hastening exits from the Food Stamp Program, shortening program spells, and reducing program participation. The implications for households' well-being are more ambiguous. ABAWDs who left the Food Stamp Program because they transitioned to work and lost eligibility for financial reasons might have been made better off. However, ABAWDs who failed to find jobs and were time-limited off the Food Stamp Program were almost certainly worse off, at least in the short run. The time limits may have contributed to increased work and earnings for some ABAWDs but, for those who remained unemployed for extended periods, immiseration would surely have increased.

Notes

1. Hoynes and Schanzenbach (2012) provide empirical evidence that the introduction of food stamps in the 1960s and 1970s did, in fact, cause female household heads to decrease work effort. Using data for the 1980s, Hagstrom (1996) examines married couples' response to food stamps, finding small effects, mostly for females. A recent discussion of work disincentive effects of SNAP is provided by Moffitt (2016), who explicitly considers the way that participation in multiple programs influences work incentives. Although he suggests that work disincentives are minimal for the poorest SNAP participants, disincentives are often substantial for those whose earnings are just below self-sufficiency. In contrast, focusing on the combined impacts of U.S. safety net programs during the economic downturn after 2007, Mulligan (2012) argues that the increased generosity of these programs induced a substantial decline in work incentives for a wide range of workers, results at odds with those of Moffitt. An extended exchange can be found in Moffitt (2015) and Mulligan (2015).

2. An area can be designated as a labor surplus area if the average unemployment rate over the prior 24 months was 20 percent above the average in the United States, or under "exceptional circumstances." Although criteria vary over time, this latter designation is generally used when a recent increase in unemployment, possibly not reflected in current statistics, is expected to last into the subsequent year. See https://www.doleta.gov/programs/lsa_faq.cfm (accessed Oct. 23, 2018).

3. Prior to FY 2001, Missouri's unemployment rate was substantially below the national rate. In FY 2002 and 2003 Missouri's unemployment rate was near or below the national rate. The state's unemployment rate peaked in 2004, well after the peak in the national rate. Low unemployment rates relative to the national rate made it harder for Missouri to obtain "labor surplus" designations for its counties.

4. Besides differing from other chapters, our definition of "elderly" in this chapter differs from the Food Stamp Program definition used for other purposes, which is based on the age-60 cutoff.

5. Here and throughout the rest of the chapter, we use the single word *exempt* to mean either exempt or waived from the ABAWD work rules and time limits.

5
Improving the Program
for Working Families

SQUEEZING A POLICY BALLOON

The principal objective of the Food Stamp Program is to help low-income families obtain better and more nutritious diets than they otherwise could afford. Within this objective are several other goals, including operating the program as efficiently as possible by targeting benefits to the truly needy and promoting economic self-sufficiency among families. Different aspects of the Food Stamp Program work to further these goals. The benefits associated with the program expand families' resource sets, which allows them to purchase more and better food. Means-testing, recertification, reporting requirements, and verification are intended to target assistance, which promotes efficiency. Work requirements for able-bodied adults and lower benefit reduction rates for earnings are intended to encourage work and thereby foster economic self-sufficiency.

While each of these policies advances one or more of the program's goals, they also have the unfortunate effect of undermining others. Higher benefits may improve access to nutrition, but they also generate income effects that may discourage work and economic self-sufficiency. Means-testing limits eligibility to low-income families and concentrates assistance among the neediest families, but it also disincentivizes work and accurate income reporting. More frequent recertifications, more intrusive income reporting, and tougher verification requirements can improve the information about clients' circumstances, but they undermine the program's principal objective by reducing participation. Time limits and other work requirements encourage some food stamp participants to find jobs, but they can sever benefits for others who are either unable or unwilling to work.

At times it seems that these different policy considerations are like squeezing a balloon. You tighten your grip around one part of the bal-

loon and another part of the balloon expands. Grab ahold of that part of the balloon, and yet another part expands. Policies enacted in the early and mid-1990s, most notably the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) in 1996, tended to impose more stringent requirements on participants. However, policymakers quickly grew concerned that vulnerable groups might suffer. From 1996 until 2013, most of the changes in the Food Stamp Program took the form of relaxing requirements, especially for working households.

In this chapter, we review a wide set of policy changes that have likely boosted participation among working families and also encouraged work among food stamp families. We begin by reviewing the evidence and drawing policy implications from our previous three chapters regarding how work and earnings are reported in the Food Stamp Program, how certification intervals are associated with participation behavior, and how ABAWD time limits are also associated with participation. Beyond longer certification intervals and reduced applicability of the ABAWD time limits, we review other ways that food stamp policies were relaxed (or at least changed) between 2001 and 2007. Finally, we examine the program since the onset of the 2007 recession and subsequent recovery, considering both changes in the program and the debates surrounding it. We hazard a prediction on the fate of the program over the next decade. Finally, we discuss some ways in which we might further modify the program to benefit working families.

OUR FINDINGS

Chapter 2 introduced the administrative data that we used in our empirical analyses of Georgia, Missouri, and South Carolina. These data provide precise information about households' Food Stamp Program outcomes and reveal the information that was available to program administrators. At the same time, the data have limitations, of which the biggest may be that they record only the earnings that were reported to state food stamp agencies and not necessarily the earnings that clients actually received. Comparisons of earnings reported by the clients in the food stamp records and of earnings separately reported by their employers to the states' Unemployment Insurance (UI) systems

indicate substantial disagreement. In particular, the average incidence and amounts of earnings reported on behalf of food stamp households in the UI systems were each higher than the averages reported to the food stamp agencies. Food stamp agency data indicate that about a third of households in the states that we studied worked, but our augmented data indicate that the true figure may be one half or more. Depending on the state and year, the average monthly value of earnings reported by households to food stamp agencies was $30–$114 less than the average amounts recorded in the UI systems. Some of the apparent underreporting of earnings may be illicit. However, some is sanctioned by state policies where benefits are based on clients' expected future income and other policies that do not require clients to report certain types of income changes within certification periods. We discuss income reporting policies more in the next section of this chapter.

In Chapter 3, we used the administrative data from each state to examine how the timing of exits from food stamp participation spells and the durations of those spells varied with the timing of clients' periodic recertifications for eligibility and benefits. The analyses for all three states revealed that food stamp households were several times more likely to end their participation spells in months when recertifications were due than in months they were not. During our analysis period, each of our states increased its recertification intervals for households with earnings from 3 months to 6 months, and our data allowed us to investigate participation spells under both the 3- and 6-month regimes in two of the states. We estimated that longer recertification intervals led to longer median spell lengths, which would have increased participation. Late in our analysis period, one of our analysis states, South Carolina, shortened its recertification interval for households with fixed sources of unearned income from 12 to 6 months. We found that the median spell lengths for the affected households decreased. This change from South Carolina notwithstanding, the general trend among states following the 2002 Farm Bill was to increase the lengths of recertification intervals. The empirical analyses from Chapter 3 indicate that these changes help to explain why food stamp participation rose and why caseloads continued to increase even after the economy began to recover in the mid-2000s.

In Chapter 4, we used the administrative data to investigate how food stamp participation spells varied across counties in our three states

that were and were not subject to work requirements and 3-month time limits for ABAWDs. Time limits on food stamp participation were imposed as part of the PRWORA. However, that legislation allowed states to exempt ABAWDs living in areas with weak job markets, and subsequent legislation and policy changes allowed states to waive the requirements for other ABAWDs. All three of our analysis states sought exemptions and waivers, and these serve as the basis for our empirical comparisons. Our empirical analyses show that adult-only households with members who were 18–49 years old were more likely to leave the Food Stamp Program in the first few months of their participation spells if they lived in counties with ABAWD work rules and time limits than if they lived in counties that were exempt from these rules. The difference in food stamp exit behavior was less evident in later months of food stamp spells; they were also less evident for households with children and for elderly households who were less likely to include ABAWDs. During the period that we examine, the use of exemptions and waivers increased among states, which had the effect of weakening the ABAWD work rules. Our analyses indicate that these changes also contributed to the overall increase in Food Stamp Program participation.

There were other ways in which food stamp policies were relaxed during the 2000s. We now turn to discuss these and other possible policy changes.

INCOME REPORTING AND ELIGIBILITY WITHIN CERTIFICATION PERIODS

As we mentioned, food stamp households generally receive less scrutiny and provide less supporting information during their certification periods than at the ends of those periods. On top of that, USDA policies and the 2002 Farm Bill allowed states to decrease the types and frequency of income changes that had to be reported. In the late 1990s, the USDA had two stated income reporting policies that states could adopt: a *monthly* periodic-reporting policy in which households reported their circumstances each month regardless of whether any income changes occurred, and a *change-reporting* policy in which

households were required to report any changes of more than $25 in monthly income within 10 days of the change occurring. States could apply different policies to different types of clients. In addition, USDA approved waivers for states with periodic-reporting policies that wanted to use *quarterly* reporting for households with earnings.

In late 2000, the USDA gave states the option of adopting *semiannual* reporting for working households with 6-month or longer certification periods, in which the households were required to report only changes in income that brought them above the gross eligibility limit of 130 percent of the federal poverty threshold (Food and Nutrition Service 2000). For states with change-reporting policies, including some states with quarterly and semiannual reporting, the USDA approved waivers for states to require limited types of change reporting including

- status reporting: changes in having or not having a job, changes in part-time or full-time status, or changes in wage rates,
- five-hour reporting: changes in weekly work amounting to more than five hours, or
- $100 reporting: changes in earnings of more than $100.

By early 2002, 9 states required monthly reporting, 6 (including South Carolina) required quarterly reporting, 19 (including Georgia and Missouri) required semiannual reporting, and the rest relied on some type of change reporting for earners (Food and Nutrition Service 2002). By 2007, only three states required monthly reporting, and only one required quarterly reporting (Food and Nutrition Service 2007). All of the other states had adopted some type of simplified reporting procedure for working households.

Of the three states that we consider, Missouri required reports in 2007 whenever monthly earnings changed by more than $100, and Georgia and South Carolina required reports when monthly income increased beyond the gross eligibility threshold. Recipients in these and other states were, of course, free to report any *decreases* in earnings that would allow them to receive more benefits.

The Food, Conservation, and Energy Act of 2008 (the 2008 Farm Bill) gave states more flexibility in using simplified reporting, allowing them to place all clients on simplified reporting, including disabled, elderly, and homeless clients who had not previously been eligible for

this policy. The use of simplified reporting remains at the state's discretion, and many states continue to adopt this optional feature only for a subset of their clients.

Consider the effects of mandating a general simplified income reporting policy for most households.[1] Under such a policy, increases in earnings (or other income) that occur during a certification period would have to be reported only if they passed the 130 percent threshold. This effectively eliminates the benefit reduction rate and hence the implicit tax on earned income up to the threshold, increasing the reward associated with work. Not only does simplified income reporting incentivize employment and work effort, it also reduces compliance costs for households, which increases participation. It also reduces compliance costs for state administrators. Thus, the policy can increase economic self-sufficiency and boost families' access to food, while reducing administrative burdens for states.

The principal drawback of simplified income reporting is that it increases program costs by reducing the accuracy of targeting—normal means-testing is applied at the start of a certification period, but limited means-testing only occurs for the subsequent duration of the period. Another drawback to the policy is that it can create a notch or cliff in the household's budget set that harshly penalizes earnings above the 130 percent threshold. It seems likely that relaxed income reporting requirements contributed to longer spells, larger caseloads, and a higher incidence of work among food stamp families. A uniform policy of simplified income reporting would help working families.

There is a logical extension to this policy that may encourage work further—eliminate income reporting altogether within set periods or for the entire certification period. Under such a policy, incomes and other eligibility information would be reported at initial application and at each recertification but not in between. During the years that we study, California had a policy of quarterly-periodic reporting in which food stamp households reported their incomes every three months, instead of every month or when incomes changed. Within the quarter, incomes for California food stamp recipients could rise above the gross eligibility threshold, but the households would maintain their benefits. California's periodic-reporting policy eliminates the notch in the budget constraint within periods, though it does increase the frequency of income reporting compared to simplified semiannual income reporting.

Another existing food stamp policy—transitional food stamp benefits—effectively eliminates income reporting. The 2002 Farm Bill authorized states to offer transitional benefits to households that left the Temporary Assistance for Needy Families (TANF) program. These benefits are set at the level that the family was receiving while on TANF, possibly with an increase to reflect the loss of TANF income, and are authorized for up to five months, during which income reporting requirements are dropped. In October 2003, 10 states were offering transitional benefits (Food and Nutrition Service 2003), and by November 2007, so were Georgia and 6 additional states (Food and Nutrition Service 2007). The 2008 Farm Bill added more flexibility by allowing states to offer transitional benefits to families who left state-funded assistance programs, rather than just those who left federally supported TANF programs.

There is also precedent for the elimination of income reporting in other food assistance programs. Children's eligibility for free and reduced-price meals in the National School Lunch and School Breakfast Programs is determined for the duration of a school year and for up to one month in the subsequent school year, even if their households' economic circumstances improve in the interim. Similarly, assistance under the Special Supplemental Nutrition Program for Women, Infants and Children is certified for periods ranging from six weeks to a year, depending on the beneficiaries, with no income reporting requirement within the certification period.

Critics might object that the elimination of income reporting within certification periods would undermine the Food Stamp Program's targeting objective, allowing some families with relatively high incomes to receive benefits for short periods of time. However, an argument can be made that the elimination of income reporting actually makes the program fairer. The issue is that food stamp application and eligibility procedures mostly target prospective disadvantage but not retrospective disadvantage. Consider a working household with no other sources of income that suddenly loses its source of employment and earnings. Unless the household applies immediately for food stamp benefits, it will go some time without assistance. It is not possible under the current program to recover benefits retrospectively from an earlier period of eligibility that preceded an application. Simplified income reporting policies and long-interval periodic reporting policies can increase fair-

ness by making up on the back end what the program fails to provide on the front end.

REDUCE OTHER PARTICIPATION BARRIERS

The federal rules for the Food Stamp Program count the fair market values beyond $4,650 of vehicles for each household adult and commuting teenager as financial resources, which are included in the asset test for determining program eligibility. The federal rules exempt vehicles under some circumstances, such as when they are used to produce income, used to travel long distances to work, and used as people's homes. At the same time, they are less generous with extra vehicles, counting the entire fair market value for them. The vehicle rules may be detrimental to working families with members who commute, especially rural workers who not only confront long travel distances but also have few, if any, public transportation options.

Over the time period that we considered, states were granted considerable flexibility to relax these vehicle policies. First, states were allowed to expand the types of households that were categorically eligible for food stamps. Recall that categorically eligible households only have to meet the income and asset requirements of the "other" assistance program. The vehicle and resource requirements of these programs are often less stringent than those of the Food Stamp Program. Under the original program rules, households were categorically eligible if *all* their members received benefits from TANF, SSI, or General Assistance. Under the expanded option, households could be categorically eligible if *any* of the members received a TANF-funded or related state-funded benefit or service that helped the rest of the household, so long as the household's gross income was below twice the poverty level. By 2007, 35 states, including Georgia, Missouri, and South Carolina, had adopted some form of such broad-based categorical eligibility.

To see how broad-based categorical eligibility works, consider Georgia's policy. Households there that apply for food stamps are first screened for eligibility in the state's TANF Community Outreach Services (TCOS) program, which provides information and referral services to households with incomes below 130 percent of the poverty

line (or 200 percent on the poverty line if the household has elderly or disabled members). If the household meets these standards, the case-worker discusses the available services with the applicant, hands the applicant a brochure, and has the applicant sign a "Rights and Responsibilities" statement, thereby conferring services. Households thus enrolled in the TCOS program are then categorically eligible for food stamps. The TCOS program has no asset requirements, and its gross income standards are exactly the same as those of the Food Stamp Program. Through this bit of administrative wizardry, Georgia food stamp clients are absolved of the federal resource requirements involving not only vehicles but also all financial assets.

The second option for states comes from provisions in the Agriculture, Rural Development, Food and Drug Administration, and Related Appropriations Act of 2001 (P.L. 106-387) and the subsequent 2002 Farm Bill. These provisions allowed states to realign their food stamp vehicle policies with the policies in place for their other assistance programs if those other policies were more favorable to clients.

By 2007, all states had modified their rules for some or all of their food stamp recipients, including 33 that had adopted rules from their TANF programs, 10 that adopted rules from their child care or foster care assistance programs, and 8 that expanded their definition of categorical eligibility to include households receiving services and in-kind benefits from their TANF programs. This resulted in 29 states effectively excluding all vehicles from the asset tests, 16 excluding at least one vehicle per household from the tests, and the remainder exceeding the federal exclusion value of $4,650 for one or more vehicles.

Of the states that we examine, Missouri began excluding an extra portion of households' vehicle values in August 2000, following the approval of a waiver from the USDA. Since July 2001 Missouri has excluded the value of all vehicles. South Carolina also liberalized its vehicle policies early in our study period, with changes that went into effect in April 2001. The state currently excludes the value of all vehicles from eligibility calculations. In contrast, Georgia was one of the last states in the country to relax its vehicle policies, changing its policies in 2006.

Although vehicle rules represent a potential barrier to food stamp participation, quantitative analyses suggest that their effects are modest. Cunnyngham and Ohls (2008) simulate food stamp eligibility for

households under different sets of asset policies. They find that most households that appeared to be eligible under the asset rules in place in their state of residence in January 2007 would have remained eligible if their state had adopted another state's rules. Only 11 percent of households were "marginally eligible" in the sense that their eligibility would have changed in more than a handful of other states. Of these marginally eligible households, nearly half had incomes above the 130 percent gross income threshold (many of these higher-income households had elderly or disabled members), and 41 percent would have qualified only for the minimum food stamp benefit. Cunnyngham and Ohls also simulate how eligibility would change if states reverted to the narrower federal asset policies. Their analysis indicates that only 8 percent of initially eligible households were at risk of losing their eligibility from this type of policy change. They do not examine actual participation. However, the modest size of the eligibility changes coupled with the tiny benefits for many of the eligible households suggest that the participation effects are small.

Hanratty (2006) directly examines the relationship between participation and vehicle policies using household-level survey data and finds no significant association. In contrast, Ratcliffe, McKernan, and Finegold (2008) find evidence that relaxing vehicle policies did increase food stamp participation.

Even if a general policy of excluding vehicles from the calculation of assets only modestly boosts participation, the policy still could well be worthwhile. The evidence from Cunnyngham and Ohls indicates that the most stringent federal vehicle rules would affect outcomes only for a small proportion of households. Nevertheless, screening for vehicles requires collecting, tracking, and maintaining information for all households. If vehicles were excluded, the administrative costs and burdens for clients and state agencies could be reduced. In all, the change would simplify the Food Stamp Program, making it easier to administer and understand.

The food stamp vehicle rules are part of a broader policy involving asset eligibility. For much of the recent history of the Food Stamp Program, the asset test has limited eligibility to fixed amounts. In 2001, these amounts were $3,000 for elderly households and $2,000 for all other households. The 2002 Farm Bill increased the limit for disabled households to the same $3,000 as elderly households but still left the

amounts fixed in nominal terms. Asset limits are an obvious barrier to participation; they also discourage savings among food stamp households. Even among poor families that are not currently receiving benefits, a substantial portion may choose to minimize savings in order to assure eligibility for means-tested programs if needed in the future (Wellschmied 2015). Because of creeping inflation, the barrier has become more stringent over time. Broad-based categorical eligibility allows states to waive not only the vehicle requirements but also the asset requirements altogether. Thus, the wider adoption of expanded categorical eligibility has eliminated the asset barrier for households in many states.[2]

The 2008 Farm Bill loosened the restriction even more. For the first time since asset limits were established, the legislation indexes them for inflation.[3] The 2008 Farm Bill also excluded certain types of tax-advantaged savings accounts, such as individual retirement accounts and educational savings accounts, from the calculation of assets.

IMPROVING BENEFITS

The USDA sets the maximum food stamp benefit amounts for households each year based on the cost of its Thrifty Food Plan (TFP), which is a basket of foods that can be obtained at low cost but still provide a nutritious diet. In principle, this approach to setting benefits should lead to adequate food assistance; however, there are questions regarding whether this is the case (Caswell and Yaktine 2013; Hartline-Grafton and Weill 2012). For one thing, food stamp benefits are set annually using a TFP value that is lagged by several months. Inflation—from the time that benefits are set and over the course of the year while benefits are nominally fixed—erodes their real value, causing them to fall below contemporaneous TFP values.[4] The TFP also relies on strong assumptions about households' capabilities and time availability. For example, the TFP is based on many meals that require substantial amounts of preparation and cooking time. The underlying time assumptions may be unrealistic for working households, and food stamp benefits could be inadequate if these households have to consume more expensive, prepared foods. Third, the TFP, which is the least expensive

USDA food plan, leaves little margin for errors, possible food waste, or other problems.

The net food stamp benefit formula, which reduces the maximum allotment by 20 percent less for changes in earned income than changes in unearned income, already recognizes that working households may have more costs than other households, such as commuting and clothing costs. An even higher allotment for working households could be justified by these households' higher food costs. More adequate benefits for working households would increase their access to nutritious foods and encourage participation.

Several changes to the net benefit formula have led to more generous benefits. The 2002 Farm Bill changed the formula's standard deduction so that it varied with family size and would subsequently rise with inflation. The legislation also let states use a simplified Standard Utility Allowance rather than have households present actual utility bills to claim an allowance. This change made it easier for households to deduct the allowance. The 2008 Farm Bill increased the standard deduction for households with one to three members, removed the cap on child care expenses, and increased the minimum benefit for households with one or two members.

The maximum benefit itself was temporarily increased by 13.6 percent as part of the American Recovery and Reinvestment Act of 2009 (ARRA). This substantial increase in benefits was targeted primarily at stimulating the economy as the United States was plunging into the depths of the Great Recession. The benefit increase remained in effect until October 2013, when it reverted to the previous amount of 100 percent of the TFP. During the early years of the recession, however, the benefit increase was estimated to have contributed to a 3 percent increase in the food stamp participation rate as well as an improvement in households' food security (Nord and Prell 2011).

REDUCING SANCTIONS FOR ABAWDS AND OTHERS

The three-month time limit on food stamp benefit receipt for nonworking ABAWDs is an unusually harsh and arguably inhumane policy. Nonelderly adults who are neither parents nor disabled are categorically

ineligible for cash assistance from the TANF, Supplemental Security Income, or Social Security Disability Income programs. At one time, many ABAWDs would have been eligible for state-funded General Assistance (GA) programs. However, the number of states operating such programs has greatly diminished. Schott and Cho (2011) survey states and find that the number offering GA to employable adults fell from 25 in 1989 to only 12 in 2011 and that the number offering GA to unemployable adults shrank from 38 to 30.[5] Schott and Cho further report that many of the states that have maintained programs have cut benefits, tightened eligibility, imposed time limits, or enacted a combination of these changes.

The stark reality is that the Food Stamp Program is the last strand in the social safety net for most ABAWDs. Wolkwitz and Leftin (2008) estimate that in FY 2007 nearly half (46 percent) of food stamp households with ABAWD members and nearly two-thirds (62 percent) of ABAWDs living alone had no other countable income whatsoever. With no earnings and with no other public assistance to turn to, the loss of food stamp benefits at the expiration of a time limit can mean the difference between having some resources for food or none at all. Effectively, hunger and the withdrawal of food are the "incentives" being used to "encourage" work—choices that would not be out of place in a Dickens novel.

It does not have to be this way. Indeed, the ABAWD time limits were temporarily suspended as part of the 2008 ARRA stimulus legislation. So, for a short period, the time limits disappeared. However, the suspension ended in FY 2011.

Although the time limits have resumed, they could be made less onerous. The present work-related time limit constitutes a full-benefit sanction—once the time limit is imposed no benefits are issued until either the work requirement is fulfilled or the 36-month time window has closed. A more humane alternative that still preserves an incentive to work is to impose a *partial-benefit* sanction, such as a modest percentage reduction in the food stamp benefit or a restriction on the way that benefits can be redeemed. Because the food stamp benefit amount is already slightly below the TFP, it might be more humane still to modestly increase benefits beyond the TFP for participants who comply with work and other rules and to keep benefits at their present level for others.

OUTREACH AND INFORMATION

One reason that disadvantaged and otherwise eligible households might not participate in the Food Stamp Program is that they lack information about the program, their possible eligibility, or application procedures. Daponte, Sanders, and Taylor (1999) conduct a random-assignment demonstration with Pennsylvania food pantry clients and find that they were more likely to apply to the Food Stamp Program if they were presented with information about the program. Stigma is also frequently mentioned as a reason that otherwise eligible people fail to enroll in public assistance programs (Moffitt 1983). A survey of food stamp participants and eligible nonparticipants in 1996–1997 indicated that three quarters of eligible nonparticipants did not know they were eligible. Although only a minority of survey respondents perceived stigma associated with participation, such perceptions had a role in explaining nonparticipation (Ponza et al. 1999).

Outreach efforts are an important tool for increasing information, reducing stigma, and boosting participation. The USDA has funded millions of dollars of outreach grants to state and local organizations; it has also subsidized the costs of outreach plans in selected states. Some of the plans are targeted toward providing brochures and other information at places frequented by working families. During the period we studied, Georgia and South Carolina engaged in outreach efforts with USDA-provided funding, but Missouri did not.

While the outreach efforts may have increased participation, it is difficult to assess their effects because the activities are not systematically documented, and there is little way to determine whether or when households might have been exposed to outreach messages. Researchers who have attempted to examine the effects of outreach have tended to use crude measures, such as the amount of expenditures per person or per poor person in a state. Results using these measures have been inconclusive. For example, Ratcliffe, McKernan, and Finegold (2008) find that state outreach expenditures were significantly positively associated with food stamp participation in some specifications and for some samples but insignificantly associated in other specifications and for other samples. The potential importance of outreach is captured in a recent qualitative study that compares state agency policies regard-

ing the Supplemental Nutrition Assistance Program (SNAP) in Oregon and Florida (Edwards et al. 2016). The U.S. General Accounting Office (2004) recommends improving the documentation and tracking of specific outreach activities.

WHERE DOES FOOD ASSISTANCE GO FROM HERE?

The grip on the food stamp policy balloon has been relaxed before. Following the nationwide rollout of the program in the 1960s and 1970s, the program saw a further significant expansion when the program's original requirement that households purchase food stamps with their own money was dropped in favor of simply distributing coupons to participating families. However, the grip has also sometimes tightened.

The last major tightening occurred in the early and middle 1990s and culminated in the maximum benefit reductions, ABAWD work requirements, and other provisions of the PRWORA. Those changes were enacted alongside other changes that moved the U.S. social safety net away from simple income maintenance and toward work support. Open-ended cash assistance programs such as TANF and GA were scaled back, and work requirements and time limits were imposed.

Between 1996 and 2010, the grip on the Food Stamp Program policy balloon relaxed, with many of the changes focused on providing positive inducements for working households rather than limits or punishments for nonworking households. These changes included longer recertification intervals for working households, simplified income reporting for earnings, transitional benefit alternatives, and relaxed vehicle rules. Other changes, such as expanded exemptions and waivers for the ABAWD work rules, smoothed some of the harshest elements of the PRWORA, and still others, such as expanded categorical eligibility, more generous net benefit formulas, looser asset limits, and greater outreach spending, increased the generosity and reach of the program. This phase of policy relaxation culminated in the temporary benefit increases and ABAWD work rule suspensions of the 2008 ARRA.

Even in the face of a very slow recovery following the 2007–2009 recession, a modest tightening in rules began after 2010. The temporary benefit increases in the ARRA were reversed effective in 2013,

five years prior to the sunset date in the original legislation. The maximum benefit allotment reverted to its PRWORA level, and the ABAWD time limits returned as labor markets across states began to recover. At the state level, the momentum toward increased accessibility has been slowed, or possibly even reversed. No additional states have adopted broad-based categorical eligibility since 2013, and one state (Louisiana) actually discontinued implementation.[6] Some states have reversed prior moves toward liberalization of their eligibility rules. Since 2012, Michigan and Maine have reinstated asset limits for SNAP recipients. Pennsylvania reestablished a limit in 2012, but then eliminated it in 2015.

Debates over reauthorization of SNAP in 2013 involved major challenges to the structure of the program. Proposals to increase work requirements for program participation, to eliminate broad-based categorical eligibility, and to bar for life those convicted of violent crimes had strong support from the Republican majority in the House of Representatives. At one point, a provision allowing states to administer drug tests to SNAP applicants was approved. In July 2013, the House passed a reauthorization of the Farm Bill that excluded SNAP, which had accounted for up to 80 percent of the bill's funding in prior bills. In the end, the 2014 Farm Bill that became law after conference agreement between the House and the Senate retained the basic structure of SNAP and omitted the major limits on eligibility that had characterized the House version (Gitter 2015, Chapter 4). The only substantive change was modification of the net benefit formula to make it slightly less generous by limiting a practice used in 17 states that provided energy credits to some households regardless of actual expenses.

In the period since 2014, critics of SNAP have garnered increased influence in the debate over the program's reauthorization. The American use of the term *welfare* to refer to AFDC and then TANF has now been expanded to include SNAP, reflecting its role as a target.[7] Although the defenders of the program remain, those who question the legitimacy of government redistribution have turned their attention to SNAP. Prominent criticism includes the suggestion that, in conjunction with other programs, SNAP has substantially reduced work incentives (Mulligan 2012, 2015) and that it has abetted the growth in obesity among the poor.[8] In February 2017, the Committee on Agriculture in the House held hearings on the benefits and costs of restricting SNAP purchases,

with the primary focus on prohibiting the purchase of sweetened soda and similar drinks to improve the nutritional quality of recipients' diets. Although opponents to such restrictions dominated the hearings, their tone clearly reflected the view that greater restrictions on recipients' purchases might well be in order (Committee on Agriculture 2017).

In February 2018, as part of the administration's budget, the U.S. secretary of agriculture proposed that each SNAP household receive half of its aid in the form of a "Harvest Box," with food chosen to provide nutritional benefit and to aid American farmers. The response was strongly negative, and it was never seriously considered in the reauthorization bill, but again the proposal clearly reflected popular support for the idea that the SNAP program should apply greater constraints on recipient purchases (Thrush 2018).

The House reauthorization bill, the Agriculture Improvement Act of 2018, included work requirements that would change SNAP's structure in a major way. Under the bill, most adult recipients under age 60 in families with no children age 6 or younger would have to engage in a work activity for at least 20 hours per week. In contrast, the bill passed by the Senate did not include similar provisions. In the final conference version of the bill, the most restrictive provisions were removed, leaving the structure of SNAP largely unchanged. However, the long-term prospects remain uncertain, and even if there are no important modifications of SNAP in the near future, the pressure to pare down the program and restrict the options available to recipients remains.

Despite these challenges to SNAP, the ultimate collapse of SNAP as a central pillar of the safety net is not inevitable. Many of the proposals suggested in this book build on an attempt to encourage self-sufficiency, and, although the current climate would appear to favor general retrenchment for the program, changes that focus on providing work incentives may receive substantial support. If the current economic expansion continues, such policies may be perceived as ways to increase work at the same time they aid a small number of recipients who are left behind.

Many of the supportive changes made since 1996 were left as state options, and this has led to an uneven food assistance landscape in which work and participation among food stamp recipients are better supported in some states than others. As noted in Chapter 1, even as participation rates have continued to increase over the past decade, the

participation gap between eligible individuals who are employed and those who are not remains large. Policies such as simplified income reporting and vehicle exemptions, which have been adopted by nearly all states, should be part of the standard federal program or at least the default. The adequacy of the maximum household benefit needs to be carefully considered, and the efficacy—not to mention the morality—of withholding food assistance from people with no other resources needs to be scrutinized.

Notes

1. States would most likely want to maintain stricter reporting policies for some households, such as those on cash assistance and those subject to work rules and time limits. They also would not want to impose tougher policies for some others, including those receiving transitional food stamp benefits.
2. States have been slow to publicize the elimination of asset limits, and potential applicants in many states are routinely given information suggesting that their assets may preclude SNAP eligibility (Heflin, Mueser, and Cronin 2015).
3. Although the limits are now indexed, they are only allowed to change in $250 increments.
4. Prior to 1996, food stamp benefits were set at 103 percent of the TFP to address the problem of inflation. However, the PRWORA cut the benefit formula to 100 percent of the TFP.
5. Between 1989 and 2011, Missouri and South Carolina eliminated statewide GA programs. Georgia eliminated its GA program in the early 1980s.
6. See Falk and Aussenberg (2014) and Aussenberg and Falk (2018).
7. This usage is illustrated by the website "Federal Safety Net," which identifies SNAP as the third largest U.S. welfare program, after Medicaid and the Earned Income Tax Credit (federalsafetynet.com, accessed Sept. 2, 2018). Wikipedia references the older usage, observing that TANF "is often referred to simply as 'welfare'." (en.wikipedia.org/wiki/Temporary_ Assistance_for_Needy_Families, accessed Sept. 2, 2018).
8. Gunderson (2016) argues that there is little evidence in support of this claim.

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