The Effect of Welfare Reform on Able-Bodied Food Stamp Recipients

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FOREWORD

This report is the first to present information on a little-known segment of the Food Stamp population that has been profoundly affected by welfare reform—unemployed, childless, 18-50 year old able-bodied adults. As government agencies find themselves having to learn quickly about those affected by the new rules of public assistance, the need to gather timely and accurate information has never been greater.

Welfare reform requires States and the Federal Government to make tough decisions on how to overhaul a system seen by many as one that has failed to help poor Americans escape poverty and achieve self-sufficiency. During the welfare reform debates, a guiding principle emerged: that public assistance should encourage self-sufficiency, reinforce the work ethic, and not become a way of life. Work requirements and time limits for benefit receipt were imposed on adults in families with children participating in the new cash assistance Temporary Assistance for Needy Families (TANF) Program.

Under the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, childless adults are now subject to strict work requirements and time limits on their participation in the Food Stamp Program. They may receive benefits for only three months in any 36-month period unless they work, are exempted under other provisions of law, or live in an area waived from work requirements due to insufficient jobs.

This group received little attention prior to welfare reform. The passage of welfare reform, together with the Balanced Budget Act of 1997 and the Agricultural Research, Extension, and Education Reform Act of 1998, put a premium on information about them. Such information is critical to informing policy decisions, issuing guidance to States, implementing new policies, as well as estimating effects of the new legal provisions.

This report draws on existing data from two sources: the fiscal year 1996 Food Stamp Quality Control (QC) File and longitudinal data from the Survey of Income and Program Participation (SIPP). QC data were used primarily to generate a profile of the demographic characteristics of these food stamp recipients, while SIPP data were used primarily to project the likely trends for program participation among this group. Data from both sources predate welfare reform. However, it is unlikely that the demographics have changed much, and the SIPP file still represents the best available information on the dynamics of Food Stamp Program participation. Thus, the report offers a sound picture of what able-bodied adult recipients without children look like and what will happen to them—they are an extremely poor population with limited employment prospects and few sources of support outside the Food Stamp Program.

EXECUTIVE SUMMARY

With the passage of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), able-bodied adults without dependents are limited to 3 months of food stamps (consecutive or otherwise) in any 36-month period unless they work or participate in an approved work or training program. PRWORA's work requirement represents a significant change to Food Stamp Program (FSP) rules, and little is known about the population that is subject to the new provision, the number of people who may lose eligibility, or the employment prospects of these people. This report draws on cross-sectional data from the fiscal year 1996 Quality Control (QC) database and longitudinal data from the Survey of Income and Program Participation (SIPP) to address these questions.

CHARACTERISTICS OF FSP PARTICIPANTS WHO ARE AT RISK OF LOSING ELIGIBILITY UNDER PRWORA's WORK REQUIREMENT AND TIME LIMIT

Of the 24.7 million FSP participants in an average month of fiscal year 1996, only 941 thousand (3.8 percent) are subject to PRWORA's work requirement. Most are exempt either because they are under age 18 or over age 49, or because they live in a food stamp unit that contains children. Of the 941 thousand FSP participants who are subject to the work requirement, 50 thousand (4.7 percent) meet it. The remaining 892 thousand (3.6 percent of all FSP participants) are neither exempt from nor meeting the work requirement, and thus accumulate a month toward PRWORA's 3-month time limit. These participants, referred to as able-bodied adults without dependents, or ABAWDs, are at-risk of losing eligibility under PRWORA's work requirement and time limit.

ABAWDs differ demographically from other FSP participants in two key respects: ABAWDs are more likely to be male and to live in a small food stamp unit.[1] Males make up 58.1 percent of ABAWDs but only 30.1 percent of FSP adults. The difference in terms of unit size is even more striking--71.7 percent of ABAWDs live in a one-person FSP unit, compared with only 29.4 percent of FSP adults. The education level of ABAWDs is nearly identical to that of other FSP adults: just under 60 percent of people in both groups have a high school degree or equivalent, including about 14 percent with some college education.

Compared with FSP adults, ABAWDs are much less likely to have an income, and if they do, it is likely to be smaller. Only 27.7 percent of ABAWDs have any income at all, and the average monthly income of those who do is $218. The average FSP adult is nearly three times as likely to have an income (79.8 percent have a non-zero income), and the average monthly income of those who do is $512. The bulk of the unearned income of FSP adults comes through AFDC, SSI, and Social Security. ABAWDs do not qualify for these programs, as they neither have children nor are they elderly or disabled. Not surprisingly, the most common source of unearned income for ABAWDs is General Assistance (14.5 percent receive GA), which typically provides aid to needy

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[1] The term "food stamp unit" refers to the persons in a household who together are certified for and receive food stamps.

persons who are ineligible for federally subsidized programs. Because of a low income, the average ABAWD receives more in food stamp benefits ($108) than does the average FSP adult ($71).

By definition, very few ABAWDs (4.8 percent) are employed, compared with 17.1 percent of FSP adults. The majority of both groups (72.8 percent of ABAWDs and 70.6 percent of FSP adults) are not in the labor force. Compared with FSP adults, however, ABAWDs are much more likely to be unemployed (i.e., not working but looking for work)--21.2 percent of ABAWDs fall into this category, compared with only 8.7 percent of FSP adults.

On average, ABAWDs have participated in the FSP for fewer consecutive months than have FSP adults. About one-third of ABAWDs (34.3 percent) have participated for three months or less, compared with only 17.8 percent of FSP adults. And only 29.3 percent of ABAWDs are in the midst of a participation spell of longer than a year, compared with 49.0 percent of FSP adults.

PEOPLE WHO LOSE ELIGIBILITY UNDER THE WORK REQUIREMENT, AND PATTERNS OF WORK AND FSP PARTICIPATION AMONG ABAWDs

Of the 892 thousand ABAWD FSP participants in an average month of fiscal year 1996, SIPP data indicate that 628 thousand (70.4 percent) have reached PRWORA's 3-month time limit and are no longer eligible to receive FSP benefits. This estimate overstates the number of people who will lose eligibility, as it accounts neither for exemptions granted to people in high-unemployment areas nor for the recently enacted 15 percent exemption. FNS projects that almost half of otherwise non-exempt ABAWDs may qualify for one of these exemptions. In addition to the ABAWD FSP participants, two other groups have a high risk of losing eligibility:

- *Non-ABAWD FSP Participants Who Have Reached The Time Limit.* People in this group, which is nearly half as large as the ABAWD participant group, reached the time limit while they were ABAWDs but are not currently ABAWDs. They are eligible to participate only as long as they remain non-ABAWD.

- *ABAWD Nonparticipants.* People in this group, which is about 40 percent as large as the ABAWD participant group, reached the time limit when they were participating in the FSP but are not currently participating. Because they have reached the time limit, they are ineligible to participate until the end of the 36-month window.

Changing the length of the time limit in a 25-month window has a modest effect on the percentage of ABAWD FSP participants who lose eligibility: 74.2 percent lose eligibility when the time limit is 3 months, 69.1 percent when the limit is 4 months, and 63.9 percent when the limit is 6 months in 25.[2] Changing the length of the time-limit and the window has a more substantial effect on the percentage that lose eligibility: 70.4 percent lose eligibility when the limit is 3 months in a 12

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[2]PRWORA's time limit actually applies over a 36-month window, but we are limited to 25 months by the longitudinal SIPP data.

month window, 62.2 percent when the limit is 4 months in 12, and 50.7 percent when the limit is 6 months in 12.

In an average month, there is a turnover of 9.1 percent in the ABAWD population, with an equal number of people making the transition in and out of ABAWD status. The most common reason for a changes in ABAWD status is a change in employment status.

People affected by the time limit fall into two groups: those who accumulate a month toward the time limit in the month in which it is implemented (initial spell cohort) and those who accumulate their first month toward the time limit in a subsequent month (new spell cohort).[3] People in the initial spell cohort tend to have longer, more continuous spells of ABAWD status combined with FSP receipt and thus are at greater risk of exhausting the time limit than are people in the new spell cohort. In the 13-month analysis period, 85.8 percent of people in the initial spell cohort accumulate more than 3 months towards the time limit, compared with 74.2 percent of people in the new spell cohort. The disparity is even greater when the time limit is extended to 6 months--66.7 percent of people in the initial spell cohort accumulate more than 6 months compared with only 34.6 percent of people in the new spell cohort. People in the new spell cohort are also more likely than those in the initial spell cohort to find employment.

A third cohort of interest is the ineligible cohort, which consists of people who lose eligibility because of the work requirement at some point between February 1990 and February 1991. One year after the loss of eligibility, 64.6 percent of people in the ineligible cohort are still participating in the FSP. But of this 64.6 percent, over one-third (40.7 percent) have become non-ABAWD (most commonly through employment) and thus are eligible to participate.

EMPLOYMENT PROSPECTS OF ABAWD FSP PARTICIPANTS

Research indicates that the employment prospects of adults who are demographically similar to ABAWDs are not promising, and so we can assume the same to be true for ABAWDs. Largely for two reasons, job opportunities for less-educated job seekers are severely limited, especially for nonwhites and in urban areas, where most ABAWDs live. First, recent research suggests that many large employers of low-skill workers have moved out of the cities to the suburbs. Therefore, many ABAWDs will face a 'spatial mismatch' between the location of their residence and the location of low-skill jobs. Second, since employment in inner cities has become increasingly concentrated in high-skill jobs, ABAWDs will also likely face a 'skills mismatch' between what employers require and what ABAWDs can offer.

Job prospects will be most limited for those who have few connections in the working world. ABAWDs who are members of families, neighborhoods, or communities in which few adults hold

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[3]Because our longitudinal simulation is based on data from January 1990 through February 1992, when a time limit was not in place, nobody in the sample actually leaves the FSP because of a time limit. Consequently, although it would not be permitted under PRWORA, an individual in our simulation can accumulate more than 3 months towards the time limit.

jobs, will be at the greatest disadvantage, because the ability to secure employment even in low-skill jobs is now far more dependent on informal networks and referrals..

Finally, the job prospects of ABAWDs will depend significantly on economic conditions prevailing in their local area and region. The tightness of the local labor market (in the sense that unemployment is low) and the strength of demand, particularly in the industries with the most jobs for low-skill workers, will be an important factor in the probability of becoming employed. In addition, the availability and quality of local institutions supporting employment will influence employment prospects.

I. PRWORA'S WORK REQUIREMENT AND TIME LIMIT

A. BACKGROUND

With the passage of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), certain adults are subject to a strict work requirement that puts a time limit on their receipt of food stamps. Specifically, able-bodied adults without dependents are limited to 3 months of food stamps (consecutive or otherwise) in any 36-month period unless they work or participate in an approved work or training program. PRWORA's work requirement represents the first time limit on participation in the Food Stamp Program (FSP), and little is known about the population that is subject to the work requirement, the number of people who may lose eligibility, or the employment prospects of these people.

This report draws on cross-sectional and longitudinal data to address these questions. This introductory chapter describes the provisions of the new work requirement and explains who loses eligibility under the new law. Chapter II presents a profile of the population at risk of losing eligibility based on administrative data from the FSP. Chapter III presents an estimate, based on longitudinal data from the Survey of Income and Program Participation (SIPP), of the number of people who may lose eligibility due to the work requirement and discusses patterns of work and FSP participation among the at-risk population. Chapter IV draws on existing research and new analysis of SIPP data to summarize what is known about the employment prospects of at-risk adults. Appendix A describes the data and methodology used to estimate the number of FSP participants that would lose eligibility because of the work requirement and discusses some caveats associated with the estimates presented in this report.

B. PROVISIONS OF PRWORA'S WORK REQUIREMENT

PRWORA states that no individual shall be eligible to participate in the FSP if, during the preceding 36-month period, the individual received food stamps for 3 months (consecutive or otherwise) without also having done one of the following: (1) worked at least 20 hours per week; (2) participated in an approved employment and training (E&T) program for at least 20 hours per week; or (3) participated in workfare or a comparable program.

The act exempts from this work requirement any individual who is under age 18 or over age 50, physically or mentally unfit for employment, pregnant, or a parent or other member of a household with responsibility for a dependent child. The act further exempts people who are also exempt from the FSP work registration provision under subsection (d)(2) of 7 U.S.C. 2015. This includes anyone who is:

- Responsible for the care of a dependent child under age six or an incapacitated person

- A student who meets FSP eligibility requirements

- A regular participant in a drug addiction or alcoholic treatment and rehabilitation program

- Working at least 30 hours per week or earning at least 30 times the minimum wage

- Subject to and complying with a work registration requirement under another program (either under Title IV of the Social Security Act or under the federal-state unemployment compensation system).

If an FSP participant meets any of these criteria in a given month, that month does not count towards PRWORA's three-month time limit. Furthermore, previously non-exempt participants who become exempt are eligible to receive benefits regardless of the number of months they have accumulated towards the time limit when they were not exempt. In other words, an individual is ineligible to participate under the work requirement if, (1) the individual is not exempt; and (2) during

the preceding 36-month period, the individual received food tamps for at least 3 months while he or she was not exempt.

An individual who loses eligibility under PRWORA can regain it by working or participating in an E&T program for 80 or more hours in a 30-day period or by complying with a workfare program for 30 days. An individual who regains eligibility in this way remains eligible as long as he or she continues to meet the work requirement. If, after regaining eligibility, an individual fails to meet the work requirement, he or she remains eligible for 3 consecutive months starting on the date the individual notifies the state agency that he or she no longer meets the work requirement. An individual may only receive these 3 additional months once in any 36-month period.

At a state's request, USDA may waive the work requirement for any group of individuals if the Secretary determines that where they live has either an unemployment rate of over 10 percent or an insufficient number of jobs to provide employment. In addition, each state may exempt up to 15 percent of the people who, after applying all other exemptions and waivers, would still lose eligibility because of the work requirement. Figure I.1 shows which FSP participants can lose eligibility under PRWORA.

FIGURE I.1

FOOD STAMP PARTICIPANTS AFFECTED BY PRWORA'S WORK REQUIREMENT AND TIME LIMIT

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                          ┌─────────────────────┐
                          │   All Food Stamp     │
                          │ Program Participants │
                          └─────────────────────┘
                                     │
          ┌──────────────────────────┴───────────┐
          │                            ┌──────────────────────┐
          │                            │   Subject To The      │
          │                            │  Work Requirement     │
          │                            └──────────────────────┘
          │                                       │
          │              ┌────────────────────────┴──────────┐
          │              │                      ┌───────────────────────────┐
          │              │                      │  Not Meeting The Work      │
          │              │                      │ Requirement in Current Month│
          │              │                      └───────────────────────────┘
          │              │                                  │
          │              │              ┌───────────────────┴──────────────┐
          │              │              │                    ┌──────────────────────────┐
          │              │              │                    │   Time Limit Exhausted     │
          │              │              │                    │ (15 percent of this population│
          │              │              │                    │  can receive an exemption)  │
          │              │              │                    └──────────────────────────┘
          │              │              │                                  │
          │              │              │                    ┌─────────────┴──────────────┐
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Not Subject To Work Requirement (due to exception or waiver)	Meeting The Work Requirement	Not Meeting The Work Requirement But Within Three Month Time Limit	Covered By Exemption	Not Covered By Exemption
Under age 18 or over age 50	Working or participating in a work program at least 20 hours per week, or participating in workfare.	Current month counts towards time limit, but individual has accumulated fewer than three months toward the time limit, or has qualified for an additional three months of benefits.	The Balanced Budget Act of 1997 permits each state to exempt up to 15 percent of people that would otherwise lose eligibility due to the work requirement.	Individuals that do not fall into any of the categories to the left are ineligible to receive food stamps due to the work requirement and time limit.
Physically or mentally unfit				
Responsible for a dependent child				
Pregnant				
Exempt from work registration*				
Living in a waiver area				

*   Exempt from FSP work registration for any of the following reasons: (1) caring for a dependent child under age 6; (2) meeting a work requirement under another program; (3) caring for an ill or incapacitated person; (4) meeting the FSP's student eligibility criteria; (5) in a drug or alcohol rehabilitation program.

II. PROFILE OF FSP PARTICIPANTS AT RISK OF LOSING ELIGIBILITY UNDER PRWORA'S WORK REQUIREMENT AND TIME LIMIT

This profile of the population at risk of losing eligibility is based on the fiscal year 1996 Quality Control (QC) database, a nationally representative sample of food stamp households selected for review as part of the Integrated Quality Control System (IQCS).[1] The QC database provides detailed demographic and economic information on FSP participants sampled in each month of fiscal year 1996.[2] However, it only contains information observed in a single month (the sample month). Since eligibility under the work requirement depends on employment status and program participation for 36 months, the single month of QC data is insufficient for determining whether a participant would lose eligibility. For example, people who failed to meet the work requirement in the QC sample month may have been exempt from or meeting the work requirement in other months. Nevertheless, the characteristics of FSP participants who fail to meet the work requirement in a given month can, by extrapolation, tell us something about the population that is at risk of losing eligibility under PRWORA. The estimates and descriptions presented in this chapter pertain to this at-risk population--FSP participants who are neither exempt from nor meeting the work requirement in a given month, and who thereby have accumulated one month towards PRWORA's time limit.

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[1]The IQCS is an ongoing review of food stamp household circumstances designed to determine (1) if households are eligible to participate or are receiving the correct benefit amount, and (2) if household participation is correctly denied or terminated.

[2]The work requirement did not take effect until November 22, 1996 (three months after PRWORA's enactment) or until a state notified affected individuals, whichever was earlier. Regardless of which date applies, no person could have been disqualified due to the time limit during fiscal year 1996 (October 1995 through September 1996). Thus, the fiscal year 1996 QC database contains data on all FSP participants who could be affected by the work requirement.

A. THE AT-RISK POPULATION

The FSP population at risk of losing their eligibility under PRWORA consists of adults age 18 to 49 (inclusive) who are able-bodied, childless, and not working. (See Appendix A, Table A.1 for an explanation of how these people were identified). *Able-bodied* is defined as not disabled,[3] not physically or mentally unfit for employment, and not exempt from the FSP's work registration requirement for any of the following reasons:

- Pregnant

- Needed in the home to care for an ill or incapacitated person

- Relative or other caretaker of a dependent child

- Student meeting FSP eligibility requirements

- Employed at least 30 hours per week or receiving weekly earnings at least equal to the federal minimum hourly wage times 30

- Receiving or has applied for unemployment compensation

- Subject to/complying with work requirements under other programs

- Participating in a drug or alcohol rehabilitation program

- Participating in a Community Work Experience Program (CWEP) or other work experience program

Childless is defined as no persons under age 18 in the FSP unit.[4] *Not working* is defined as employed fewer than 20 hours per week and with total monthly earnings that do not exceed

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[3]A person is considered disabled if he or she is (1) under age 65 and receiving SSI or (2) between the ages of 18 and 61 and receiving Social Security, veterans benefits, or other government benefits as a result of a disability.

[4]The term "food stamp unit" refers to the persons in a household who together are certified for and receive food stamps.

$368.33.[5] People who meet these criteria in a given month are referred to as able-bodied adults without dependents, or ABAWDs.

Of the 24.7 million eligible citizen FSP participants in an average month of fiscal year 1996,[6] only 941 thousand (3.8 percent) are subject to the work requirement; most are exempt either because they are under age 18 or over age 49, or because they live in a food stamp unit that contains children (Table II.1). Of the 941 thousand FSP participants who are subject to the work requirement, only 50 thousand (5.3 percent) meet it.[7] The remaining 892 thousand (3.6 percent of all FSP participants) are ABAWDs (people who are neither exempt from nor meeting the work requirement).

B. CHARACTERISTICS OF ABAWDs RELATIVE TO FSP PARTICIPANTS

In this section, we describe ABAWD FSP participants in terms of how they compare demographically and economically with adult FSP participants.[8] We also compare the two groups

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[5]$368.33 is the federal minimum wage in fiscal year 1996 ($4.25) times 20 hours per week times 4.33 weeks per month.

[6]This population does not include the 1.2 million FSP participants who are permanent resident aliens and thus ineligible under PRWORA. PRWORA disqualifies most permanent resident aliens from the FSP, though aliens with significant work history (40 or more quarters) and those who are veterans are exempt, as are their spouses and minor children. Appendix A describes the methods used to identify which aliens are ineligible under PRWORA. In February 1997, FCS published a profile of ABAWD FSP participants based on fiscal year 1995 QC data--*Characteristics of Childless Unemployed Adult and Legal Immigrant Food Stamp Participants: Fiscal Year 1995*. This earlier profile included PRWORA-ineligible aliens in the analysis and used a slightly different definition of ABAWD. Appendix A lists the specific differences between the two profiles and discusses the impact on the resulting estimates.

[7]The Balanced Budget Act of 1997, which provides funds for additional workfare slots, should increase the number of FSP participants that meet the work requirement.

[8]Because units with children are exempt from the work requirement, there are no children in the ABAWD category. Therefore, we compare ABAWDs to *adult* FSP participants (age 18 and over), rather than to all FSP participants.

TABLE II.1

FSP PARTICIPANTS WITH CHARACTERISTICS RELATED TO ABAWD STATUS

	FSP Participants		
	(000s)	Percent of Total	Percent of Subgroup
All FSP Participants*	**24,720**	**100.0**	**100.0**
Under Age 18	13,025	52.7	52.7
Over Age 50	2,746	11.1	11.1
Age 18 to 50	8,950	36.2	36.2
Age 18 to 50	**8,950**	**36.2**	**100.0**
Disabled / Unfit for Employment	1,612	6.5	18.0
Non-Disabled / Fit for Employment	7,337	29.7	82.0
Children in unit	6,694	27.1	74.8
No children in unit	2,256	9.1	25.2
Exempt From FSP Work Registration Because:			
Meeting work requirement in other program	239	1.0	2.7
Receiving unemployment compensation	123	0.5	1.4
Caring for a dependent child	1,972	8.0	22.0
Caring for ill or incapacitated person	111	0.4	1.2
Student meeting FSP eligibility criteria	228	0.9	2.5
In drug or alcohol rehabilitation program	59	0.2	0.7
Employed a minimum of 30 hours per week	1,277	5.2	14.3
Pregnant	88	0.4	1.0
Subject To PRWORA's Work Requirement**	941	3.8	10.5
Subject to PRWORA's Work Requirement	**941**	**3.8**	**100.0**
Meeting the Work Requirement			
Working 20+ hours per week	44	0.2	4.7
CWEP participant	6	0.0	0.6
Not Meeting the Work Requirement (ABAWDs)	892	3.6	94.7

SOURCE: Fiscal Year 1996 Quality Control Database

*   Excluding PRWORA-ineligible aliens

**   Age 18 to 50, fit for employment, no children in unit, and not exempt from FSP work registration for any of the specified reasons.

in terms of employment and training program participation as well as the length of their current spell of FSP participation.

1. Demographic Characteristics

ABAWDs differ demographically from other FSP participants in two key respects: ABAWDs are more likely to be male and to live in a small food stamp unit (Table II.2). Males make up 58.1 percent of ABAWDs but only 30.1 percent of FSP adults. The difference in terms of unit size is even more striking--71.7 percent of ABAWDs live in a one-person FSP unit, compared with only 29.4 percent of FSP adults. On average, ABAWD units (those with at least one ABAWD) are about half as large as the typical FSP unit (1.3 people compared with 2.5 people).

Of the 639 thousand ABAWDs who file for food stamps for themselves only (i.e., one-person food stamp units), 388 thousand (60.7 percent) are male (Table II.3). In contrast, only 41.3 percent of FSP adults in one-person units are male. Of the 200 thousand ABAWDs in a two-person unit, 160 thousand (80.2 percent) are in a unit containing a member of the opposite sex. FSP adult two-person units also tend to be male/female units (64.2 percent), though units containing two women (33.2 percent) are also common.

By definition, ABAWDs range in age from 18 to 49. They are distributed fairly evenly across this age range, though there appears to be some concentration in the 18-to-20 age group as well as in the 31-to-45 age group (Table II.2). The average age of an ABAWD is 34.

Compared with FSP adults, ABAWDs are more likely to be African American (46.2 percent versus 33.9 percent) and less likely to be white (40.7 percent versus 49.0 percent).

The education level of ABAWDs is nearly identical to that of other FSP adults: about 35 percent of both groups report having at least a high school degree (Table II.2). However, because the education status of many adults in the QC database is unknown, a more meaningful measure of

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                              TABLE II.2
           DEMOGRAPHIC CHARACTERISTICS OF SELECTED FSP PARTICIPANTS
                  (universe excludes PRWORA-ineligible aliens)
_____

                        |   All FSP      |   FSP Adults   |  Age 18-50, No  |    ABAWDs
                        |  Participants  |                |      Kids       |
                        |_____|_____|_____|_____
                        |        |       |        |       |        |        |        |
                        | Number |       | Number |       | Number |        | Number |
                        | (000s) |Percent| (000s) |Percent| (000s) |Percent | (000s) |Percent
_____

Number (000s).................| 24,720 | 100.0 | 11,696 | 100.0 |  2,334 | 100.0 |    892 | 100.0
Male..........................| 10,057 |  40.7 |  3,520 |  30.1 |  1,248 |  53.5 |    518 |  58.1
Female........................| 14,659 |  59.3 |  8,176 |  69.9 |  1,086 |  46.5 |    374 |  41.9
Unknown.......................|      4 |    >0 |     >0 |    >0 |     >0 |    >0 |      - |     -

Age Distribution              |        |       |        |       |        |        |        |
0-17 years old................| 12,992 |  52.6 |      - |     - |      - |     -  |      - |     -
18-20 years old...............|    978 |   4.0 |    978 |   8.4 |    214 |   9.2 |     95 |  10.7
21-25 years old...............|  1,682 |   6.8 |  1,682 |  14.4 |    244 |  10.4 |    116 |  13.0
26-30 years old...............|  1,641 |   6.6 |  1,641 |  14.0 |    241 |  10.3 |    104 |  11.7
31-35 years old...............|  1,715 |   6.9 |  1,715 |  14.7 |    354 |  15.2 |    156 |  17.5
36-40 years old...............|  1,374 |   5.6 |  1,374 |  11.7 |    424 |  18.2 |    163 |  18.3
41-45 years old...............|    965 |   3.9 |    965 |   8.2 |    426 |  18.3 |    157 |  17.6
46-50 years old...............|    711 |   2.9 |    711 |   6.1 |    430 |  18.4 |    100 |  11.3
51-59 years old...............|    950 |   3.8 |    950 |   8.1 |      - |     - |      - |     -
60+ years old.................|  1,680 |   6.8 |  1,680 |  14.4 |      - |     - |      - |     -
Unknown.......................|     33 |   0.1 |      - |     - |      - |     - |      - |     -

Unit Size                     |        |       |        |       |        |        |        |
1 Person......................|  3,584 |  14.5 |  3,443 |  29.4 |  1,737 |  74.5 |    639 |  71.7
2 Persons.....................|  4,680 |  18.9 |  2,687 |  23.0 |    485 |  20.8 |    200 |  22.4
3 Persons.....................|  5,570 |  22.5 |  2,209 |  18.9 |     91 |   3.9 |     45 |   5.1
4 Persons.....................|  4,913 |  19.9 |  1,695 |  14.5 |     16 |   0.7 |      6 |   0.7
5 Persons.....................|  3,112 |  12.6 |    931 |   8.0 |      2 |   0.1 |      1 |   0.2
6 Persons.....................|  1,538 |   6.2 |    422 |   3.6 |      2 |   0.1 |     >0 |    >0
7 Persons.....................|    715 |   2.9 |    179 |   1.5 |      - |     - |      - |     -
8+ Persons....................|    267 |   1.1 |     55 |   0.5 |      - |     - |      - |     -
Unknown.......................|    341 |   1.4 |     74 |   0.6 |      - |     - |      - |     -

Race/Ethnicity                |        |       |        |       |        |        |        |
White, Non-Hispanic...........| 10,439 |  42.2 |  5,726 |  49.0 |  1,174 |  50.3 |    363 |  40.7
African-American, Non-Hispanic|  8,671 |  35.1 |  3,961 |  33.9 |    884 |  37.9 |    412 |  46.2
Hispanic......................|  4,314 |  17.5 |  1,492 |  12.8 |    200 |   8.6 |     87 |   9.8
Asian or Pacific Islander.....|    552 |   2.2 |    215 |   1.8 |     25 |   1.1 |      7 |   0.8
American Indian or Alaskan Native..|  353 |  1.4 | 159 |   1.4 |     27 |   1.1 |     14 |   1.5
Unknown.......................|    391 |   1.6 |    143 |   1.2 |     23 |   1.0 |      9 |   1.0

Citizenship Status            |        |       |        |       |        |        |        |
U.S. Citizen..................| 23,705 |  95.9 | 11,013 |  94.2 |  2,235 |  95.8 |    852 |  95.5
Permanent Resident Alien......|    253 |   1.0 |    207 |   1.8 |     11 |   0.5 |      4 |   0.4
Other Alien...................|    389 |   1.6 |    244 |   2.1 |     28 |   1.2 |     13 |   1.5
Unknown.......................|    372 |   1.5 |    232 |   2.0 |     60 |   2.6 |     23 |   2.6

Education                     |        |       |        |       |        |        |        |
Zero education................|  5,663 |  22.9 |    119 |   1.0 |     28 |   1.2 |      6 |   0.7
Grades 1-5....................|  3,177 |  12.9 |    200 |   1.7 |     20 |   0.9 |      5 |   0.6
Grades 6-8....................|  1,840 |   7.4 |    614 |   5.2 |    103 |   4.4 |     38 |   4.2
Grades 9-10...................|  1,824 |   7.4 |  1,128 |   9.6 |    217 |   9.3 |     91 |  10.2
Grade 11......................|  1,115 |   4.5 |    915 |   7.8 |    199 |   8.5 |     86 |   9.7
High school graduate or GED...|  2,996 |  12.1 |  2,967 |  25.4 |    593 |  25.4 |    250 |  28.1
Some college, but less than 2 years|  541 |  2.2 | 531 |   4.5 |     95 |   4.1 |     38 |   4.3
2-3 years of college, including |      |       |        |       |        |        |        |
   graduate of 2 year college.|    324 |   1.3 |    323 |   2.8 |     65 |   2.8 |     22 |   2.4
College graduate or post-graduate|     |       |        |       |        |        |        |
   study......................|    121 |   0.5 |    121 |   1.0 |     31 |   1.3 |      9 |   1.0
Unknown.......................|  7,119 |  28.8 |  4,777 |  40.8 |    981 |  42.0 |    346 |  38.8
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    Source: Fiscal Year 1996 Food Stamp Quality Control sample
    - Data not available.
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TABLE II.3

DISTRIBUTION OF FSP ADULTS AND ABAWDs BY UNIT SIZE AND GENDER

	FSP Adults			ABAWDs		
	(000s)	Percent of Subgroup	Percent of Adults	(000s)	Percent of Subgroup	Percent of ABAWDs
FSP Participants in One-Person Units	3,443	100.0	29.4	639	100.0	71.7
Female	2,019	58.7	17.3	251	39.3	28.1
Male	1,423	41.3	12.2	388	60.7	43.5
FSP Participants in Two-Person Units	2,687	100.0	23.0	200	100.0	22.4
Male / Female	1,724	64.1	14.7	160	80.2	17.9
Female / Female	893	33.2	7.6	32	15.9	3.6
Male / Male	71	2.6	0.6	8	3.9	0.9

SOURCE: Fiscal Year 1996 Quality Control Database

educational attainment may be derived by computing percentages based on the adults for whom there are education data.[9] As shown in Table II.4, when persons with missing data are excluded from the sample, 57.0 percent of FSP adults and 58.5 percent of ABAWDs have at least a high school degree.

2. Income Sources and Amounts

Compared with FSP adults, ABAWDs are much less likely to have an income, and if they do, it is likely to be smaller (Table II.5). Only 27.7 percent of ABAWDs have any income at all, and the average monthly income of those who do is $218. The average FSP adult is nearly three times as likely to have an income (79.8 percent have non-zero income), and the average monthly income of those who do is $512.

This disparity in income between ABAWDs and FSP adults is apparent in comparisons of both earned and unearned income; 18.7 percent of FSP adults have earned income ($663 per month on average), compared with only 7.0 percent of ABAWDs ($148 per month). Similarly, 72.9 percent of FSP adults have unearned income ($391 per month), compared with 24 percent of ABAWDs ($208 per month).

The bulk of the unearned income of FSP adults comes through AFDC, SSI, and Social Security. ABAWDs do not qualify for these programs, as they neither have children, nor are they elderly or disabled. Not surprisingly, the most common source of unearned income for ABAWDs is General Assistance, which typically provides aid to needy persons who are ineligible for federally subsidized programs.

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[9]This assumes that the education of adults with missing information does not differ systematically from that of adults whose information is reported. Tabulations based on data from SIPP suggest that this assumption is valid. In a January 1992 SIPP sample, high school graduates comprised 55.8 percent of ABAWDs--similar to the QC-based estimate of 58.5 percent. ABAWDs in the SIPP sample were identified using a definition largely analogous to the QC-based definition.

TABLE II.4

DISTRIBUTION OF FSP ADULTS AND ABAWDs BY EDUCATIONAL ATTAINMENT

	FSP Adults (000s)	ABAWDs (000s)
Total	11,696	892
With non-missing education data	6,919	545
As a Percentage of Total		
Less than high school degree	25.4%	25.4%
High school degree or GED	25.4%	28.1%
Some college or college graduate	8.3%	7.7%
Missing data	40.8%	38.8%
As a Percentage of Non-Missing		
Less than high school degree	43.0%	41.5%
High school degree or GED	42.9%	45.9%
Some college or college graduate	14.1%	12.6%

SOURCE: Fiscal Year 1996 Quality Control Database

	All FSP Participants			FSP Adults			Age 18-50, No Kids			ABAWDs		
	Persons With Income Source		Avg Over Persons With Income Source	Persons With Income Source		Avg Over Persons With Income Source	Persons With Income Source		Avg Over Persons With Income Source	Persons With Income Source		Avg Over Persons With Income Source
	Number (000s)	Percent		Number (000s)	Percent		Number (000s)	Percent		Number (000s)	Percent	
Total..........................	24,720	100.0	–	11,696	100.0	–	2,334	100.0	–	892	100.0	–
Earned Income..................	2,289	9.3	$652	2,188	18.7	$663	270	11.6	$365	62	7.0	$148
Wages and Salaries............	2,116	8.6	680	2,029	17.3	691	237	10.2	397	43	4.8	174
Self-Employment...............	147	0.6	296	147	1.3	296	27	1.2	144	17	1.9	93
Other Earned Income...........	39	0.2	291	25	0.2	225	8	0.3	78	3	0.3	67
Unearned Income................	9,483	38.4	383	8,525	72.9	391	1,352	58.0	365	214	24.0	208
AFDC..........................	3,632	14.7	356	3,380	28.9	360	50	2.1	272	14	1.6	287
General Assistance............	622	2.5	256	616	5.3	257	361	15.5	227	129	14.5	244
Supplemental Security Income..	2,581	10.4	333	2,282	19.5	317	606	26.0	360	–	–	–
Social Security...............	2,314	9.4	398	2,014	17.2	430	330	14.1	444	–	–	–
Unemployment Income...........	175	0.7	475	173	1.5	474	37	1.6	395	9	1.0	367
Veterans' Benefits............	145	0.6	239	144	1.2	239	21	0.9	263	4	0.5	332
Workers' Compensation.........	40	0.2	534	40	0.3	534	9	0.4	347	1	0.2	236
Other Government Benefits.....	88	0.4	214	87	0.7	214	12	0.5	211	5	0.6	197
Household Contributions.......	425	1.7	207	387	3.3	212	31	1.3	121	16	1.8	104
Household Deemed Income.......	4	>0	145	3	>0	141	1	>0	234	1	0.1	234
Educational Loans.............	12	0.1	124	12	0.1	126	2	0.1	30	1	0.1	40
Child Support Payments........	512	2.1	138	495	4.2	138	3	0.1	106	1	0.2	86
Other Unearned Income.........	1,299	5.3	60	1,213	10.4	48	163	7.0	26	37	4.1	30
Non-Zero Income................	10,330	41.8	496	9,333	79.8	512	1,450	62.1	409	247	27.7	218
Zero Income....................	14,390	58.2	<0	2,363	20.2	<0	884	37.9	<0	644	72.3	<0

Source: Fiscal Year 1996 Food Stamp Quality Control sample
- Data not available.
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3. Economic and Employment Characteristics

Over three-quarters of ABAWDs (81.9 percent) are in a food stamp unit with a gross income below half the poverty level, and over half (56.8 percent) are in a food stamp unit with no income at all (Table II.6). In comparison, 39.4 percent of FSP adults live in a unit with a gross income below half the poverty level, and only 9.5 percent live in a unit with no gross income. The average unit-level gross income of ABAWDs is 20.0 percent of the poverty level, while that of FSP adults is 58.3 percent of the poverty level.

Because of their low income, the average ABAWD receives more in food stamp benefits ($108) than does the average FSP adult ($71). Most ABAWDs (80.0 percent) receive over $100 in per capita FSP benefits, and very few (4.5 percent) receive less than $50 (Table II.6). In comparison, only 24.9 percent of FSP adults receive as much as $100, and 29.5 percent receive less than $50. In fiscal year 1996, the maximum food stamp benefit for a one-person unit in the contiguous U.S. was $119.

Only 12.0 percent of ABAWDs have any financial assets and, of those who do, less than half (48.1 percent) have assets in excess of $100 (Table II.6).[10] The average FSP adult is twice as likely as the average ABAWD to have financial assets (26.3 percent have non-zero assets) and, of those who do, over half (55.7 percent) have assets in excess of $100.

By definition, very few ABAWDs (4.8 percent) are employed. The few who do have jobs work fewer than 20 hours per week or, if they do not report hours worked, have an income below 20 times the minimum wage. In comparison, 17.1 percent of all FSP adults are employed, and 10.2 percent work at least 30 hours per week.

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[10]Asset information on the QC database pertains to the food stamp unit. To construct a person-level measure of assets, each person was assigned the asset amount of his or her food stamp unit.

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                                      Table II.6
             ECONOMIC AND EMPLOYMENT CHARACTERISTICS OF SELECTED FSP PARTICIPANTS
                        (universe excludes PRWORA-ineligible aliens)
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	All FSP Participants		FSP Adults		Age 18-50, No Kids		ABAWDs	
	Number (000s)	Percent	Number (000s)	Percent	Number (000s)	Percent	Number (000s)	Percent
Number (000s)........................	24,720	100.0	11,696	100.0	2,334	100.0	892	100.0
Gross income as a Percent of Poverty								
0...................................	1,680	6.8	1,108	9.5	672	28.8	507	56.8
>0-25..............................	2,285	9.2	922	7.9	155	6.6	81	9.0
>25-50.............................	6,723	27.2	2,584	22.1	322	13.8	143	16.0
>50-75.............................	6,691	27.1	2,770	23.7	430	18.4	112	12.6
>75-100............................	5,127	20.7	3,112	26.6	577	24.7	39	4.3
>100-130...........................	2,124	8.6	1,131	9.7	157	6.7	11	1.2
>130...............................	90	0.4	69	0.6	21	0.9	-	-
Per capita benefit								
0-25...............................	2,183	8.8	1,548	13.2	290	12.4	12	1.4
>25-50.............................	4,117	16.7	1,901	16.3	227	9.7	27	3.1
>50-75.............................	6,597	26.7	2,570	22.0	295	12.6	63	7.1
>75-100............................	7,153	28.9	2,762	23.6	261	11.2	75	8.4
>100-125...........................	4,585	18.5	2,864	24.5	1,241	53.2	705	79.1
>125...............................	85	0.3	50	0.4	19	0.8	8	0.9
Assets								
$0.................................	18,451	74.6	8,579	73.4	1,881	80.6	783	87.8
$1 - $100......................	2,879	11.6	1,363	11.7	213	9.1	55	6.2
$101 - $200......................	684	2.8	336	2.9	53	2.3	12	1.4
$201 - $300......................	489	2.0	243	2.1	32	1.4	5	0.6
$301 - $400......................	340	1.4	181	1.5	27	1.2	6	0.7
$401 - $500......................	311	1.3	159	1.4	18	0.8	4	0.4
$501 - $1000.....................	822	3.3	429	3.7	55	2.3	12	1.3
$1001 - $1500......................	364	1.5	195	1.7	28	1.2	7	0.8
$1501 - $2000......................	249	1.0	136	1.2	14	0.6	4	0.4
$2001 - $3000......................	41	0.2	28	0.2	2	0.1	-	-
> $3000............................	15	0.1	8	0.1	2	0.1	1	0.1
Unknown............................	76	0.3	39	0.3	8	0.4	2	0.2
Employed............................	2,023	8.2	2,001	17.1	229	9.8	43	4.8
9 hours or less/week..............	88	0.4	86	0.7	25	1.1	11	1.3
10-19 hours/week..................	157	0.6	154	1.3	29	1.2	13	1.5
20-29 hours/week..................	265	1.1	256	2.2	47	2.0	-	-
30-39 hours/week..................	565	2.3	564	4.8	52	2.2	-	-
40+ hours/week....................	633	2.6	632	5.4	26	1.1	-	-
Other employed*...................	315	1.3	310	2.6	50	2.2	18	2.0
Unemployed..........................	1,066	4.3	1,017	8.7	281	12.1	189	21.2
One year or less.................	509	2.1	500	4.3	141	6.0	98	11.0
More than one year...............	349	1.4	347	3.0	95	4.1	65	7.3
Other............................	209	0.8	170	1.5	46	2.0	26	2.9
Not in labor force..................	9,912	40.1	8,256	70.6	1,760	75.4	649	72.8
Employment status unknown...........	11,719	47.4	421	3.6	63	2.7	12	1.3

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     Source: Fiscal Year 1996 Food Stamp Quality Control sample
   * Hours unspecified, active duty military service, migrant farm labor, or primarily self employed
   - Data not available.
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The majority of both groups (72.8 percent of ABAWDs and 70.6 percent of FSP adults) are not in the labor force. A person is "not in the labor force" if he or she is neither working nor actively looking for work. Compared to FSP adults, however, ABAWDs are much more likely to be unemployed (i.e., not working but looking for work)--21.2 percent of ABAWDs fall into this category, compared with only 8.7 percent of FSP adults. About half of the unemployed adults in both groups have been unemployed for less than one year.

4. Work Registration Status/Participation in Employment and Training Programs

Of the 11.7 million FSP adults, 8.5 million (72.5 percent) are exempt from the FSP's work registration requirement (Table II.7). Most are exempt because they are physically or mentally unfit (21.3 percent), a relative or caretaker of a dependent child (17.0 percent), over the required age (11.4 percent), or employed full time (11.5 percent).[11] By definition, most ABAWDs are not exempt from work registration requirements.[12]

Just over 12 percent of ABAWDs participate in an employment and training program (Table II.7). Of the ABAWDs who participate in E&T, 50.5 percent are in a job-search or job-search training program (activities that do not meet PRWORA's work requirement), 18.6 percent are in a program that combines job-search with work experience, and 13.4 percent are in an education related activity.

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[11]Persons over age 60 and most persons under age 18 over are not required to register for work.

[12]According to Table II.7, 0.8 percent of ABAWDs are exempt because they are under or over the required age. These anomalous cases represent inconsistencies in the QC data. No ABAWDs should qualify for this exemption, as they are all between the ages of 18 and 49.

Table II.7
WORK REGISTRATION STATUS OF SELECTED FSP PARTICIPANTS
(universe excludes PRWORA-ineligible aliens)

	All FSP Participants		FSP Adults		Age 18-50, No Kids		ABAWDs	
	Number (000s)	Percent	Number (000s)	Percent	Number (000s)	Percent	Number (000s)	Percent
Number (000s)......................	24,720	100.0	11,696	100.0	2,334	100.0	892	100.0
Exempt from work registration......	21,309	86.2	8,482	72.5	1,472	63.1	104	11.6
Physically or mentally unfit....	2,564	10.4	2,496	21.3	988	42.4	-	-
Pregnant........................	102	0.4	91	0.8	29	1.2	-	-
Under or over required age......	13,370	54.1	1,328	11.4	12	0.5	7	0.8
Needed in home to care for an ill or incapacitated person..	135	0.5	133	1.1	20	0.9	-	-
Relative or other caretaker of a dependent child..............	2,064	8.3	1,993	17.0	20	0.9	-	-
Student........................	817	3.3	230	2.0	63	2.7	-	-
Employed fulltime...............	1,347	5.4	1,343	11.5	96	4.1	-	-
Program not offered in area (remote)....................	103	0.4	95	0.8	27	1.1	23	2.5
Receiving or applied for unemployment compensation....	136	0.5	134	1.1	41	1.7	-	-
Complying with work requirements under other programs.........	264	1.1	260	2.2	38	1.6	-	-
Participating in a drug addiction or alcohol treatment program...........	63	0.3	62	0.5	52	2.2	-	-
Other..........................	345	1.4	317	2.7	85	3.6	74	8.3
Required to register for work but not participating..............	2,602	10.5	2,557	21.9	717	30.7	667	74.8
Participating in JOBS or Food Stamp Employment and Training Program.	598	2.4	577	4.9	129	5.5	109	12.2
Job search training............	80	0.3	80	0.7	17	0.7	17	1.9
Job search.....................	156	0.6	154	1.3	41	1.8	38	4.3
Combined job search/work experience...................	85	0.3	83	0.7	24	1.0	20	2.3
CWEP or other work experience...	22	0.1	22	0.2	6	0.2	-	-
Work supplementation, grant diversion, or OJT............	7	>0	7	0.1	2	0.1	2	0.2
Education/GED/GED prep..........	45	0.2	31	0.3	4	0.2	4	0.4
Post-secondary education........	67	0.3	66	0.6	6	0.3	5	0.5
Remedial education.............	8	>0	8	0.1	1	0.1	1	0.2
Vocational education/JTPA.......	16	0.1	16	0.1	6	0.2	4	0.5
Other..........................	111	0.5	109	0.9	22	1.0	17	1.9
Volunteers in an employment and training program	54	0.2	52	0.4	8	0.3	7	0.8
Work registration status unknown...	158	0.6	28	0.2	7	0.3	6	0.6

Source: Fiscal Year 1996 Food Stamp Quality Control sample
- Data not available.
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5. Distribution by State

Not surprisingly, the states that have the most FSP participants also have the most ABAWDs. Over half of all food stamp participants (50.5 percent) reside in eight states: California, Florida, Illinois, Michigan, New York, Ohio, Pennsylvania, and Texas (Table II.8). Those same states have 52.2 percent of all ABAWDs. ABAWDs represent a disproportionately large share of the food stamp population (5 percent or more) in Connecticut, the District of Columbia, Hawaii, Maine, Oregon, and West Virginia; they represent a disproportionately small share (2 percent or less) in Colorado, New Hampshire, Guam, and the Virgin Islands.

In terms of regional distribution, ABAWDs constitute between 3 and 4 percent of the FSP caseload in each of the seven FSP regions--ranging from a low of 3.0 percent in the Northeast and Mountain Plains regions to a high of 4.0 percent in the Midwest (Table II.9).

6. Number of Consecutive Months Receiving FSP Benefits

Although the QC database does not indicate the number of months that an individual has received food stamps over the preceding 36 months, it does indicate how long an individual has participated in the FSP during the current uninterrupted period of participation. Table II.10 shows the distribution of FSP adults and ABAWDs by the number of consecutive months of participation. On average, ABAWDs have participated in the FSP for fewer consecutive months than have FSP adults. About one-third of ABAWDs (34.3 percent) have participated for three months or less, compared with only 17.8 percent of FSP adults. And only 29.3 percent of ABAWDs are in the midst of a participation spell of longer than a year, compared with 49.0 percent of FSP adults.

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                                                              Table II.8
                                          DISTRIBUTION BY STATE OF SELECTED FSP PARTICIPANTS
                                              (universe excludes PRWORA-ineligible aliens)
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	All FSP Participants		FSP Adults		Age 18-50, No Kids		ABAWDs	
	Number (000s)	Percent	Number (000s)	Percent	Number (000s)	Percent	Number (000s)	Percent
Total..............	24,720	100.0	11,696	47.3	2,334	9.4	892	3.6
Alabama............	533	100.0	260	48.8	45	8.4	18	3.5
Alaska.............	48	100.0	21	44.2	4	9.0	2	4.4
Arizona............	401	100.0	173	43.2	32	7.9	13	3.1
Arkansas...........	279	100.0	143	51.3	23	8.4	9	3.4
California.........	2,925	100.0	958	32.8	166	5.7	111	3.8
Colorado...........	236	100.0	114	48.1	21	9.1	5	1.9
Connecticut........	210	100.0	106	50.3	24	11.4	12	5.5
Delaware...........	53	100.0	24	46.0	4	8.1	1	2.7
Dist. of Col........	93	100.0	45	48.6	13	13.6	7	7.7
Florida............	1,302	100.0	606	46.6	110	8.5	40	3.1
Georgia............	805	100.0	384	47.7	60	7.5	27	3.4
Guam...............	16	100.0	6	36.9	1	3.5	>0	0.8
Hawaii.............	117	100.0	64	54.8	18	15.5	6	5.2
Idaho..............	78	100.0	38	48.6	7	8.6	2	2.9
Illinois...........	1,039	100.0	503	48.4	124	11.9	47	4.5
Indiana............	390	100.0	189	48.6	45	11.5	13	3.2
Iowa...............	174	100.0	90	51.9	17	9.8	4	2.5
Kansas.............	170	100.0	83	48.8	16	9.5	4	2.3
Kentucky...........	477	100.0	265	55.5	49	10.2	21	4.4
Louisiana..........	685	100.0	325	47.4	53	7.7	26	3.9
Maine..............	127	100.0	76	60.0	19	14.8	7	5.2
Maryland...........	383	100.0	181	47.3	36	9.4	8	2.2
Massachusetts......	349	100.0	163	46.8	37	10.7	10	2.8
Michigan...........	932	100.0	464	49.8	126	13.5	54	5.8
Minnesota..........	294	100.0	144	48.9	33	11.2	9	2.9
Mississippi........	443	100.0	223	50.4	37	8.2	16	3.6
Missouri...........	562	100.0	287	51.1	58	10.3	23	4.1
Montana............	73	100.0	37	50.1	7	9.7	2	3.2
Nebraska...........	101	100.0	49	48.7	10	9.4	2	2.3
Nevada.............	102	100.0	50	49.3	11	10.8	5	4.7
New Hampshire......	54	100.0	27	50.5	5	10.2	1	1.6
New Jersey.........	514	100.0	240	46.6	53	10.3	13	2.6
New Mexico.........	226	100.0	103	45.5	15	6.8	6	2.6
New York...........	1,916	100.0	986	51.5	219	11.4	60	3.1
North Carolina.....	632	100.0	328	51.9	48	7.7	18	2.9
North Dakota.......	37	100.0	20	54.5	4	11.7	1	3.9
Ohio...............	1,023	100.0	536	52.4	125	12.2	33	3.3
Oklahoma...........	349	100.0	186	53.2	35	10.0	13	3.7
Oregon.............	283	100.0	153	54.2	44	15.6	15	5.4
Pennsylvania.......	1,104	100.0	592	53.6	146	13.2	50	4.6
Rhode Island.......	86	100.0	39	45.2	7	8.0	2	2.6
South Carolina.....	358	100.0	168	46.9	25	6.9	9	2.5
South Dakota.......	47	100.0	23	48.3	4	9.1	1	2.3
Tennessee..........	627	100.0	344	54.9	70	11.2	28	4.4
Texas..............	2,253	100.0	962	42.7	135	6.0	70	3.1
Utah...............	108	100.0	50	46.6	9	8.7	2	2.3
Vermont............	60	100.0	33	54.6	6	10.7	3	4.2
Virgin Islands.....	21	100.0	8	37.2	1	5.1	>0	1.9
Virginia...........	537	100.0	278	51.7	54	10.0	19	3.6
Washington.........	482	100.0	239	49.6	58	12.0	15	3.2
West Virginia......	294	100.0	171	58.1	42	14.2	16	5.5
Wisconsin..........	278	100.0	122	43.7	19	6.7	7	2.7
Wyoming............	33	100.0	16	48.1	3	9.5	1	4.1

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     Source: Fiscal Year 1996 Food Stamp Quality Control sample
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Table II.9
DISTRIBUTION BY REGION OF SELECTED FSP PARTICIPANTS
(universe excludes PRWORA-ineligible aliens)

	All FSP Participants		FSP Adults		Age 18-50, No Kids		ABAWDs	
	Number (000s)	Percent	Number (000s)	Percent	Number (000s)	Percent	Number (000s)	Percent
Number (000s)............	24,720	100.0	11,696	47.3	2,334	9.4	892	3.6
Region								
Northeast..............	2,801	100.0	1,430	51.0	318	11.4	93	3.3
Mid-Atlantic..........	3,000	100.0	1,539	51.3	348	11.6	116	3.9
Southeast.............	5,176	100.0	2,578	49.8	444	8.6	178	3.4
Midwest...............	3,957	100.0	1,957	49.5	471	11.9	163	4.1
Southwest.............	3,793	100.0	1,719	45.3	262	6.9	125	3.3
Mountain Plains.......	1,543	100.0	770	49.9	150	9.7	47	3.1
Western...............	4,451	100.0	1,703	38.3	340	7.6	169	3.8
Urban/Rural Indicator								
Rural.................	5,798	100.0	3,057	52.7	561	9.7	218	3.8
Urban.................	18,909	100.0	8,632	45.7	1,770	9.4	672	3.6
Unknown...............	14	100.0	7	48.7	2	11.6	1	6.3

Source: Fiscal Year 1996 Food Stamp Quality Control sample

TABLE II.10

DISTRIBUTION OF FSP ADULTS AND ABAWDs
BY NUMBER OF CONSECUTIVE MONTHS PARTICIPATING IN THE FOOD STAMP PROGRAM

	FSP Adults		ABAWDs	
	(000s)	Percent	(000s)	Percent
Total	11,696	100.0	892	100.0
Consecutive Months of Participation				
1	525	4.5	94	10.6
2	759	6.5	114	12.8
3	795	13.3	97	10.9
4-6	1,744	14.9	159	17.9
7-9	1,105	9.4	98	11.0
10-12	904	7.7	53	5.9
13 or more	5,727	49.0	261	29.3
3 or fewer	2,079	17.8	306	34.3
3 or fewer, and no prior receipt of food stamps	530	4.5	95	10.6
Missing Data	137	1.2	14	0.8

SOURCE: Fiscal Year 1996 Quality Control Database

ABAWDs who have participated for less than 3 consecutive months (34.3 percent of all ABAWDs) may not have exhausted their 3 months of FSP eligibility,[13] though some of these short-term recipients probably received food stamp benefits prior to the current participation spell but within the 36-month PRWORA window. Indeed, QC data indicate that only 10.6 percent of ABAWDs have participated for 3 consecutive months or less *and* have no prior spells of food stamp receipt. These two estimates--10.6 percent and 34.3 percent--probably represent lower and upper bounds of the percentage of ABAWDs who have not reached PRWORA's time limit.[14]

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[13]An individual has exhausted his or her eligibility, or has reached the PRWORA time limit, if one of the following is true: (1) the individual has used up the initial 3 months of eligibility and never regained eligibility, or (2) the individual has used up the initial 3 months of eligibility, regained and re-lost it and at least 4 months have passed since eligibility was re-lost.

[14]The upper bound could conceivably be higher, since longer-term FSP recipients may not have reached the time limit if fewer than three of the months in their current spell are countable towards the time limit. This type of error, though, is probably offset by short-term recipients whose prior spells cause them to exceed three months.

III. ESTIMATING THE NUMBER OF PEOPLE WHO LOSE ELIGIBILITY
DUE TO THE WORK REQUIREMENT, AND PATTERNS
OF WORK AND FSP PARTICIPATION AMONG ABAWDs

Although QC data can be used to estimate the number of ABAWDs and to describe their demographic and economic characteristics, the database cannot be used to determine which participants eventually reach the time limit. SIPP, however, can be used for this purpose and for examining patterns of work and FSP participation over time among ABAWDs because it provides 26 months of data (January 1990 through February 1992) for each person who is part of the 1990 SIPP panel.[1] The estimates in this chapter of the number of people who would lose eligibility under PRWORA are based on a subset of cases from the 1990 SIPP longitudinal file.

A. ESTIMATING THE PERCENTAGE OF ABAWDS WHO LOSE ELIGIBILITY UNDER PRWORA'S WORK REQUIREMENT

Under PRWORA's work requirement, an individual is ineligible to receive food stamps under two conditions: if he or she is an ABAWD *and* if, during the preceding 36-month period, the individual received food stamps for 3 months while he or she was an ABAWD.[2] Thus, to determine whether an individual would lose FSP eligibility in a given month, we need to answer two questions. First, was the individual an ABAWD in that month? Second, has the individual received food stamps for 3 months as an ABAWD during the preceding 36-month period?

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[1]Because the 1990 longitudinal SIPP file contains only 26 months of data for each person, it cannot be used to simulate the impact of the time limit at the end of the initial 36-month window. The 1992 and 1993 longitudinal SIPP files, when completed, will contain 34 months of data for each person in the corresponding panels.

[2]An individual who meets both of these criteria can still receive FSP benefits if he or she lives in a waiver area or is covered by the 15 percent exemption. These impact of these exemptions is discussed later in this section and in Appendix A.

1. **Identifying ABAWDs Using SIPP Data**

People in the longitudinal SIPP file are identified as ABAWDs according to a definition that is largely analogous to the definition for identifying them in the QC file. However, compared with QC data, SIPP data do not provide as much of the information needed to determine whether an individual is exempt from ABAWD status.[3] Because several exemptions cannot be modeled, some of the people identified as ABAWDs on SIPP may not be so. But this is not a major concern, since the goal is to determine not the number of ABAWD FSP participants in SIPP but the percentage who have reached the time limit.[4] Including a small number of non-ABAWDs in our analysis should have a negligible effect on the estimated percentage.

2. **Counting the Number of Months Accumulated Toward the Time Limit**

Using the SIPP longitudinal file, we can determine, for each month between January 1990 and February 1992, whether an individual is an ABAWD and whether he or she receives food stamps. If an individual is both an ABAWD and receiving food stamps in a given month, the individual accumulates one month toward PRWORA's time limit. By tracking individuals across months, we can determine whether and when they hit the three-month limit. Essentially, this procedure simulates what would have happened if the time limit had gone into effect in January 1990. However, because this simulation is based on data from January 1990 through February 1992, when a time limit was not in place, nobody in the sample actually leaves the FSP because of a time limit. Consequently,

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[3]Specifically, SIPP data do not indicate whether a person is (1) pregnant, (2) needed in the home to care for an ill or incapacitated person, (3) participating in a drug or alcohol rehabilitation program, (4) subject to and complying with a work registration requirement under another program, or (5) participating in CWEP or some other work experience program.

[4]According to the SIPP longitudinal file, 592 thousand FSP participants were ABAWDs in January 1992 (3.2 percent of all FSP participants). Similar tabulations based on fiscal year 1996 QC data place the figure at 892 thousand (3.6 percent of all FSP participants). The discrepancy between these two estimates is examined in Appendix A.

although it would not be permitted under PRWORA, we can speak in terms of *exceeding* the time limit during the 25-month analysis period. The results of this simulation are presented in Tables III.1A and III.1B. Three of the rows in each table are labeled with letters (in the left margin) to highlight important categories of people.

The first row of Table III.1A shows the number of FSP participants each month from January 1990 to February 1992. The next block of rows shows the distribution of these FSP participants by the number of months they have accumulated toward the time limit (i.e., the number of months they have received food stamps as an ABAWD). For those who have accumulated more than 3 months toward the time limit (row A), Table III.1A then provides answers to the following questions:

- How many have regained eligibility by working 80 or more hours in a subsequent month?

- Of those who have regained eligibility, how many have "re-lost" it (by failing to meet the work requirement in a subsequent month) and exhausted their final 3 months of benefits allowed during the current 36-month window?

- How many have exhausted their eligibility entirely (row B)?

- How many are ineligible because of PRWORA's time limit (row C)? (A person is ineligible in a given month if he or she has reached the time limit and is an ABAWD that month.)

Table III.1B shows how many people are in each of these categories, expressed as a percentage of the total FSP caseload in a given month.

The boldface column in Tables III.1A and III.1B (January 1992) illustrates what would have happened to the January 1992 FSP caseload if PRWORA's time limit had gone into effect in January

TABLE III.1A

MONTHLY DISTRIBUTION OF FSP PARTICIPANTS
BY NUMBER OF MONTHS EXHIBITING SELECTED CHARACTERISTICS

(All Numbers in Thousands)

	1/90	2/90	3/90	4/90	5/90	6/90	7/90	8/90	9/90	10/90	11/90	12/90	1/91	2/91	3/91	4/91	5/91	6/91	7/91	8/91	9/91	10/91	11/91	12/91	1/92	2/92
FSP Participants	16,917	17,077	17,290	17,259	17,141	17,502	17,477	17,477	17,528	17,764	18,036	17,910	18,035	18,514	18,263	18,163	18,299	18,490	18,364	18,782	18,691	18,765	18,689	18,849	**18,787**	18,834
Months Accumulated Toward the Time Limit																										
1-3	444	518	591	268	239	205	223	248	306	290	350	350	377	357	291	276	268	288	237	233	212	225	204	254	**316**	323
4-6				327	415	454	204	199	180	194	221	204	217	274	286	294	244	211	203	206	185	184	191	162	**181**	174
7-12							234	253	294	305	373	381	243	215	187	230	232	222	233	221	228	253	236	248	**232**	227
13-18													161	182	199	204	227	230	129	130	148	138	122	109	**126**	129
19-25																			116	126	137	137	160	173	**168**	83
26																										77
A Accumulated More Than 3 Months Toward Time Limit				327	415	454	439	452	473	499	593	585	621	670	672	727	702	663	679	683	698	711	709	692	**706**	690
Regained eligibility					12	52	57	51	64	57	83	95	103	92	115	137	157	155	162	174	172	188	189	166	**172**	181
"Re-lost" eligibility and exhausted final 3 months									5	4	9	15	40	50	48	43	51	63	65	65	77	91	99	99	**81**	77
B Exhausted Time Limit				327	403	402	382	401	414	446	519	505	558	628	605	633	596	571	582	574	603	614	619	625	**615**	586
FSP Participants	16,917	17,077	17,290	17,259	17,141	17,502	17,477	17,477	17,528	17,764	18,036	17,910	18,035	18,514	18,263	18,163	18,299	18,490	18,364	18,782	18,691	18,765	18,689	18,849	**18,787**	18,834
ABAWDs	444	498	573	543	563	538	508	531	584	607	703	699	700	739	639	631	582	605	603	590	592	552	520	545	**592**	557
Exhausted Time Limit				327	403	402	382	401	414	446	519	505	558	628	605	633	596	571	582	574	603	614	619	625	**615**	586
C PRWORA-Ineligible				327	403	395	345	347	334	398	424	426	439	505	462	488	452	427	449	445	461	444	437	430	**417**	371
PRWORA-Ineligible Nonparticipants				0	5	18	48	69	75	68	56	102	96	102	142	157	164	169	166	188	170	161	171	182	**184**	230

SOURCE: 1990 SIPP longitudinal file

This table uses longitudinal SIPP data from January 1990 through February 1992 to simulate the impact of imposing PRWORA's work requirement and time limit in January 1990. Each column shows the distribution of FSP participants by the number of months they have accumulated towards the time limit (i.e., received food stamps as an ABAWD) between January 1990 and the column month.

Row A shows the number of FSP participants who have accumulated more than 3 months towards the time limit. Row B includes all people in A, except those that have regained (and not subsequently re-lost) eligibility. Row C shows the number of FSP participants that have exhausted the time limit and are ABAWDs in the column month, thus making them ineligible to participate in the FSP under PRWORA.

Note that this simulation is based on behavior observed during a period when the time limit did not exist. To the extent that people change their behavior in response to the time limit, the estimates presented in this table may over- or understate the number of people that leave the FSP.

TABLE III.1B

MONTHLY DISTRIBUTION OF FSP PARTICIPANTS
BY NUMBER OF MONTHS EXHIBITING SELECTED CHARACTERISTICS

(All Numbers in Percentages)

	1/90	2/90	3/90	4/90	5/90	6/90	7/90	8/90	9/90	10/90	11/90	12/90	1/91	2/91	3/91	4/91	5/91	6/91	7/91	8/91	9/91	10/91	11/91	12/91	1/92	2/92
FSP Participants	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	**100.0**	100.0
Months Accumulated Toward the Time Limit																										
1-3	2.6	3.0	3.4	1.6	1.4	1.2	1.3	1.4	1.7	1.6	1.9	2.0	2.1	1.9	1.6	1.5	1.5	1.6	1.3	1.2	1.1	1.2	1.1	1.3	**1.7**	1.7
4-6				1.9	2.4	2.6	1.2	1.1	1.0	1.1	1.2	1.1	1.2	1.5	1.6	1.6	1.3	1.1	1.1	1.1	1.0	1.0	1.0	0.9	**1.0**	0.9
7-12							1.3	1.4	1.7	1.7	2.1	2.1	1.3	1.2	1.0	1.3	1.3	1.2	1.3	1.2	1.2	1.3	1.3	1.3	**1.2**	1.2
13-18													0.9	1.0	1.1	1.1	1.2	1.2	0.7	0.7	0.8	0.7	0.7	0.6	**0.7**	0.7
19-25																			0.6	0.7	0.7	0.7	0.9	0.9	**0.9**	0.4
26																										0.4
A Accumulated More Than 3 Months Toward Time Limit				1.9	2.4	2.6	2.5	2.6	2.7	2.8	3.3	3.3	3.4	3.6	3.7	4.0	3.8	3.6	3.7	3.6	3.7	3.8	3.8	3.7	**3.8**	3.7
Regained eligibility					0.1	0.3	0.3	0.3	0.4	0.3	0.5	0.5	0.6	0.5	0.6	0.8	0.9	0.8	0.9	0.9	0.9	1.0	1.0	0.9	**0.9**	1.0
"Re-lost" eligibility and exhausted final 3 months									0.0	0.0	0.0	0.1	0.2	0.3	0.3	0.2	0.3	0.3	0.4	0.3	0.4	0.5	0.5	0.5	**0.4**	0.4
B Exhausted Time Limit	0.0	0.0	0.0	1.9	2.4	2.3	2.2	2.3	2.4	2.5	2.9	2.8	3.1	3.4	3.3	3.5	3.3	3.1	3.2	3.1	3.2	3.3	3.3	3.3	**3.3**	3.1
FSP Participants	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	**100.0**	100.0
ABAWDs	2.6	2.9	3.3	3.1	3.3	3.1	2.9	3.0	3.3	3.4	3.9	3.9	3.9	4.0	3.5	3.5	3.2	3.3	3.3	3.1	3.2	2.9	2.8	2.9	**3.2**	3.0
Exhausted Time Limit				1.9	2.4	2.3	2.2	2.3	2.4	2.5	2.9	2.8	3.1	3.4	3.3	3.5	3.3	3.1	3.2	3.1	3.2	3.3	3.3	3.3	**3.3**	3.1
C PRWORA-Ineligible																										
Percent of all FSP participants				1.9	2.4	2.3	2.0	2.0	1.9	2.2	2.4	2.4	2.4	2.7	2.5	2.7	2.5	2.3	2.4	2.4	2.5	2.4	2.3	2.3	**2.2**	2.0
Percent of ABAWD participants				60.2	71.6	73.4	67.9	65.3	57.2	65.6	60.3	60.9	62.7	68.3	72.3	77.3	77.7	70.6	74.5	75.4	77.9	80.4	84.0	78.9	**70.4**	66.6

SOURCE: 1990 SIPP longitudinal file

This table uses longitudinal SIPP data from January 1990 through February 1992 to simulate the impact of imposing PRWORA's work requirement and time limit in January 1990. Each column shows the distribution of FSP participants by the number of months they have accumulated towards the time limit (i.e., received food stamps as an ABAWD) between January 1990 and the column month. Unless otherwise specified, all figures represent the percentage of all FSP participants in the column month.

Row A shows the percentage of FSP participants who have accumulated more than 3 months towards the time limit. Row B includes all people in A, except those that have regained (and not subsequently re-lost) eligibility. Row C shows the percentage of FSP participants that have exhausted the time limit and are ABAWDs in the column month, thus making them ineligible to participate in the FSP under PRWORA.

Note that this simulation is based on behavior observed during a period when the time limit did not exist. To the extent that people change their behavior in response to the time limit, the estimates presented in this table may over- or understate the number of people that leave the FSP.

1990. Of the 18.8 million participants in January 1992, 706 thousand (3.8 percent) would have used up their initial 3 months of eligibility (row A). Of these 706 thousand, 172 thousand (24.4 percent) would have regained eligibility by working at least 80 hours in a month subsequent to their simulated loss of eligibility, but nearly half (81 thousand) of those who regained eligibility would have later stopped working and exhausted their final 3 months of eligibility.

In all, 615 thousand (3.3 percent) of the FSP participants in January 1992 would have reached the time limit (row B). But because the time limit only applies to people who are ABAWD in a given month, of the 615 thousand FSP participants who would have exhausted the time limit, only the 417 thousand who were ABAWD in January 1992 would have been ineligible that month (row C).[5] The other 208 thousand are FSP participants who would have remained eligible only as long as they were non-ABAWD. Generally, this means they would have remained eligible as long as they continued to work 20 or more hours per week.

Another population that would have been unaffected in January 1992, but would be at risk of being affected in future months, consists of people who are ABAWD and have used up all months of eligibility but chose not to participate in the FSP in January 1992. These 184 thousand ineligible nonparticipants would remain ineligible until at least January 1993 (the end of the initial 36-month window). More precisely, they could not participate until 36 months after they first accumulated a month toward the time limit.

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[5]Another 20 thousand ABAWD FSP participants would have been in their third time-limited month in January 1992. Barring a change in ABAWD status, these individuals would be ineligible in subsequent months. Similarly, 21 thousand ABAWD FSP participants in January 1992 would have recently re-lost eligibility, becoming ineligible within 3 months.

Other columns in Tables III.1A and III.1B illustrate how the impact of the time limit varies across months.[6] Most of the impact would be felt in month four, the first month in which people could reach the time limit. In that month, 1.9 percent of all FSP participants and 60.2 percent of all ABAWD FSP participants would lose eligibility (Table III.1B, row C). These percentages change very little over the course of the next two years. The percentage of FSP participants who would lose eligibility rises from 1.9 percent in April 1990 to a high of 2.7 percent in early 1991, then falls to 2.2 percent in January 1992. Similarly, the percentage of ABAWD FSP participants who would lose eligibility rises from 60.2 percent in April 1990 to just over 80 percent in late 1991, then drops to 70.4 percent in January 1992.

Much of the fluctuation in the percentage of ABAWD FSP participants who would lose eligibility may be attributable to sampling error. There is some evidence, though, that the gradual increase in the percentage throughout 1991 is caused by a steady decline in the denominator (the number of ABAWD FSP participants), combined with little or no change in the numerator (the number of ABAWD FSP participants who would lose eligibility). This may indicate that, during 1991, the employment rate increased among ABAWD FSP participants but that those gains were realized by short-term ABAWDs.

3. Estimating the Number of FSP Participants Who Lose Eligibility Under PRWORA's Work Requirement

In the previous section, we simulated what would have happened if PRWORA's time limit had gone into effect in January 1990: data from January 1992 (25 months after the imposition of the time limit) show that 70.4 percent of all ABAWD FSP participants in that month would have exhausted

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[6]Weighted counts in Table III.1A may be less reliable for months other than January 1992, since the sample is weighted to match the U.S. population in January 1992.

their 3 months of eligibility. To determine the *number* of FSP participants who would have lost eligibility, we apply this percentage to FSP caseload estimates derived from the QC database.

QC data indicate that there were 892 thousand ABAWD FSP participants (3.6 percent of all FSP participants) in an average month of fiscal year 1996 (Chapter I, Table I.1). SIPP analysis suggests that 70.4 percent of these people have exhausted their 3 months of eligibility. Thus, we estimate that 628 thousand ABAWD FSP participants (2.5 percent of all FSP participants) will have exhausted their eligibility 2 years after PRWORA takes effect.

This estimate of PRWORA ineligibles is the most accurate we can derive given the available data. Nevertheless, it overstates the number of people who will lose eligibility because we did not model the high-unemployment-area waiver or the recently enacted 15 percent exemption. Thus, some of the people identified as ABAWD FSP participants will be exempt from the work requirement. FNS estimates that about 36.8 percent of ABAWD FSP participants live in areas covered by a high-unemployment waiver, and that 15 percent of the remaining ABAWDs will be granted an exemption.[7] Based on these estimates, only 337 thousand (53.7 percent) of the 628 thousand ABAWD FSP participants who reach the time limit would actually lose eligibility.[8]

These estimates of the number of people who will lose eligibility under PRWORA should be interpreted in light of three other caveats. First, the FSP caseload decreased in size by about 8 percent between fiscal year 1996 and fiscal year 1997. Presumably, the number of ABAWD FSP participants also declined over this period. Second, we assume that people do not change their behavior in response to the time limit. To the extent that this assumption is incorrect, the estimates

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[7]FNS's waiver estimate is based on approved waivers that states had implemented or intended to implement as of August 21, 1997.

[8]The 53.7 percent figure is calculated as: 100% - 36.8% - (63.2% * 15.0%) = 53.7%.

presented here may over- or understate the number of people who lose eligibility.[9] Third, we consider

an ABAWD FSP participant to be disqualified the instant he or she reaches the 3-month time limit.

In practice, the individual may not be disqualified until he or she applies for recertification.

Consequently, the impact of the work requirement will be spread out over several months, rather than

focused in month four as our analysis suggests.

4.   Sensitivity of the Impact of the Work Requirement to Changes in the Length of the Time Limit

The simulated impact of the work requirement is most severe in the fourth month--the first month

in which people can lose eligibility. After the fourth month, the percentage of participants affected

remains relatively constant   (see Table III.1B, row C). This may indicate that the ABAWD

population is a static one, and that most ABAWD FSP participants will lose eligibility no matter how

long the time limit. To test this hypothesis, we examined the distribution of ABAWD FSP

participants in January 1992 by the number of months they accumulated toward the time limit

between January 1990 and January 1992 (Table III.2).

Of the ABAWD FSP participants in January 1992, 74.2 percent have accumulated more than 3

months toward the time limit and thus lose eligibility (Table III.2).[10] As the length of the time limit

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[9]For example, faced with a three-month time limit, some people would probably begin to comply
with PRWORA's work requirements (i.e., work or participate in a work program for 20 or more hours
a week) and thus remain eligible for the FSP. To the extent that this occurs, the estimates presented
here will overstate the number of PRWORA ineligibles. On the other hand, some able-bodied people
might choose to leave the FSP before they reach the time limit (or never to enter the FSP in the first
place) so as to preserve their three months of eligibility. To the extent that this occurs, the estimates
presented here will understate the number of people leaving the program.

[10]This estimate of the percentage of ABAWD FSP participants that have accumulated more than
three months toward the time limit (74.2 percent) is slightly higher than the percentage that lose
eligibility due to a three month time limit (70.4 percent, Table III.1B). The reason for the discrepancy
is that the larger number includes ABAWD FSP participants who are in their final three-month period
of eligibility, after having "re-lost" eligibility.

TABLE III.2

DISTRIBUTION OF ABAWD FSP PARTICIPANTS IN JANUARY 1992,
BY NUMBER OF MONTHS ACCUMULATED TOWARD A SIMULATED TIME LIMIT

| | ABAWD FSP Participants, January 1992 | | | |
| | 25 Month Window (January 1990 to January 1992) | | 12 Month Window (February 1991 to January 1992) | |
	(000s)	(Percentage)	(000s)	(Percentage)
Total	592	100.0	592	100.0
Number of Months Accumulated Toward the Time Limit				
1	74	12.5	95	16.0
2	59	10.0	59	10.0
3	20	3.4	20	3.4
4	30	5.1	49	8.3
5	12	2.0	30	5.1
6	19	3.2	38	6.4
1-6	214	36.1	291	49.2
7-12	125	21.1	300	50.7
13-18	91	15.4	NA	NA
19-25	162	27.4	NA	NA
more than 3	439	74.2	417	70.4
more than 4	409	69.1	368	62.2
more than 6	378	63.9	300	50.7
more than 12	253	42.7	NA	NA

SOURCE: 1990 SIPP longitudinal file

is changed, there is a modest impact on the percentage of people who lose eligibility. For instance, when the time limit is extended to 4 months, 69.1 percent of ABAWD FSP participants lose eligibility. A 6- month time limit causes 63.9 percent to lose eligibility, and a 12-month time limit causes 42.7 percent to lose eligibility.

However, the impact of the time limit is driven not only by the number of months an individual is allowed to accumulate, but by the length of the "window" over which those months accumulate. To illustrate the impact of changes in the length of the window, we simulated the impact of various time limits when the window is reduced from 25 months to 12 months,[11] counting months toward the time limit if they fall between February 1991 and January 1992. Surprisingly, the percentage of ABAWD FSP participants who would reach the 3-month limit during the 12-month window (70.4 percent) is nearly as high as the percentage who would reach the limit during the 25-month window (74.2 percent). But estimates based on the 12-month window start to diverge from those based on the 25-month window as the length of the time limit increases. For example, a 4-month limit during a 12-month window would cause 62.2 percent to lose eligibility, and a 6-month limit would cause 50.7 percent to lose eligibility, compared with 69.1 percent and 63.9 percent, respectively, during the 25-month window.

This analysis indicates that the impact of PRWORA's work requirement varies modestly in response to changes in the length of the time limit and to changes in the length of the window. Thus, the population at risk of losing eligibility is not entirely static. Indeed, there is a monthly turnover of nearly 10 percent in the population of ABAWD FSP participants. Of the 2.0 million people who would have accumulated at least one month toward the time limit between January 1990 and February 1992, 1.0 million were ABAWD in an average month (Table III.3). Each month, an average of 9.1

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[11]PRWORA's time limit actually applies over a 36-month window, but we are limited to 25 months by the longitudinal SIPP file.

February 1992, 1.0 million were ABAWD in an average month (Table III.3). Each month, an average of 9.1 percent of these ABAWD people become non-ABAWD, and an equal number of non-ABAWD people become ABAWD. So while there is little change in the size of the ABAWD population over time, it is not static in terms of composition.

B. PATTERNS OF ABAWD STATUS, EMPLOYMENT, AND FSP PARTICIPATION

The most common reason for changes in ABAWD status is a change in employment status. A loss of employment accounted for 71.3 percent of transitions into ABAWD status, and a gain of employment accounted for 66.4 percent of the transitions out of ABAWD status between January 1990 and February 1992. The second leading cause of transitions into ABAWD status was losing the student exemption--probably the result of 18-year-olds graduating from high school. The second leading cause of transitions out of ABAWD status was the birth of a child.

To understand the dynamics of the ABAWD population, we examined patterns of ABAWD status, employment, and FSP participation among three groups: (1) people who accumulate their first month toward the time limit in the month it is implemented (in our simulation, January 1990); (2) people who accumulate their first month toward the time limit in a subsequent month; and (3) people who lose eligibility because they reach the time limit. Basing the distinction between groups on when the first month is accumulated is important because people who accumulate their first month in January 1990 are more likely to be long-term ABAWD FSP participants.[12]

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[12]To see why this is the case, consider participants who accumulate their first month in January 1990. This group comprises people who are ABAWD FSP participants for the first time in January 1990 and people whose spell of ABAWD participation started prior to January 1990. Although we cannot observe behavior prior to January 1990, tabulations suggest that 85 percent of ABAWD FSP participants in January 1990 were also ABAWD FSP participants prior to January 1990. People in this group are more likely to be long-term ABAWD FSP participants than are people who become ABAWD FSP participants in a subsequent month.

TABLE III.3

TRANSITIONS IN AND OUT OF ABAWD STATUS
IN AN AVERAGE MONTH BETWEEN FEBRUARY 1990 AND FEBRUARY 1992

UNIVERSE = People That Accumulate at Least 1 Month Toward the Time Limit Between January 1990 and February 1992

	People Subject to the Time Limit in an Average Month Between February 1990 and February 1992	
	(000s)	Percentage
ABAWD Population	**1,016**	**100.0**
Transitions from Non-ABAWD to ABAWD	+100	+9.1
Transitions from ABAWD to Non-ABAWD	-99	-9.1
Net Change in ABAWD Population	+1	+0.1
Transitions from Non-ABAWD to ABAWD	**96**	**100.0**
Reason Exempt in Previous Month*		
Under age 18 or over age 49	6	6.5
Parent in previous month	2	2.2
Disabled	2	2.2
Working 20+ hours	69	71.3
Receiving unemployment insurance	7	6.8
FSP eligible student	13	13.7
Transitions from ABAWD to Non-ABAWD	**95**	**100.0**
Reason Exempt in Current Month*		
Under age 18 or over age 49	2	2.0
Parent in current month	10	10.8
Disabled	7	7.7
Working 20+ hours	63	66.4
Receiving unemployment insurance	8	8.2
FSP eligible student	9	9.4

SOURCE: 1990 SIPP longitudinal file

*   Column may sum to more than total because people can be exempt for multiple reasons

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Two methods were used to examine the behavioral patterns of these three groups. First, we looked at monthly rates of employment, FSP participation, and other selected characteristics over a 13-month period. Second, we examined the distribution of people in each group by the cumulative number of months in which they exhibit selected characteristics over the same 13-month period. The 13-month analysis period does not necessarily encompass the same months for people in different groups. For the group that accumulates its first month toward the time limit in January 1990 (the initial spell cohort), we track behavior over the 13-month period from January 1990 to January 1991. For the group that accumulates its first month after January 1990 (the new spell cohort), we track behavior over the 13 months starting with the first time-limited month. For the group that loses eligibility (ineligible cohort), we track behavior over the 13 months starting with the month in which eligibility is lost.[13]

1. Initial Spell Cohort

The initial spell cohort consists of people who are ABAWD FSP participants in January 1990. By tracking the behavior of this group, we can gauge PRWORA's likely impact on people who accumulate their first month toward the time limit in the month that goes into effect.[14] In the 13 months from January 1990 through January 1991, 85.8 percent of people in the initial spell cohort accumulate more than 3 months toward the time limit, 66.7 percent accumulate more than 6 months, and 36.3 percent accumulate 13 months (Table III.4).

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[13]We limit the new spell cohort to people who accumulate their first time-limited month between February 1990 and February 1991. Similarly, we limit the ineligible cohort to people who lose eligibility between February 1990 and February 1991. This ensures that we have 12 months of prospective data on all individuals. Thus, for these two cohorts, month 1 could correspond to any month between February 1990 and February 1991.

[14]Recall that this analysis assumes no behavioral response to the time limit. We simply track the historical behavior of each cohort.

TABLE III.4

DISTRIBUTION OF PEOPLE IN THE INITIAL SPELL COHORT, NEW SPELL COHORT, AND INELIGIBLE COHORT,
BY NUMBER OF MONTHS EXHIBITING SELECTED CHARACTERISTICS DURING THE ANALYSIS PERIOD*

	Initial Spell Cohort		New Spell Cohort		Ineligible Cohort	
	(000s)	Cumulative Percentage	(000s)	Cumulative Percentage	(000s)	Cumulative Percentage
All People	444	100.0	972	100.0	930	100.0
Number of Months Accumulated Toward the Time Limit						
13	161	36.3	90	9.2	205	22.1
7-12	135	66.7	247	34.6	268	50.9
6	35	74.7	86	43.5	61	57.5
5	32	81.9	64	50.1	46	62.4
4	18	85.8	234	74.2	54	68.1
3	27	91.9	54	79.7	99	78.8
2	29	98.4	87	88.7	33	82.4
1	7	100.0	110	100.0	164	100.0
Number of Months Receiving Food Stamps						
13	265	59.7	276	28.4	410	44.1
7-12	121	87.0	277	56.9	247	70.7
6	0	87.0	101	67.3	31	74.0
5	14	90.1	59	73.3	75	82.0
4	6	91.4	168	90.6	13	83.5
3	19	95.7	40	94.8	50	88.9
2	15	99.0	33	98.1	16	90.6
1	5	100.0	18	100.0	88	100.0
Number of Months ABAWD						
13	220	49.5	253	26.0	351	37.8
7-12	117	75.8	303	57.2	276	67.4
6	49	86.8	76	65.0	46	72.4
5	26	92.7	54	70.5	32	75.8
4	12	95.3	111	81.9	45	80.7
3	11	97.8	37	85.7	85	89.9
2	7	99.4	51	91.0	11	91.0
1	3	100.0	88	100.0	84	100.0
Number of Months Employed (working 20 or more hours)						
13	0	0.0	0	0.0	0	0.0
7-12	38	8.4	253	26.0	130	14.0
6	7	10.0	34	29.5	11	15.1
5	19	14.3	21	31.7	37	19.2
4	15	17.6	70	38.8	74	27.1
3	12	20.3	35	42.4	39	31.3
2	7	21.7	51	47.6	50	36.6
1	31	28.6	69	54.7	53	42.3
0	317	100.0	441	100.0	536	100.0
Number of Months Receiving Food Stamps and Employed						
13	0	0.0	0	0.0	0	0.0
7-12	3	0.8	62	6.4	17	1.9
6	0	0.8	12	7.6	5	2.4
5	28	7.0	31	10.7	20	4.5
4	12	9.5	43	15.2	56	10.6
3	21	14.3	47	20.0	54	16.3
2	5	15.3	76	27.8	65	23.3
1	28	21.6	87	36.8	53	29.0
0	348	100.0	615	100.0	660	100.0

SOURCE: 1990 SIPP longitudinal file

* The analysis period for the initial spell cohort spans from January 1990 to February 1991 (13 months).
   The analysis period for the new spell cohort covers the 13 months starting with the first month the person accumulates towards the time limit.
   The analysis period for the ineligible cohort covers the 13 months starting with the month the person loses eligibility because of the time limit.

Most of the people who stop accumulating time toward the time limit do so by the 8th month. The percentage of the initial spell cohort that is ABAWD and receiving food stamps declines from 100 percent in January 1990 to 51.6 percent in August 1990 (month 8), then stabilizes at about 55 percent (Table III.5A and Figure III.1A). A snapshot of the initial spell cohort in January 1991 (month 13) shows that 54.5 percent are ABAWD FSP participants, which includes the 36.3 percent who have been ABAWD FSP participants in each of the 13 months. Thus, of the people in the initial spell cohort who are ABAWD FSP participants in month 13, 66.6 percent have been ABAWD FSP participants for at least 13 consecutive months.[15] The remaining 33.4 percent have spent at least one month as non-ABAWD FSP participants--that is, they went from being ABAWD FSP participants to not being ABAWD FSP participants, and back.

By definition, nobody in the initial spell cohort works 20 or more hours in January 1990, but by June 1990 (month 6) the cohort's employment rate is at 16.9 percent (Table III.5A and Figure III.1A).[16] Though the employment rate fluctuates after month 6, the "steady state" rate appears to lie between 10 and 15 percent. Over the course of the 13-month analysis period, 28.6 percent of people in the initial spell cohort work at least one month (Table III.4), and just over half of those who work in an average month continue to receive food stamps (Table III.5A).[17]

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[15] $(36.3\% / 54.5\%) = 66.6\%$.

[16] Here, the employment rate refers to the percentage that either works 20 or more hours per week or has weekly earnings of at least 20 times the hourly minimum wage.

[17] For example, in June 1990 (month 6), 16.9 percent of people in the initial spell cohort are employed, and 9.7 percent are both employed and receiving food stamps (Table III.5A).

2. New Spell Cohort

The new spell cohort consists of people who are ABAWD FSP participants for the first time at some point between February 1990 and February 1991. By tracking the behavior of this group, we can gauge PRWORA's likely impact on people who accumulate their first month toward the time limit subsequent to the month it goes into effect.

The impact of the work requirement on the new spell cohort is less severe than on the initial spell cohort. In the 13 months starting with the first time-limited month, 74.2 percent of people in the new spell cohort accumulate more than 3 months toward the time limit; 34.6 percent accumulate more than 6 months; and 9.2 percent accumulate all 13 months (Table III.4).[18] Thus, while most people in the new spell cohort (74.2 percent) reach a 3-month time limit, substantially fewer (34.6 percent) reach a 6-month time limit. This discrepancy is less dramatic among the initial spell cohort, where 85.8 percent reach a 3-month limit and 66.7 percent reach a 6-month limit.

The percentage of the new spell cohort that is ABAWD and receiving food stamps declines from 100 percent in month 1 to 34.1 percent in month 5 (Table III.5B and Figure III.1B).[19] A snapshot of the new spell cohort in month 13 shows that 28.8 percent are ABAWD FSP participants, which includes the 9.2 percent who are ABAWD FSP participants in each of the 13 months. Thus, of the people in the new spell cohort who are ABAWD FSP participants in month 13, only 31.9 percent

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[18]A disproportionately large share of the new spell cohort (24.1 percent) accumulates exactly four months toward the time limit. This is an artifact of the "seam effect" on SIPP, whereby sample members tend to report the same value of a characteristic for all four months of a reference period. In reality, some of those in the four-month category probably accumulate fewer than four months while others accumulate more than four months.

[19]The sharp drop-off from 68.4 percent in month 4 to 34.1 percent in month 5 is another artifact of the SIPP's seam effect (see footnote 18).

TABLE III.5A

PATTERNS OF WORK AND FSP PARTICIPATION OF THE INITIAL SPELL COHORT*

Thousands

							MONTH						
	1/90	2/90	3/90	4/90	5/90	6/90	7/90	8/90	9/90	10/90	11/90	12/90	1/91
Initial Spell Cohort (n = 109)	444	444	444	444	444	444	444	444	444	444	444	444	444
Employed (Working 20+Hours)	0	13	15	22	46	75	70	89	71	46	38	43	50
Working 1 to <20 hours	37	25	35	34	33	19	5	0	25	16	12	13	6
Not Working	408	406	395	389	364	350	369	355	348	382	394	388	389
Receiving Food Stamps	444	426	402	377	379	364	359	339	367	328	367	335	343
ABAWD	444	417	422	391	375	339	315	273	291	305	307	302	304
ABAWD and Food Stamps	444	406	391	343	339	299	272	229	248	254	265	246	242
Employed and Food Stamps	0	6	4	10	25	43	35	40	48	20	24	28	31

Percentages

							MONTH						
	1/90	2/90	3/90	4/90	5/90	6/90	7/90	8/90	9/90	10/90	11/90	12/90	1/91
All Persons (n = 109)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Employed (Working 20+Hours)	0.0	2.9	3.4	5.0	10.4	16.9	15.8	20.0	16.0	10.4	8.6	9.7	11.3
Working 1 to <20 hours	8.3	5.6	7.9	7.7	7.4	4.3	1.1	0.0	5.6	3.6	2.7	2.9	1.4
Not Working	91.9	91.4	89.0	87.6	82.0	78.8	83.1	80.0	78.4	86.0	88.7	87.4	87.6
Receiving Food Stamps	100.0	95.9	90.5	84.9	85.4	82.0	80.9	76.4	82.7	73.9	82.7	75.5	77.3
ABAWD	100.0	93.9	95.0	88.1	84.5	76.4	70.9	61.5	65.5	68.7	69.1	68.0	68.5
ABAWD and Food Stamps	100.0	91.4	88.1	77.3	76.4	67.3	61.3	51.6	55.9	57.2	59.7	55.4	54.5
Employed and Food Stamps	0.0	1.4	0.9	2.3	5.6	9.7	7.9	9.0	10.8	4.5	5.4	6.3	7.0

SOURCE: 1990 SIPP longitudinal file

*   The initial spell cohort includes all people who accumulate their first month toward the time limit (i.e., ABAWD and receiving food stamps) in January 1990.

FIGURE III.1A
PATTERNS OF ABAWD STATUS, EMPLOYMENT, AND FSP PARTICIPATION
(INITIAL SPELL COHORT)
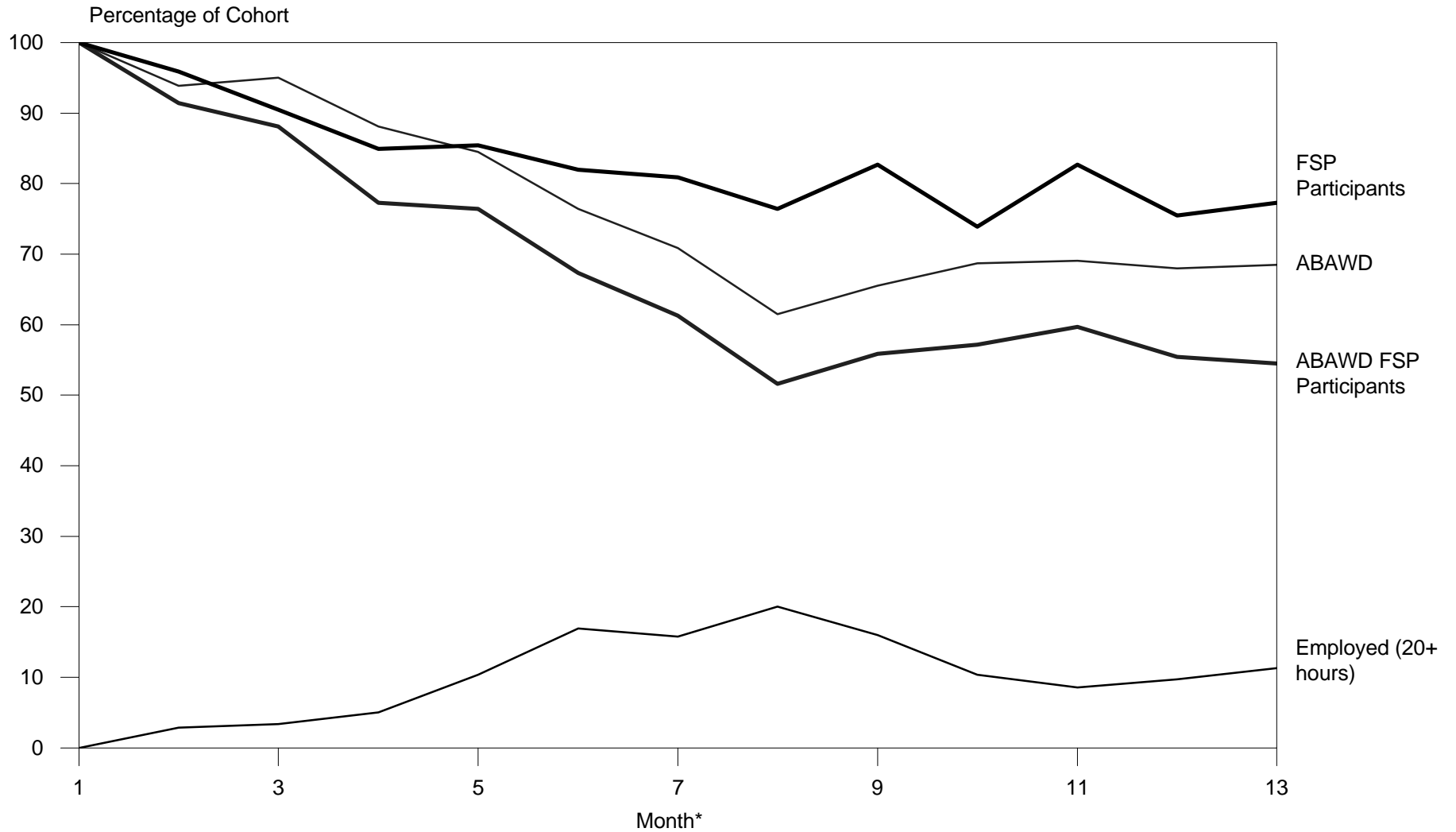
SOURCE: 1990 SIPP longittudinal file

* For initial spell cohort, month 1 is January 1990.

TABLE III.5B

PATTERNS OF WORK AND FSP PARTICIPATION OF THE NEW SPELL COHORT*

Thousands

							MONTH**						
	1	2	3	4	5	6	7	8	9	10	11	12	13
New Spell Cohort (n = 224)	972	972	972	972	972	972	972	972	972	972	972	972	972
Employed (Working 20+Hours)	0	85	158	169	293	314	325	332	312	307	320	340	302
Working 1 to <20 hours	186	91	67	92	55	68	63	56	49	56	58	67	63
Not Working	787	797	748	711	624	590	584	585	611	610	595	566	608
Receiving Food Stamps	972	940	906	868	593	551	467	482	451	430	436	458	466
ABAWD	972	849	768	740	536	518	467	453	496	479	455	453	468
ABAWD and Food Stamps	972	821	717	665	331	304	250	252	277	248	267	248	280
Employed and Food Stamps	0	80	149	156	159	146	107	117	83	94	76	113	74

Percentages

							MONTH**						
	1	2	3	4	5	6	7	8	9	10	11	12	13
All Persons (n = 224)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Employed (Working 20+Hours)	0.0	8.8	16.2	17.4	30.2	32.3	33.4	34.1	32.1	31.6	32.9	34.9	31.0
Working 1 to <20 hours	19.1	9.3	6.9	9.4	5.6	7.0	6.5	5.8	5.0	5.7	5.9	6.9	6.4
Not Working	80.9	81.9	76.9	73.1	64.2	60.7	60.1	60.1	62.9	62.7	61.1	58.2	62.5
Receiving Food Stamps	100.0	96.7	93.1	89.3	61.0	56.7	48.0	49.6	46.4	44.2	44.8	47.1	48.0
ABAWD	100.0	87.3	79.0	76.1	55.1	53.2	48.0	46.6	51.0	49.3	46.8	46.6	48.2
ABAWD and Food Stamps	100.0	84.5	73.7	68.4	34.1	31.2	25.7	25.9	28.5	25.5	27.5	25.5	28.8
Employed and Food Stamps	0.0	8.3	15.3	16.1	16.3	15.0	11.0	12.0	8.5	9.7	7.8	11.7	7.6

SOURCE: 1990 SIPP longitudinal file

* The new spell cohort includes all people who accumulate their first month toward the time limit (i.e., ABAWD and receiving food stamps) between February 1990 and February 1991.

** Month 1 refers to the first month accumulated toward the time limit. Months 2 through 13 are the 12 months following that month.

FIGURE III.1B
PATTERNS OF ABAWD STATUS, EMPLOYMENT, AND FSP PARTICIPATION
(NEW SPELL COHORT)

Percentage of Cohort

FSP
Participants

ABAWD

Employed
(20+ hours)

ABAWD FSP
Participants
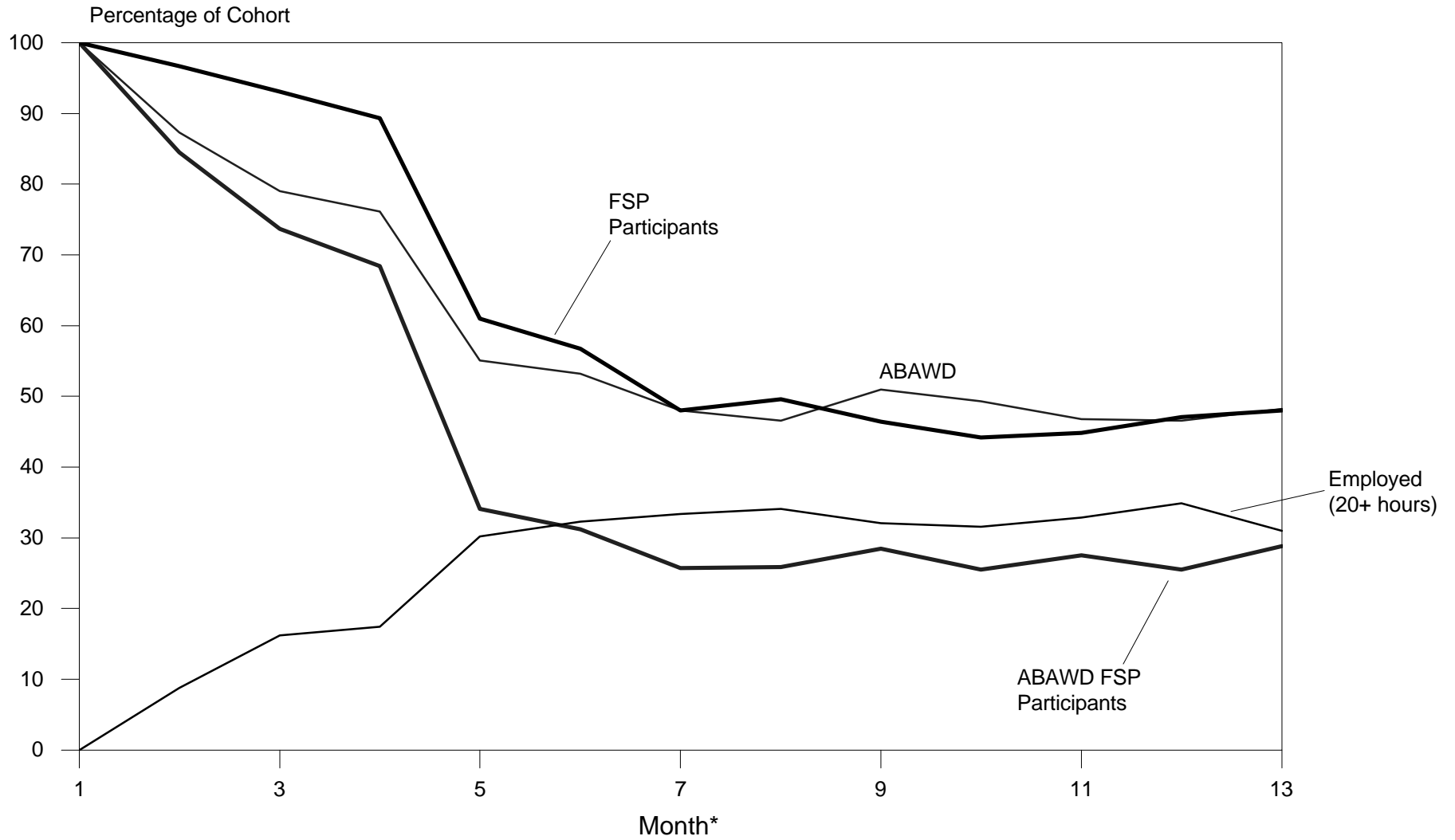
Month*

SOURCE: 1990 SIPP longittudinal file

* For new spell cohort, month 1 is first month accumulated towards time limit.

have been ABAWD FSP participants for at least 13 consecutive months.[20] The remaining 68.1 percent have cycled in and out of the population of ABAWD FSP participants. This sort of cycling is much less common among the initial spell cohort, where only 33.5 percent of ABAWD FSP participants in month 13 are "cyclers".

People in the new spell cohort are more likely than people in the initial spell cohort to find employment. By month 6, the employment rate of the new spell cohort reaches 32.3 percent, which is roughly the cohort's steady state employment rate (Table III.5B and Figure III.1B). In comparison, the employment rate of the initial spell cohort peaks at 20 percent. Over the course of the 13-month analysis period, over half (54.7 percent) of the people in the new spell cohort work at least one month, and 26.0 percent work at least 7 months (Table III.4). Of those who work in an average month, about one-third continue to receive food stamps (Table III.5B).

3. Ineligible Cohort

The ineligible cohort consists of people who lose eligibility at some point between February 1990 and February 1991. By tracking the behavior of this group, we can speculate about what might happen to people after they lose eligibility. This analysis should be interpreted with caution, since our assumption of no behavioral response to the time limit is particularly tenuous for the ineligible cohort. In other words, there is a good chance that people will deviate from their historical behavior when they lose their FSP benefits.

In month 13, one year after the simulated loss of eligibility, 64.6 percent of people in the ineligible cohort are still participating in the FSP (Table III.5C and Figure III.1C). Of the 64.6 percent who receive FSP benefits in month 13, over one-third (40.7 percent) are non-ABAWD

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[20]$(9.2\% / 28.8\%) = 31.9\%$.

and thus are eligible to participate regardless of the time limit.[21] Only 38.3 percent of the

ineligible cohort are still ABAWD FSP participants in month 13, including 22.1 percent who are

ABAWD FSP participants throughout the 13-month analysis period (Table III.4). Thus, of the

people in the ineligible cohort who are ABAWD FSP participants in month 13, 57.7 percent have

been ABAWD FSP participants for at least 13 consecutive months.[22] The remaining 42.3 percent

have cycled in and out of the population of ABAWD FSP participants.

By month 6, the employment rate of the ineligible cohort reaches 18.2 percent. The cohort's

steady state employment rate is between 15 and 20 percent, and between one-third and one-half

of those who work continue to receive food stamps (Table III.5C and Figure III.1C). Over the

course of the 13-month analysis period, 42.3 percent of people in the ineligible cohort work at

least one month (Table III.4).

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[21]In month 13, 64.6 percent of people in the ineligible cohort receive food stamps and 38.3 percent are ABAWD FSP participants. Thus, 59.3 percent (38.3% / 64.6%) of FSP participants are ABAWD. The remaining 40.7 percent are non-ABAWD.

[22](22.1% / 38.3%) = 57.7%

TABLE III.5C

PATTERNS OF WORK AND FSP PARTICIPATION OF THE INELIGIBLE COHORT*

Thousands

						MONTH**							
	1	2	3	4	5	6	7	8	9	10	11	12	13
Ineligible Cohort (n = 211)	930	930	930	930	930	930	930	930	930	930	930	930	930
Employed (Working 20+Hours)	0	116	147	184	212	169	171	164	149	186	169	195	218
Working 1 to <20 hours	83	45	62	44	27	50	48	43	59	39	47	43	44
Not Working	846	769	720	702	691	711	711	723	721	704	713	692	667
Receiving Food Stamps	930	786	744	663	634	608	564	617	597	634	634	622	601
ABAWD	930	745	706	610	553	608	592	587	594	583	595	543	509
ABAWD and Food Stamps	930	663	598	497	426	442	423	445	425	440	460	392	356
Employed and Food Stamps	0	68	84	69	83	48	46	49	54	84	61	96	104

Percentages

						MONTH*							
	1	2	3	4	5	6	7	8	9	10	11	12	13
All Persons (n = 211)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Employed (Working 20+Hours)	0.0	12.5	15.8	19.8	22.8	18.2	18.4	17.6	16.0	20.0	18.2	21.0	23.4
Working 1 to <20 hours	8.9	4.8	6.7	4.7	2.9	5.4	5.2	4.6	6.3	4.2	5.1	4.6	4.7
Not Working	91.0	82.7	77.4	75.5	74.3	76.5	76.5	77.7	77.5	75.7	76.7	74.4	71.7
Receiving Food Stamps	100.0	84.5	80.0	71.3	68.2	65.4	60.6	66.3	64.2	68.2	68.2	66.9	64.6
ABAWD	100.0	80.1	75.9	65.6	59.5	65.4	63.7	63.1	63.9	62.7	64.0	58.4	54.7
ABAWD and Food Stamps	100.0	71.3	64.3	53.4	45.8	47.5	45.5	47.8	45.7	47.3	49.5	42.2	38.3
Employed and Food Stamps	0.0	7.3	9.0	7.4	8.9	5.2	4.9	5.3	5.8	9.0	6.6	10.3	11.2

SOURCE: 1990 SIPP longitudinal file

*   The ineligible cohort includes all people who lose eligibility due to the time limit between April 1990 and February 1991.

** Month 1 refers to the month the person loses eligibility due to the time limit. Months 2 through 13 are the 12 months following that month.

FIGURE III.1C
PATTERNS OF ABAWD STATUS, EMPLOYMENT, AND FSP PARTICIPATION
(INELIGIBLE COHORT)

Percentage of Cohort

FSP Participants

ABAWD

ABAWD FSP Participants

Employed (20+ hours)
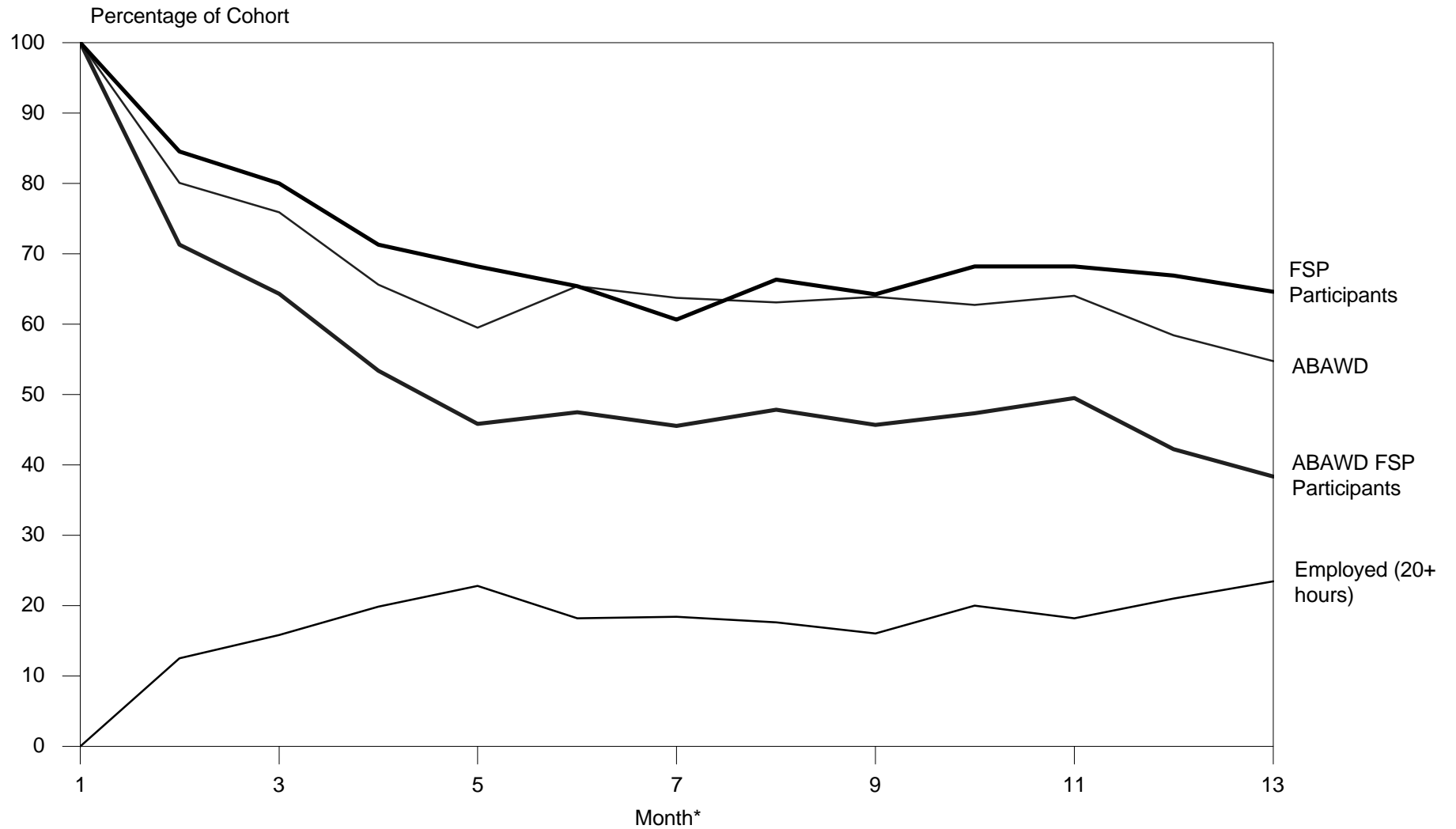
Month*

SOURCE: 1990 SIPP longittudinal file

* For ineligible cohort, month 1 is the month eligibility is lost.

IV. EMPLOYMENT PROSPECTS OF ABAWD FSP PARTICIPANTS

In that job gain accounted for two-thirds of all transitions out of ABAWD status, the ability of ABAWD FSP participants to find employment will be a key determinant of the number of people who eventually reach PRWORA's time limit. In this chapter, we examine the employment prospects of ABAWD FSP participants, focusing particularly on what is known about the labor market conditions that these individuals face and the likelihood that they will obtain jobs. This examination includes both a descriptive analysis of SIPP data and a comprehensive review of the literature related to employment of adults similar to those likely to be disqualified from the FSP because of PRWORA's work requirement.

A. PEOPLE WHO WILL BE SEEKING EMPLOYMENT

As pointed out by Holzer (1996), welfare recipients who reach time limits will be competing for a small set of jobs within the nation's labor market. The same is true for ABAWD FSP participants, as both populations are concentrated in terms of location, skill, and other socioeconomic characteristics relevant to the labor market. By definition, all ABAWDs are between the ages of 18 and 49, have no children, and are not disabled. Data from the Current Population Survey indicate that nearly 80 percent of ABAWDs live in urban areas and nearly 60 percent live in inner cities, suggesting that employment for residents of these areas will be the most relevant to consider.[1]

Nearly three-quarters of ABAWD FSP participants are outside the labor force, and 21 percent are unemployed (Table II.6). The fact that most of them are not actively seeking work suggests that they have low labor force attachment. They also have low educational attainment. About 42 percent

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[1]QC data indicate that 75 percent of ABAWDs live in urban areas, but the database does not reveal the proportion who reside in inner cities (Table II.9).

did not complete high school, and 46 percent completed high school or a GED but no further education (Table II.4). Despite these common characteristics of the population, it is also diverse in several key ways. It includes sizable proportions of males and females (Table II.2) as well as sizable proportions of whites (41 percent) and blacks (46 percent). These population characteristics suggest that we should focus on employment prospects for less educated males and females who are whites or nonwhites, have low labor force attachment, and reside primarily in urban areas.

B. THE PROBABILITY OF EMPLOYMENT: EVIDENCE FROM SIPP

The first step in assessing the employment prospects of ABAWD FSP participants is to use SIPP data to examine the probability of obtaining employment. This analysis provides insight into whether persons subject to PRWORA's work requirement will find a job. Using data from the 1990 SIPP longitudinal file, we estimate the likelihood of working at least 20 hours per week on a monthly basis for ABAWD FSP participants who were not working in January 1990 (the ABAWD FSP sample). Because this sample is small, we examine employment probabilities for two other related samples to test the robustness of our findings: the larger sample of ABAWD persons with household income less than 130 percent of poverty in January 1990 (the low-income sample), and ABAWD FSP participants who were not working in January 1991 (instead of 1990).

For the two January 1990 samples, we estimate employment rates for a 26-month period ending in February 1992. As shown in Figure IV.1, the employment rate of the ABAWD FSP participant sample initially increases for approximately 7 months, reaching 18 percent in month 8 (August 1990). During months 9 through 21, the employment rate of this group hovers in the 10- to 15-percent range, with a mean of 11 percent. In the last 5 months (22 through 26), the rate increases again, rising to 19 percent by the end of the period. The mean employment probability during these 5 months is 17 percent.

This trend is reinforced by our analysis of the low-income sample, ABAWD persons in households with income less than 130 percent of poverty and not working in January 1990. As shown in Figure IV.1, the low-income sample has a higher level of employment in each month than does the ABAWD FSP sample, but the trends in employment probabilities over time are quite similar.[2] We would expect the level to be higher for the low-income sample, since it is relatively less economically disadvantaged than the ABAWD FSP sample.

Our analysis of the sample of ABAWD FSP participants who were not working in January 1991 also lends support to our initial findings. When we estimate employment rates for a 14-month period, again ending in February 1992, we find that the levels and patterns in monthly employment probabilities are similar for both groups--ABAWDs who were not working in January 1991 and those who were not working in January 1990. In each case, employment increases from 0 percent to about 15 percent over a 6- to 7-month period, and then levels off between 10 and 20 percent. Figure IV.2 shows the results of the January 1991 analysis and, for comparison, the first 14 months of data for the January 1990 analysis.

It is noteworthy that the above analyses do not reflect any possible behavioral responses to the new law. In particular, they do not account for any increase in employment that may stem from the incentive effect of the time limit--that is, the power of the time limit to motivate individuals to obtain employment in order to maintain or regain FSP eligibility, or to sustain independence. If the time limit does provide an incentive, our estimates may understate the employment prospects of ABAWD FSP participants. On the other hand, our estimates could potentially overstate the

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[2] In the low-income sample, the probability of employment increases for approximately 7 months (from 0 to 33 percent) and then plateaus.

FIGURE IV.1
EMPLOYMENT PROBABILITIES FOR ABAWDs
NOT WORKING IN JANUARY 1990

Percentage

Low-Income
Household in 1/90

Food Stamp
Recipient in 1/90

Month/Year
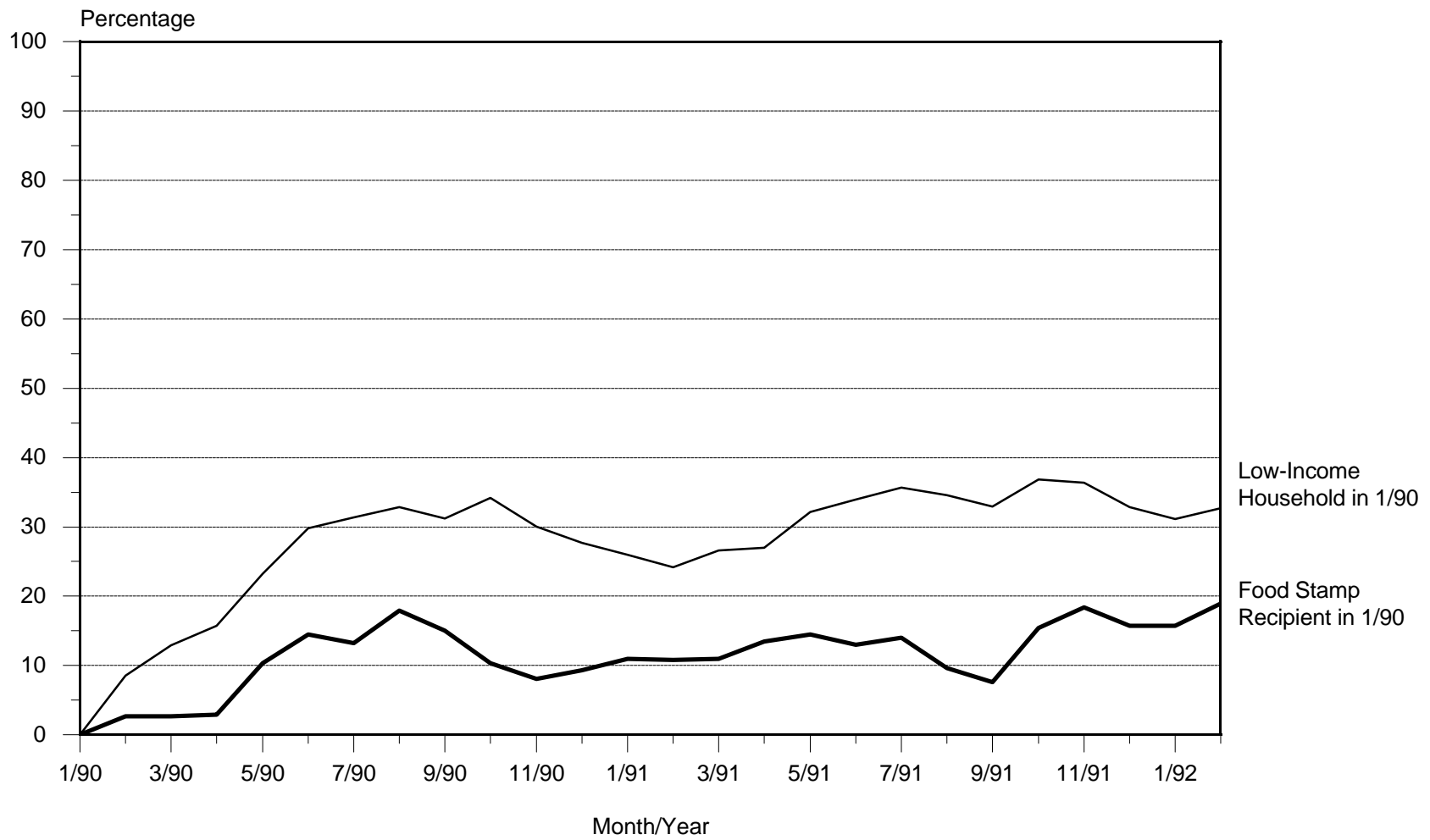
Source: 1990 SIPP Longitudinal File

FIGURE IV.2
EMPLOYMENT PROBABILITIES FOR ABAWDs
NOT WORKING IN JANUARY 1990 / JANUARY 1991
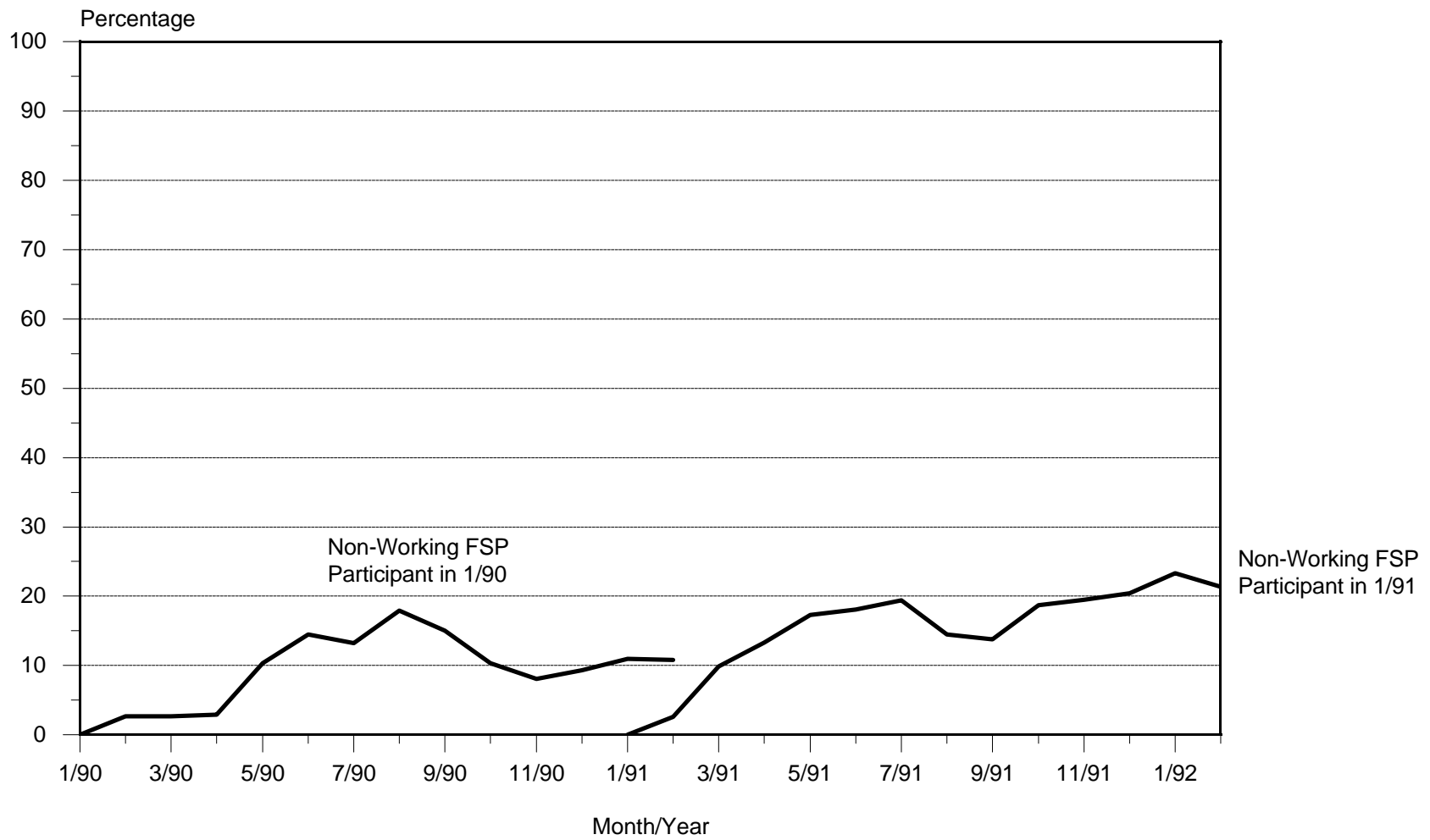
Source: 1990 SIPP Longitudinal File

prospects of ABAWDs who are disqualified because these longer-term ABAWDs probably have weaker job prospects than ABAWDs who are not working in a given month. If we assume that the competing possibilities (understating and overstating) offset each other, then our finding that approximately 10 to 20 percent of ABAWD FSP participants become employed after about 7 months is a reasonable approximation of employment prospects for this population.

C. EMPLOYMENT PROSPECTS: EVIDENCE FROM THE LITERATURE

In this section, we synthesize evidence from the research literature to address the following six questions relating to the likelihood that ABAWDs will be able to obtain jobs:

1. How many jobs are available for these types of workers?

2. What types of jobs are most available? In what occupations and industries?

3. Where are the jobs? What locational issues will these workers face?

4. What kinds of skill requirements will these workers face?

5. What recruitment and hiring processes will these workers face?

6. How will local conditions affect employment prospects?

1. Overall Job Availability

Implicit in PRWORA's work requirement is the assumption that there are enough employment opportunities for ABAWDs--that is, they can find work if they seek it.[3] This is consistent with Mead's (1992) view that poor, low-skill adults are not working because they do not seek jobs, not because of insufficient opportunities. However, a relatively large body of research indicates that the

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[3]PRWORA does include a provision that allows states to seek federal permission to exempt ABAWDs from the work requirement if they live in an area where the unemployment rate is above 10 percent or if not enough jobs are available. Later in this chapter, we discuss the importance of local economic conditions.

labor market situation of the low-skilled has become considerably worse in recent decades and that their current employment prospects are limited. This suggests that even if ABAWDs are willing to work, they may be unable to do so because there are not enough jobs for low-skilled workers.

a. Trends

Structural changes in the U.S. economy during the past few decades have adversely affected the employment prospects of low-skill workers (Acs and Danziger 1993, Bound and Holzer 1993, Blackburn et al. 1990). Technological advances and international competition, among other changes, have reduced employment in well-paying, low-skill manufacturing jobs while increasing employment in high-skill service jobs. In general, industries and occupations with the most job growth increasingly demand substantial education and training, putting low-skill workers at a disadvantage. In addition to this 'mismatch' between skills demanded by employers and skills offered by low-skill workers, research suggests that a 'spatial mismatch' has developed in which low-skill workers, concentrated in cities, are separated from low-skill jobs, concentrated in suburbs (see Holzer 1991 for a review). The spatial mismatch theory (described in detail in Section 3) maintains that the suburbanization of employers and educated populations has left the urban poor and less-educated, especially blacks, to contend with a weak secondary labor market in the inner cities.

b. The Current Situation

The most recent research on employment prospects for low-skill adults suggests that there will be relatively few jobs available for ABAWDs. Holzer (1996) has completed a comprehensive study of the employment prospects for less-educated workers in the U.S. based on a survey of over 3,000 employers in four major metropolitan areas (Atlanta, Boston, Detroit, and Los Angeles). On the basis of his findings, Holzer concludes that "the employment and earnings prospects of less-educated and

less-skilled workers, especially among minorities and those with limited work experience (such as long term welfare recipients), look particularly grim."

Holzer found a net shortage of available positions for less-educated workers seeking employment. In the locations he studied, the unemployment rate was 6 to 7 percent, while the job vacancy rate--the percent of positions unfilled--was under 3 percent. This implies that there will be a substantial amount of "queueing up" for jobs. Holzer points out that the more disadvantaged, less-skilled job seekers--which many ABAWDs will be--are always at the back of the queue, and for this reason, jobs will not be available to them even when the economy is strong. He found that there is more unemployment per vacancy in the inner cities than in the suburbs, indicating even less job availability for city residents. In Detroit, he found that the unemployment-to-vacancy ratio is two to three times higher in the inner city than in the entire metropolitan area.

Newman and Lennon's (1995) recent study of minimum wage employment provides more clear evidence of the large imbalance between job seekers and vacancies in the inner city. Looking at the fast-food industry in Harlem, they found 14 job seekers for every 1 hire. In addition, 83 percent of job seekers who did not initially obtain employment had not found a job one year later.

These recent studies confirm earlier research by Abraham (1983, 1987) and Holzer (1993) on the imbalance between job seekers and job vacancies. Abraham's first study on this topic showed that since the 1960s, the number of unemployed persons and job seekers have consistently exceeded the number of job vacancies. Using data on 28 local labor markets, Holzer (1993) also found that unemployment rates significantly exceed vacancy rates throughout the business cycle. Of interest to the present study, he found that unemployment is greater in labor markets with high concentrations of less educated workers.

Together, these studies depict a situation in which ABAWDs--particularly the urban, less-educated, minority individuals--will have limited job prospects because they will enter job markets in which there is a shortage of jobs vacancies for persons with their skills.

2. Types of Jobs That Are Available

According to the recent study by Holzer (1996), the jobs that are available to less-educated workers in the current economy are concentrated in retail trade and service industries, while jobs in manufacturing and construction are relatively limited. In particular, 60 to 65 percent of jobs that do not require a college education are in retail trade, finance, or services, while only 16 to 25 percent are in manufacturing. These results are consistent with the finding that there has been a broad-based shift away from manufacturing in the U.S. economy in recent decades (Acs and Danziger 1993, Bound and Holzer 1993, Holzer 1991). This trend has clearly continued to the present, when jobs in manufacturing constitute only a small fraction of the available positions in metropolitan areas and an even smaller fraction in inner cities (Holzer 1991).

In terms of occupation, Holzer (1996) found that the jobs most available to workers without a college education are in white-collar occupations, especially clerical. In Atlanta, Boston, and Los Angeles, clerical jobs account for 38 to 40 percent of all new jobs for noncollege workers. In Detroit, however, the highest proportion of jobs are in the service sector (26 percent). In the suburbs of all four cities, the clerical area has the highest proportion of jobs. The next occupation category in which new jobs are most often available for the noncollege educated is either sales or professional/managerial. Together, these two occupations account for another 31 to 33 percent of noncollege jobs in the four cities and for 27 to 32 percent in their suburbs.

3. The Spatial Mismatch Theory

Assuming that the spatial mismatch theory is actually operating, it does not bode well for the employment prospects of ABAWDs. The concept of 'spatial mismatch' has been examined in several recent studies (Holzer 1996, Newman and Lennon 1995, Moss and Tilly 1995a) as well as many earlier ones (see Holzer 1991a for a review). Originally this theory was developed to explain employment differences between blacks and whites. It posits that the combination of segregation in the housing market and the shift of low-skill jobs from the inner cities to the suburbs has created an acute imbalance between the location of black workers and the jobs available to them. Holzer's (1991) review of 20 years of research on spatial mismatch concludes that the phenomenon has a substantial negative effect on employment prospects for blacks, and that the importance and relevance of spatial mismatch has been growing over time. Kasarda (1990) suggests that employers have moved to the suburbs in response to economic incentives, while black urban residents have not been able to follow these jobs because of spatial constraints. Recently, Moss and Tilly (1995a) suggested that companies have moved not only in response to pure economic incentives, such as lower land costs, but also because they prefer a suburban, predominantly white workforce.

Empirical evidence of the spatial mismatch is provided by the employment outcomes of Chicago's Gautreaux program, which relocates low-income, inner-city Chicago blacks to middle-class suburbs. In studying this program, Popkin et. al (1993) found that those who moved into private housing in the suburbs were 13 percent more likely to be employed than a control group of residents who moved to private housing in the inner city, even though the program has no job training or counseling. Additionally, 46 percent of those who had never been employed found work after moving to the suburbs, compared with 30 percent of the city residents who had never been employed.

Other research has shown that the positive effect of moving to the suburbs on employment is maintained after controlling for training, education, parental status, and job history (Skinner 1995).

Most of the spatial mismatch literature has focused on males, especially blacks. However, at least one study that included women suggests that women may be particularly affected by spatial mismatch (Blackley 1990). In fact, this study of the mismatch between suburban low-skill jobs and urban low-skill residents in large U.S. metropolitan areas found stronger evidence of spatial mismatch for women than for men.

Holzer (1996) provides evidence of spatial mismatch and locational constraints on employment for less-educated workers in the current labor market. He found a shortage of available noncollege jobs in the inner cities relative to the suburbs, which he suggests has been driven by the fact that manufacturers, traditionally one of the largest employers of low-skill workers, have been the most likely to move to the suburbs. He also found that it is more difficult to "match" workers to jobs in the inner cities because of the relatively high skill requirements of jobs remaining there and the relatively low skills of city residents. In addition, Newman and Lennon's (1996) study of Harlem suggests that even for the low-skill jobs in the central cities, there are limited prospects for urban residents because employers prefer job applicants who commute from more distant neighborhoods. Holzer points out that the separation of suburban low-skill jobs from urban low-skill workers would not be a problem if these workers had means of traveling to the suburbs to work and to seek work. However, he notes that it is difficult for poor, urban residents, many of whom do not have automobiles, to commute to the suburbs.

4. Skill Requirements

The employment prospects of ABAWD FSP participants are closely tied to the level and nature of skills demanded by employers relative to the skills these individuals bring to the labor market. We

know that most of these individuals have no more than a high school education and are not actively seeking work, from which we infer that they have relatively weak labor force attachment and experience. In this section, we examine evidence on the demand for these types of workers and the skill requirements they face.

a.   The Decline in Low-Skill Employment

As noted by Moss and Tilly (1995b), the significant decline in the demand for low-skill workers in the U.S. economy in recent decades stems from at least two sources. First, in response to technological change, shifts in the industrial structure of the economy have generated the growth of high-skill sectors and the decline of low-skill sectors. Second, changes within industries and occupations have increased the demand for higher skills. Both of these trends have negatively affected the employment prospects of low-skill workers. The net shortage of jobs in the inner cities, as described above, has also led to increasing demands for higher skills, further disadvantaging low-skill urban residents, particularly those with little work experience (Newman and Lennon 1995, Moss and Tilly 1995a). In an environment where the number of job applicants far exceeds the number of jobs, employers have been able to select those with the most skills and experience, even within the low-skill sector (Newman and Lennon 1995, Holzer 1996). This has diminished the job prospects of low-skill workers in inner cities above and beyond the difficulties posed by the 'skills mismatch' that exists economy-wide (Wilson 1987, Kasarda 1995).

b.   The Skills Demanded in Low-Skill Jobs

The recent studies by Holzer (1996) and Moss and Tilly (1995a) have examined the skill requirements for jobs available to low-skill workers, where low-skill is defined as having no more than a high school education. These studies are based on interviews with employers in Atlanta,

Boston, Detroit, and Los Angeles. Holzer found that the majority of noncollege jobs require workers to use a range of cognitive and interactive skills on a daily basis, including reading, writing, arithmetic, using computers, and dealing with customers. These skill requirements are particularly prevalent in noncollege jobs in clerical and professional/managerial, or white collar, occupations. The requirements are also more common in inner cities than in the suburbs, even within particular occupations. Only 5 percent of noncollege jobs in the inner city do not require reading, writing, arithmetic, using computers, or dealing with customers (Holzer 1996).

Holzer also examined the credentials that employers require for low-skill jobs. He found that most require a high school diploma (75 percent), general work experience (70 percent), references (73 percent), and specific work experience (60 percent). A substantial minority of employers require previous training (40 percent). Employers are particularly unlikely to hire applicants who do not have stable work histories. Approximately 80 to 85 percent of employers reported that they would hire someone who was a welfare recipient; however, Holzer noted that this could be biased upward since employers may have felt this was the "politically correct" response. At the same time, less than 50 percent reported that they would hire someone who had no more than part-time or short-term prior experience, which would be true of many ABAWDs.

Moss and Tilly's studies (1995a and 1995b) highlight the growing importance of "soft skills," such as motivation, good communication, teamwork, and "people" skills in addition to the "hard skills" of reading and math. Interviews with employers showed that entry-level jobs that require no more than a high school education are demanding an increasing level of both hard and soft skills as a result of both technological and organizational changes during the past 10 years. Moss and Tilly argue that the rising demands for soft skills, in particular, put low-skill black males at a disadvantage because employers perceive that they do not have such skills. More generally, Holzer (1996) found

that employers "perceive a lack of a broad range of skills and credentials among black and Hispanic job applicants" for noncollege jobs. These findings suggest that nonwhite ABAWDs will face even greater difficultly securing employment than their white counterparts.

5. Recruitment and Hiring Conditions

Another important element in the employment prospects of ABAWD FSP participants is the recruitment and hiring processes they will face in seeking low-skill jobs. Three recent studies have highlighted the importance of informal networks and personal connections in recruitment (Holzer 1996, Newman and Lennon 1996, Moss and Tilly 1995a). These studies suggest that these informal corrections between job seekers and jobs, well-known to be important at the high end of the labor market, are also crucial at the low end. Holzer's (1996) survey of employers in Atlanta, Boston, Detroit, and Los Angeles found that over 50 percent of hires for noncollege jobs are generated by referrals, and nearly half of all referrals come from current employees. Interviews with employers in four industries in Los Angeles and Detroit conducted by Moss and Tilly (1995a) also highlight the importance of "word of mouth" and employee referral in recruiting for low-skill jobs. The researchers found that these practices are used by about two-thirds of employers, many of whom consider them the primary source of job applicants.

Holzer (1996), Newman and Lennon (1995), and Moss and Tilly (1995a) all reach a similar conclusion regarding the growing importance of informal recruiting practices: job seekers who have few connections in the market--such as low-skill persons in families, neighborhoods, or ethnic groups in which few adults hold jobs--are at a significant disadvantage in securing employment. This is consistent with Wilson's (1987) "social isolation" hypothesis, in which an important factor in joblessness among black males is their isolation from informal job networks. Together, these studies suggest that the employment prospects of ABAWDs will be contingent upon an individual's

connections in the labor market. For those with few connections, the probability of securing employment will be particularly low.

6.   The Importance of Local Conditions

Research suggests that the employment prospects of ABAWDs will depend significantly on the prevailing economic and other conditions in the location of their job search. PRWORA includes a provision that allows states to exempt ABAWDs from the work requirement if they reside in areas with high unemployment or an insufficient number of jobs. This provision seems to respond to the hypothesis that the probability of obtaining a job is greatly diminished when there is a shortage of available jobs in the local economy. Consistent with this hypothesis, a study by the Institute for Women's Policy Research (1996) has shown that welfare recipients in states with low unemployment rates are significantly more likely to secure employment.

a.   Aggregate Demand and Employment

The literature indicates that the labor market demand and overall employment in the local economy will be significant determinants of the employment prospects of ABAWDs. A study by Osterman (1991) suggests that gains from a strong economy do extend to the lowest skilled and most economically disadvantaged. This study is based on a comparison of data on the Boston economy before and during the "Massachusetts Miracle" of the late 1980s with data on the national economy from the Current Population Survey for the same years. In 1987, Boston's citywide unemployment rate had fallen to 2.7 percent, compared with a national unemployment rate of 6.2 percent; Osterman's comparison of poverty rates in Boston in 1980 and 1988 and between poverty rates in Boston and the nation as a whole strongly suggest that sustained full employment in an area does improve the employment and income situation of the poorest residents. Hence, a tight local labor

market--tight in the sense that unemployment is low--is likely to matter significantly to ABAWDs seeking jobs.

Supporting this hypothesis, Freeman (1991) found that in metropolitan statistical areas (MSAs) with tight labor markets--defined as market with an unemployment rate of 5 percent or less--the employment prospects of young black men with low education (fewer than 12 years) are substantially improved. Similarly, Moore and Laramore (1990) found that increases in total employment in the inner city significantly increase the labor force participation of black males. Additionally, Bound and Holzer (1993) found that employment outcomes for black and white males were significantly affected by MSA-level economic conditions. It is also noteworthy that local labor markets vary substantially in terms of "tightness." In 1994, when national unemployment in metropolitan areas was at 6.1 percent, it varied from a low of 2.6 percent in Lincoln, Nebraska, to a high of 18.2 percent in McAllen-Edinburg-Mission, Texas (Wolman 1996).

Several studies of public assistance recipients suggest that the preceding findings also pertain to the welfare population. For example, Vartinian (1995) found that increases in the unemployment rate of the recipients' metropolitan area lower the likelihood of exiting welfare through employment. In addition, West et al. (1993) found that increases in the unemployment rate reduce the probability that participants in job training programs are employed 20 or more hours per week 13 weeks following training. Fitzgerald (1995) also found that local area economic conditions, including the unemployment rate and level of retail sales, are significant predictors of the probability of exiting welfare for blacks.

b.   Regional Variations

Differences in economic conditions and in the demand for skilled workers are likely to result in varied employment prospects for ABAWDs living in different regions of the country. Herzog and

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Schlottmann (1995) found significant regional effects on the re-employment of displaced workers after controlling for worker, job, and locational characteristics. Holding these factors constant, the probability of re-employment is greatest in the South, second highest in the West, third highest in the Midwest, and lowest in the Northeast. They also found that less-educated workers are relatively more disadvantaged in the West and Midwest, where having a college degree provides the largest advantage in terms of re-employment probabilities. Overall, this study suggests that the employment prospects of ABAWDs will vary by region of residence, even after taking account of individual differences.

c. Other Local Factors

In addition to demand, a number of other local factors, including the labor supply conditions and several institutional systems, are likely to affect the employment prospects of ABAWDs. Wolman (1996) argues that such factors are important in moving welfare recipients to work. For example, where the proportion of low-skill persons already seeking work in the local economy is higher, welfare recipients who reach time limits can be expected to have more difficulty securing employment than their counterparts in otherwise similar locales with fewer low-skill job seekers. Wolman also argues that local institutions that support employment--such as employment and training programs, employment agencies, vocational schools, and economic development agencies--are likely to have an important impact on the employment prospects of welfare recipients. Where the availability, quality, and integration of such institutions is high (low), there is the potential for increased (decreased) employment prospects. Other institutional systems that support employment and may vary by location, such as health care, substance abuse treatment, transportation, and child care, are

also likely to positively affect welfare recipients' transition to employment. With the exception of child care, such institutions are also likely to affect the transition to employment among ABAWDs.

D. CONCLUSIONS

Our analyses of SIPP data and our review of the research literature both suggest that the employment prospects of ABAWD FSP participants are likely to be quite limited. From the SIPP data, we infer the following about the likelihood of ABAWDs obtaining employment:

- ABAWDs who are not working in a given month have an increasing probability of obtaining employment for the subsequent six to seven months.

- In the absence of any incentive effects created by the new law, we can expect approximately 10 to 20 percent of ABAWDs to obtain employment, allowing for the adjustment period described above.

From our review of the literature, we learn that:

- ***Job prospects for ABAWDs do not look promising.*** Structural changes in the U.S. economy over the past few decades have adversely affected the employment prospects of low-skill workers as demand has shifted away from the industries, locations, and skill levels in which ABAWDs are concentrated. The most up-to-date research suggests that current prospects for less-educated job seekers are severely limited, especially for nonwhites and in urban areas, where most ABAWDs reside (Holzer 1996).

- ***Of the jobs that are available to the less-educated, most can be found in the retail trade and service industries and tend to be white collar, especially clerical, jobs.*** This is particularly true in urban areas, where the vast majority of ABAWDs live. It is no longer true that the manufacturing and construction sectors are the dominant employers of low-skill workers.

- ***Many ABAWDs will face a 'spatial mismatch' between the location of their residence and the location of low-skill jobs.*** While over half of ABAWDs reside in inner cities, many large employers of low-skill workers have moved out of the cities to the suburbs. Hence, these individuals are geographically separated from many of the jobs that could have been available to them.

- ***ABAWDs will also likely face a 'skills mismatch' between the skills employers require and the skills they possess.*** This will be particularly true for urban residents, since

employment in the inner city has become increasingly concentrated in high-skill jobs. In addition, competition for the low-skill jobs that do remain in the cities has increased the skill requirements within the low-skill sector.

- *Jobs that are available to less-educated workers tend to require a range of cognitive and interactive skills.* These include "hard" skills such as reading, writing, arithmetic, and computers, as well as "soft" skills such as communication and teamwork. Such skill requirements are particularly prevalent in white collar, clerical occupations, where much of the employment is available, albeit limited.

- *Job prospects will be worse for those who have few connections in the working world.* This stems from the growing importance of informal networks and referrals in recruitment for low-skill jobs. ABAWDs who are members of families, neighborhoods, or communities in which few adults hold jobs will be at the greatest disadvantage.

- *The job prospects of ABAWDs will depend significantly on economic conditions prevailing in their local area and region.* The tightness of the local labor market and the strength of demand, particularly in the industries with the most jobs for low-skill workers, will be an important factor in the probability of employment. In addition, the availability and quality of local institutions supporting employment will influence individuals' employment prospects.

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APPENDIX A

**DATA SOURCES AND METHODOLOGY USED TO
ESTIMATE THE NUMBER OF FSP PARTICIPANTS THAT
LOSE ELIGIBILITY DUE TO PRWORA'S WORK REQUIREMENT**

In this appendix, we describe the data and methodology used to estimate the number of FSP participants that lose eligibility under PRWORA's work requirement. In addition, we discuss some caveats associated with the estimates presented in this report.

A. DATA SOURCES

Under PRWORA's work requirement, an individual is ineligible to receive food stamps under two conditions: if he or she is an ABAWD (neither exempt from nor meeting the work requirement) *and* if he or she has reached PRWORA's time limit.[1] Thus, to determine whether an individual would lose FSP eligibility in a given month, we need to answer two questions. First, was the individual an ABAWD in that month? And if so, has the individual received food stamps as an ABAWD for 3 months during the preceding 36 month period?

No single data source is ideal for answering both of these questions. The FSP's Integrated Quality Control System (IQCS) can be used to determine ABAWD status in a given month, but does not provide information on past behavior.[2] The longitudinal Survey of Income and Program Participation (SIPP) allows us to track behavior over time, but does not provide the detail needed to accurately identify ABAWDs.[3]

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[1]An individual who meets both of these criteria can receive FSP benefits only if he or she is covered by the 15 percent exemption.

[2]The IQCS is an ongoing review of food stamp household circumstances designed to determine, (1) whether households are eligible to participate and are receiving the correct benefit amount, and (2) whether household participation is correctly denied or terminated. The fiscal year 1996 IQCS contains detailed demographic, economic, and FSP eligibility information for a nationally representative sample of 50,883 FSP units, which contain 126,311 FSP participants.

[3]The 1990 SIPP longitudinal file is ideal for examining patterns of work and program participation over time, as it provides 26 months of data (January 1990 through February 1992) for each person who is part of the 1990 SIPP panel. Our analysis is based on the subset of SIPP persons who are in the SIPP universe in each month of the 1990 panel—about 80 percent of the full longitudinal file. After dropping people who are absent in one or more months, we calibrated the weights on the longitudinal
(continued...)

In light of these data deficiencies, we estimate the number of people that lose eligibility under the work requirement in two steps. First, we use IQCS data to estimate the number of FSP participants that are ABAWDs in an average month. Then, we use longitudinal SIPP data to estimate the percentage of ABAWD FSP participants that have reached the 3-month time limit.

B. USING IQCS DATA TO ESTIMATE THE NUMBER OF ABAWDs IN AN AVERAGE MONTH

To estimate the number of FSP participants that are ABAWDs in an average month, and to examine the characteristics of this population, we use the fiscal year 1996 Quality Control (QC) database, a nationally representative sample of food stamp households selected for review as part of the IQCS. We exclude from the QC database all permanent resident aliens who are disqualified from the FSP by PRWORA.[4] These aliens are excluded because we want to examine the characteristics of FSP participants who are disqualified *solely because of the work requirement*.

Table A.1 shows how we use information in the QC database to identify FSP participants who are ABAWDs (neither exempt from nor meeting the work requirement). The left column shows the language from PRWORA governing which people are exempt and which are meeting the work requirement; the right column shows how we model each exemption or criterion using QC data. Essentially, the ABAWD population consists of adults age 18 to 49 (inclusive) who are able-bodied,

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[3](...continued)
file so that the remaining sample is demographically representative of the U.S. population in January 1992. The analysis file contains a nationally representative sample of 52,758 persons, 18,787 of whom receive food stamps in January 1992.

[4]PRWORA disqualifies most, but not all permanent resident aliens from the FSP. Aliens with significant work history (40 or more quarters) and those who are veterans are exempt, as are their spouses and minor children. QC data do not allow us to determine which permanent resident aliens qualify for these exemptions, but SIPP data indicate that about 16.3 percent of permanent resident aliens are exempt. Therefore, we exclude 83.7 percent of permanent resident aliens (selected randomly) from the QC database before conducting our tabulations.

USING THE QC DATABASE TO IDENTIFY PEOPLE THAT ARE EXEMPT FROM OR MEETING PRWORA'S WORK REQUIREMENT

	An Individual Is Exempt From The Work Requirement If The Individual Is:	**How We Model This Exemption Using IQCS Data**
(A)	Under 18 or over 50 years of age	Exempt people under age 18 or over age 49 (i.e., exempt people the day after their 50th birthday).
(B)	Medically certified as physically or mentally unfit for employment	Exempt all people who receive disability income (DIS=1) or who are exempt from FSP work registration because they are physically or mentally unfit (EMPRG=1).
(C)	A parent or other member of a household with responsibility for a dependent child	Exempt all people in the food stamp unit if the unit contains at least one person under age 18.
(D)	Exempt from FSP work registration for any of the following reasons:	
	currently subject to and complying with a work registration requirement under title IV of the Social Security Act, as amended (42 U.S.C. 602) or the Federal-State unemployment compensation system	Exempt people who are exempt from FSP work registration because they, (1) are subject to and complying with work requirements under other programs (EMPRG=10), or (2) receive or have applied for unemployment compensation (EMPRG=9).
	a parent or other member of a household with responsibility for the care of a dependent child under age six or of an incapacitated person	Exempt people who are exempt from FSP work registration because they are a relative or caretaker of a dependent child (EMPRG=5), or because they are needed in the home to care for an ill or incapacitated person (EMPRG=4).
	a bona fide student enrolled at least half time in any recognized school, training program, or institution of higher education	Exempt people who are exempt from work registration because they meet the FSP's student eligibility requirements (EMPRG=6).
	a regular participant in a drug addiction or alcoholic treatment and rehabilitation program	Exempt people who are exempt from FSP work registration because they participate in a drug addiction or alcohol treatment program (EMPRG=11).
	employed a minimum of thirty hours per week or receiving weekly earnings which equal the minimum hourly rate multiplied by thirty hours	Exempt people who are exempt from FSP work registration because they are employed 30 or more hours per week or receive weekly earnings of at least 30 times the federal minimum wage (EMPRG=7).
	a person between the ages of 16 and 18 who is not a head of a household or who is attending school, or enrolled in an employment training program, on at least a half-time basis	Do not exempt anybody under this provision. Assume that "age 16 to 18" is not inclusive of age 18, which means this provision only applies to people who are already exempt based on age.
(E)	A pregnant woman	Exempt people who are exempt from FSP work registration because they are pregnant (EMPRG=2).

	An Individual Meets The Work Requirement If He Or She Is:	**How We Model This Exemption Using IQCS Data**
(A)	working 20 or more hours per week, averaged monthly	Exempt people who report working 20 or more hours per week (EMPST = 3,4,5) or who have average weekly earnings of at least 20 times the minimum wage ((WAGES+SLFEMP+OTHERN) >= $368.33).
(B)	participating in and complying with the requirements of a work program for 20 hours or more per week, as determined by the state agency;	Using QC data, we can not determine who meets the 20 hours work-program requirement. Do not exempt anybody under this provision.
(C)	participating in and complying with the requirements of a program under section 20 (workfare) or a comparable program established by a state or political subdivision of a state	Exempt people who participate in CWEP or another work experience program (EMPRG=23).

childless, and not working. *Able-Bodied* is defined as not disabled,[5] not physically or mentally unfit for employment, and not exempt from the FSP's work registration requirement for any of the following reasons:

- Pregnant

- Needed in the home to care for an ill or incapacitated person

- Relative or other caretaker of a dependent child

- Student meeting FSP eligibility requirements

- Employed at least 30 hours per week or receiving weekly earnings at least equal to the Federal minimum hourly wage times 30.

- Receiving or have applied for unemployment compensation

- Subject to/complying with work requirements under other programs

- Participating in a drug or alcohol rehabilitation program

- Participating in a Community Work Experience Program (CWEP) or other work experience program

Childless is defined as no persons under age 18 in the FSP unit. *Not Working* is defined as employed fewer than 20 hours per week and with total monthly earnings that do not exceed $368.33.[6]

After using the criteria above to identify ABAWD FSP participants in the QC database, we tabulate the size of this population using sample weights that are designed to replicate the FSP caseload in each month of fiscal year 1996. In an average month of fiscal year 1996, there are 892 thousand ABAWD FSP participants.

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[5]A person in the QC database is considered disabled if he or she is, (1) under age 65 and receiving SSI, or (2) between the ages of 18 and 61 and receiving Social Security, veterans benefits, or other government benefits as a result of a disability.

[6]$368.33 is the federal minimum wage in fiscal year 1996 ($4.25) times 20 hours per week times 4.33 weeks per month.

The ABAWD definition described above and in Table A.1 is more restrictive than the definition used to identify ABAWDs in the February 1997 report, *Characteristics of Childless Unemployed Adult and Legal Immigrant Food Stamp Participants: Fiscal Year 1995* (Stavrianos, Cody, and Lewis, 1997).[7] As a result, the number of ABAWD FSP participants in this report (892 thousand) is substantially smaller than in the earlier report (1.3 million). A portion of this discrepancy can also be attributed to a decrease in the number of ABAWD FSP participants between fiscal years 1995 and 1996. Applying the new ABAWD definition to fiscal year 1995 QC data yields an estimated 969 thousand ABAWDs in that year.

C. USING LONGITUDINAL SIPP DATA TO ESTIMATE THE PERCENTAGE OF ABAWDs THAT HAVE REACHED PRWORA'S TIME LIMIT

Although QC data can be used to estimate the number of ABAWDs and to describe their demographic and economic characteristics, the database cannot be used to determine which participants eventually reach the time limit. SIPP, however, can be used for this purpose, as it provides 26 months of data (January 1990 through February 1992) for each person who is part of the 1990 SIPP panel.[8] Thus, we rely on longitudinal SIPP data to determine the percentage of ABAWD

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[7]The ABAWD definition used in the earlier report differed in three ways from the definition used in this report: (1) disability exemptions were only granted to people who received disability income, not to people who were physically or mentally unfit for work registration; (2) a person was not considered to be age-exempt until he or she reached age 51; and (3) permanent resident aliens were included in the analysis.

[8]Because the 1990 longitudinal SIPP file contains only 26 months of data for each person, it cannot be used to simulate the impact of the time limit at the end of the initial 36-month window. The 1992 and 1993 longitudinal SIPP files, when completed, will contain 34 months of data for each person in the corresponding panels.

FSP participants that lose eligibility. As with the QC database, we exclude from the longitudinal SIPP file all permanent resident aliens that are disqualified from the FSP by PRWORA.[9]

As explained above, an ABAWD FSP participant loses eligibility under the work requirement if, during the preceding 36-month period, the individual received food stamps for at least 3 months while he or she was an ABAWD. Thus, to determine which ABAWD FSP participants lose eligibility, we must determine the ABAWD status of FSP participants in each month of the longitudinal SIPP file.

People in the longitudinal SIPP file are identified as ABAWDs according to a definition that is largely analogous to the definition for identifying them in the QC. However, compared with QC data, SIPP data do not provide as much of the information needed to determine whether an individual is an ABAWD.[10] Because several exemptions can not be modeled, some of the people identified as ABAWDs on SIPP may in fact be non-ABAWDs. We define an ABAWD on SIPP as any adult age 18 to 49 (inclusive) who is able-bodied, childless, and not working. *Able-Bodied* is defined as not disabled,[11] and not exempt from the FSP's work registration requirement for any of the following reasons:

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[9]Although we are able to identify aliens in the SIPP data, we can not distinguish between permanent resident aliens and other aliens (mostly refugees) who are exempt from PRWORA. Based on QC tabulations, we estimate that 82.0 percent of aliens in SIPP are permanent resident aliens. We further estimate, based on SIPP tabulations, that about 16.3 percent of permanent resident aliens are exempt. Therefore, we randomly select 68.6 percent (82.0% * 83.7%) of all aliens and exclude them from the longitudinal SIPP file before conducting our tabulations.

[10]Specifically, SIPP data do not indicate whether a person is, (1) pregnant, (2) needed in the home to care for an ill or incapacitated person, (3) participating in a drug or alcohol rehabilitation program, (4) subject to and complying with a work registration requirement under another program, or (5) participating in CWEP or some other work experience program. All of these exemptions can be identified using QC data.

[11]A person in the SIPP file is only considered to be disabled if he or she is, (1) under age 65 and receiving SSI, or (2) under age 62 and receiving Social Security as a result of a disability. This definition is more restrictive than the QC-based definition, which exempts people who receive disability income *or* are physically or mentally unfit for work registration. SIPP data do not indicate which persons are physically or mentally unfit for work registration.

- Student meeting FSP eligibility requirements[12]

- Receiving or have applied for unemployment compensation

Childless is defined as not the parent of a child under age 18.[13] *Not Working* is defined as employed fewer than 20 hours per week and with average weekly earnings that do not exceed 20 times the minimum wage.

Table A.2 compares QC- and SIPP-based tabulations of the number of ABAWD FSP participants. According to the SIPP longitudinal file, 592 thousand FSP participants are ABAWDs in January 1992 (Table 1). Similar tabulations based on fiscal year 1996 QC data place the figure at 892 thousand. The discrepancy between these two estimates is caused in part by the fact that the total QC caseload in fiscal year 1996 (25.9 million) is substantially larger than the total SIPP caseload in January 1992 (19.5 million).[14] In addition to the caseload discrepancy, ABAWD people represent a smaller percentage of the FSP caseload on SIPP (3.2 percent) compared with QC (3.6 percent). This discrepancy appears to be driven by the less-precise ABAWD definition in SIPP, as well as by the higher-percentage of SIPP participants that report working 20 or more hours per week.

Using the SIPP longitudinal file, we can determine whether an individual is an ABAWD and whether he or she receives food stamps in each month between January 1990 and February 1992. If an individual is both ABAWD and receiving food stamps in a month, the individual accumulates

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[12]A person in the SIPP file is considered to be an FSP eligible student if he or she lacks a high school degree and is enrolled in school either full- or part-time.

[13]A person in the SIPP file is exempt if he or she is a parent of a child under age 18. This differs from the QC-based exemption (nobody under age 18 in the FSP unit) because, on the longitudinal SIPP file, it is not always possible to determine who is in a given FSP unit.

[14]There are two reasons for the discrepancy in total FSP caseload. First, food stamp receipt is consistently underreported on the SIPP. In January 1992, the number of food stamp reporters (19.5 million) was 22.3 percent less than the known caseload of 25.1 million. Second, between January 1992 and fiscal year 1996, the number of food stamp participants increased by 3.4 percent.

TABLE A.2

FSP PARTICIPANTS WITH CHARACTERISTICS RELATED TO ABAWD STATUS

| | FSP Participants (Reporters) | | | | | |
| | FY 1996 QC Database | | | 1990 SIPP Longitudinal File (1/92) | | |
	(000s)	Percent of Total	Percent of Subgroup	(000s)	Percent of Total	Percent of Subgroup
All FSP Participants*	**24,720**	**100.0**	**100.0**	**18,787**	**100.0**	**100.0**
Under Age 18	13,025	52.7	52.7	10,061	53.6	53.6
Over Age 49	2,746	11.1	11.1	2,172	11.6	11.6
Age 18 to 49	8,950	36.2	36.2	6,555	34.9	34.9
Age 18 to 49	**8,950**	**36.2**	**100.0**	**6,555**	**34.9**	**100.0**
Disabled / Unfit for Employment	1,612	6.5	18.0	605	3.2	9.2
Non-Disabled / Fit for Employment	7,337	29.7	82.0	5,950	31.7	90.8
Children in unit (SIPP: a parent)	6,694	27.1	74.8	5,145	27.4	78.5
No children in unit (SIPP: not a parent)	2,256	9.1	25.2	1,410	7.5	21.5
Exempt From FSP Work Registration Because:						
Meeting work requirement in other program	239	1.0	2.7			
Receiving unemployment compensation	123	0.5	1.4	313	1.7	4.8
Caring for a dependent child	1,972	8.0	22.0			
Caring for ill or incapacitated person	111	0.4	1.2			
Student meeting FSP eligibility criteria	228	0.9	2.5	492	2.6	7.5
In drug or alcohol rehabilitation program	59	0.2	0.7			
Employed a minimum of 30 hours per week	1,277	5.2	14.3			
Pregnant	88	0.4	1.0			
Subject To PRWORA's Work Requirement**	941	3.8	10.5	824	4.4	12.6
Subject to PRWORA's Work Requirement	**941**	**3.8**	**100.0**	**824**	**4.4**	**100.0**
Meeting the Work Requirement						
Working 20+ hours per week	44	0.2	4.7	232	1.2	3.5
CWEP participant	6	0.0	0.6			
Not Meeting the Work Requirement (ABAWDs)	892	3.6	94.7	592	3.2	71.8

SOURCE: Fiscal Year 1996 Quality Control Database and 1990 SIPP longitudinal file

* Excluding PRWORA-ineligible aliens

** Age 18 to 49, fit for employment, no children in unit, and not exempt from FSP work registration for any of the specified reasons.

1 month toward PRWORA's time limit. By tracking individuals across months, we can determine whether and when they hit the 3-month limit. Finally, using sample weights that are designed to replicate the U.S. population in January 1992, we can tabulate the percentage of ABAWD FSP participants that have exhausted their 3 months of eligibility.

In January 1992, 70.4 percent of all ABAWD FSP participants had exhausted their 3 months of eligibility. To determine the *number* of FSP participants that lose eligibility, we apply this percentage to FSP caseload estimates derived from the QC database. Thus, of the 892 thousand ABAWD FSP participants in an average month of fiscal year 1996, we estimate that 70.4 percent, or 628 thousand have exhausted their 3 months of eligibility.

D. CAVEATS REGARDING ABAWD ESTIMATES

Two important exemptions from PRWORA's work requirement are not modeled in this report— the waiver for people living in areas of high unemployment and the exemption for 15 percent of people who would otherwise lose eligibility. Consequently, not all of the 628 thousand ABAWD FSP participants that have reached PRWORA's time limit will be disqualified from the FSP.

FNS estimates that 36.8 percent of ABAWD FSP participants live in areas covered by a high-unemployment waiver, and that 15 percent of the remaining ABAWDs will be granted an exemption.[15] Based on these estimates, only 337 thousand (53.7 percent) of the 628 thousand ABAWD FSP participants that have reached the time limit would actually lose eligibility.[16]

These estimates should be interpreted in light of three other caveats. First, the FSP caseload decreased in size by about 8 percent between fiscal year 1996 and fiscal year 1997. Presumably, he

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[15]FNS's waiver estimate is based on approved waivers that states had implemented or intended to implement as of August 21, 1997.

[16]The 53.7 percent figure is calculated as: $100\% - 36.8\% - (63.2\% * 15.0\%) = 53.7\%$

number of ABAWD FSP participants also declined over this period. Second, the longitudinal analysis in Chapter III assumes that an ABAWD FSP participant loses eligibility the instant he or she reaches the 3-month time limit. In practice, the individual may retain eligibility until he or she applies for recertification. Thus, the impact of the time limit will be spread out over several months, rather than focused in month 4 as our analysis suggests.

The third caveat is that the longitudinal analysis presented in Chapter III is based on data from between January 1990 and February 1992, when there was no time limit on the receipt of food stamp benefits. When we use these data to simulate the impact of imposing a time limit in January 1990, we assume that no one changes his behavior in response to the time limit. If this assumption is incorrect, the estimates presented here may overstate or understate the number of people that lose eligibility.