The Heritage Foundation

BACKGROUNDER

No. 3091 | FEBRUARY 8, 2016

Maine Food Stamp Work Requirement Cuts Non-Parent Caseload by 80 Percent

Robert Rector, Rachel Sheffield, Kevin D. Dayaratna, and Jamie Bryan Hall

Abstract

The food stamp program is the nation's second largest means-tested welfare program; its costs have risen from $20.7 billion in 2000 to $83.1 billion in 2014. Contributing to this rapid expansion is the enrollment of able-bodied adults without dependents, which has risen from nearly 2 million in 2008 to around 4.7 million today. Benefits to these individuals and related administrative expenses cost the taxpayers around $10.5 billion per year. Welfare should not be a one-way handout. In keeping with the success of both the 1990s welfare reform and Maine's recent food stamp work requirement, the U.S. government should require constructive behavior from able-bodied recipients in exchange for benefits. Specifically, able-bodied adult food stamp recipients without dependents should be required to take a job, prepare for work, perform community service, or at a minimum search for employment in exchange for aid and assistance at the taxpayers' expense. This reform would save taxpayers $9.7 billion per year.

In 2015, the U.S. government spent over $1 trillion on means-tested welfare aid, providing cash, food, housing, medical care, and social services to poor and low-income individuals. The food stamp program is the nation's second largest means-tested welfare program.[1] The number of food stamp recipients has risen dramatically from about 17.2 million in 2000 to 45.8 million in 2015.[2] Costs have risen from $20.7 billion in fiscal year (FY) 2000 to $83.1 billion in FY 2014.[3]

Growth in the food stamp caseload occurred particularly rapidly among able-bodied adults without dependents (ABAWDs). These are work-capable adults between the ages of 18 and 49 who do not have children or other dependents to support. The ABAWD food

Key Points

- Food stamps is one of the government's largest means-tested welfare programs, with roughly 46 million participants and costing $80 billion a year. Since 2009, the fastest growth in participation has occurred among able-bodied adults without dependents (ABAWDs).
- In 2014, Maine implemented a work requirement for ABAWDs. As a result, their ABAWD caseload dropped by 80 percent within a few months, declining from 13,332 recipients in December 2014 to 2,678 in March 2015.
- Federal food stamp policy should be reformed to include a work requirement for able-bodied adults without dependents. If the U.S. saw the same results as Maine, the result would be a savings of as much as $9.7 billion annually. A food stamp work requirement for ABAWDs promotes self-sufficiency and establishes fairness between the individual receiving the benefit and the taxpayer.

This paper, in its entirety, can be found at **http://report.heritage.org/bg3091**

The Heritage Foundation
214 Massachusetts Avenue, NE
Washington, DC 20002
(202) 546-4400 | heritage.org

Nothing written here is to be construed as necessarily reflecting the views of The Heritage Foundation or as an attempt to aid or hinder the passage of any bill before Congress.

stamp caseload grew by nearly 150 percent between 2008 and 2014 and has risen from nearly 2 million recipients in 2008 to around 5 million today.[4]

While relying on taxpayers to pay for their food, government data sources show that many ABAWDs use their own funds counterproductively. Over half of ABAWDs regularly smoke tobacco; those who smoke consume on average 19 packs of cigarettes per month at an estimated monthly cost of $111.

In response to the growth in food stamp dependence, Maine's Governor, Paul LePage, recently established work requirements on ABAWD recipients. In Maine, all ABAWDs in the food stamp program are now required to take a job, participate in training, or perform community service.

Job openings for lower-skill workers are abundant in Maine, and for those ABAWD recipients who cannot find immediate employment, Maine offers both training and community service slots. In response to the new work requirement, however, most ABAWDs in Maine refused to participate in training or community service, despite vigorous outreach efforts by the government to encourage participation. When ABAWD recipients refused to participate, their food stamp benefits ceased.

In the first three months after Maine's work policy went into effect, its ABAWD caseload plummeted by nearly 80 percent, falling from 13,332 recipients in December 2014 to 2,678 in March 2015.[5] This rapid drop in welfare dependence has a historical precedent: When work requirements were established in the Aid to Families with Dependent Children (AFDC) program under President Bill Clinton in the 1990s, nationwide caseloads dropped by a similar amount, albeit over a few years rather than a few months.

The Maine food stamp work requirement is sound public policy. Government should aid those in need, but welfare should not be a one-way handout. Able-bodied, nonelderly adults who receive cash, food, or housing assistance from the government should be required to work or prepare for work as a condition of receiving aid. Giving welfare to those who refuse to take steps to help themselves is unfair to taxpayers and fosters a harmful dependence among beneficiaries.

The federal government should establish work requirements similar to Maine's for the 4.7 million ABAWDs currently receiving food stamps nationwide. If the caseload drops at the same rate it did in Maine (which is very likely), taxpayer savings would be over $8.4 billion per year. Further reforms could bring the savings to $9.7 billion per year: around $100 per year for every individual currently paying federal income tax.

Some may argue that individual state governments, not the federal government, should choose whether to require work or training in the food stamp program. But over 90 percent of food stamp funding comes from the federal government. Since the federal government pays for nearly the entire food stamp program, it has the right and obligation to establish the moral principles on which the program operates.[6]

Requiring work for able-bodied welfare recipients was the foundation of the successful welfare reform in the 1990s, but the idea of work in welfare has fallen by the wayside. It is time to reanimate that principle.

1. The U.S. Department of Agriculture asserts that it renamed the food stamp program the Supplemental Nutrition Assistance Program (SNAP) in 2008 as part of "efforts to fight stigma." This paper continues to use the original name because it is more widely known to the public. See U.S, Department of Agriculture, Food and Nutrition Service, "Supplemental Nutrition Assistance Program (SNAP): A Short History of SNAP," last published November 20, 2014, http://www.fns.usda.gov/snap/short-history-snap (accessed January14, 2016).
2. U.S. Department of Agriculture, Food and Nutrition Service, "Supplemental Nutrition Assistance Program (SNAP): National Level Annual Summary: Participation and Costs, 1969–2015," last published January 8, 2016, http://www.fns.usda.gov/pd/supplemental-nutrition-assistance-program-snap (accessed January 14, 2016).
3. Combined federal and state expenditures based on data from U.S. Office of Management and Budget, *Budget of the United States Government, Fiscal Year 2016: Appendix* (Washington: U.S. Government Publishing Office, 2015), p. 159. State food stamp expenditures are assumed to be 9 percent of federal expenditures.
4. ABAWD data are from the SNAP Quality Control data. The U.S. Department of Agriculture, Food and Nutrition Service, provides these data in their annual *Characteristics of Supplemental Nutrition Assistance Program Households* reports. However, in 2012, USDA began to use a new methodology to calculate the number of ABAWDs. USDA has applied this new methodology to recalculate the number of ABAWDs from 2007 to the present. The data we use for this report rely on the corrected data provided by the USDA and thus may differ from the data reported in the *Characteristics of Supplemental Nutrition Assistance Program Households* reports.
5. Data from Maine Department of Health and Human Services.
6. A state optional work requirement is sometimes advanced under the idea of federalism. To truly advance federalism in food stamps, however, would be to shift responsibility to the states to pay for and administer the program with their own resources.

Able-Bodied Adults Without Dependents (ABAWDs) in the Food Stamp Program

The federal means-tested welfare system consists of approximately 80 programs that provide cash, food, housing, medical care, and social services to poor and lower-income Americans at an annual cost of over $1 trillion. The food stamp program is one of the largest of these programs. Over the past decade, the food stamp program has grown dramatically: Spending today is around $83 billion, nearly double what it was in FY 2008.

One group that has significantly increased its participation in the food stamp program is "able-bodied adults without dependents" (ABAWDs). Under the federal definition, an individual is considered an "able-bodied adult without dependents" if he or she is between 18 and 49 years of age, is not caring for a child under age 18 or residing in a household with a child under age 18, is not physically or mentally disabled, and is not pregnant. ABAWDs gained notoriety in August 2013, when Fox News aired a documentary on food stamps featuring 29-year-old Jason Greenslate, a California resident who reported that he spends his time surfing and playing in his rock band, all the while receiving benefits from the food stamp program.[7]

An individual ABAWD without any earned income will receive $194 in food stamps per month.[8] Some ABAWDs have earnings that reduce their monthly food stamp benefits; others receive slightly lower benefits because they reside in multi-person homes. As a result, the average benefit per ABAWD is $169 per month (based on FY 2014 numbers). The average annual cost of benefits for each ABAWD in FY 2014 was $2,023.[9] Overall, roughly $9.5 billion in food stamp benefits goes to ABAWDs each year. Administrative costs add approximately $1 billion more. Over 90 percent of food stamp costs are funded by the federal government.

Under the 1996 welfare reform law, ABAWDs receiving food stamps were nominally limited to three months of benefits in a 36-month period unless they were employed or participating in a work program at least part-time. However, a state could request waivers from the ABAWD work requirement if the state or areas within it had higher unemployment rates or job shortages. The ABAWD caseload grew substantially between FY 2008 and FY 2009, increasing by about one-third from 1.9 million to 2.8 million. In 2009, the Obama Administration issued blanket ABAWD work waivers as part of the American Recovery and Reinvestment Act (ARRA), allowing all states to automatically waive the work requirement.[10]

The number of ABAWDs on the food stamp rolls jumped to nearly 4 million by FY 2010 and climbed to 4.9 million by FY 2013. As of FY 2014, approximately 4.7 million ABAWDs were receiving food stamps nationwide each month.[11]

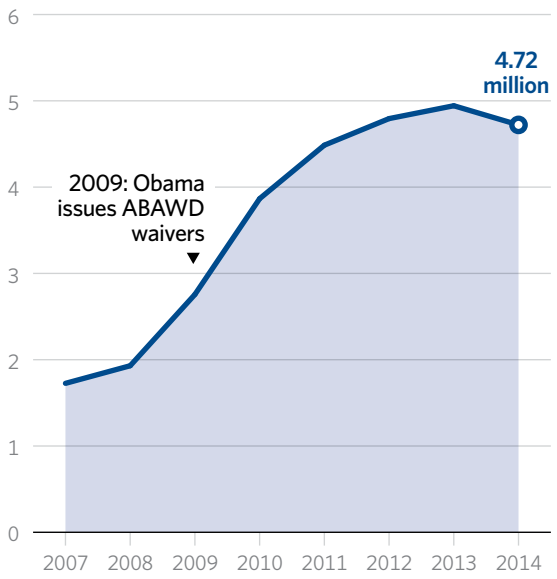
Cigarette Smoking Among ABAWDs[12]

A common perception is that food stamp recipients barely have enough money to feed themselves. Many ABAWDs, however, have discretionary income, and this income is often used for counterproductive or non-essential purposes. For example, the National Health and Nutrition Examination

7. Fox News, "The Great Food Stamp Binge," August 9, 2013, https://www.youtube.com/watch?v=rXoTX1sP-jo (accessed January 8, 2016).
8. U.S. Department of Agriculture, Food and Nutrition Service, "Supplemental Nutrition Assistance Program (SNAP): How Much Could I Receive? Allotments for Households in the 48 Contiguous States and the District of Columbia," last published September 9, 2015, http://www.fns.usda.gov/snap/how-much-could-i-receive (accessed January 14, 2016).
9. U.S. Department of Agriculture, *Characteristics of Supplemental Nutrition Assistance Program Households: Fiscal Year 2014*, Food and Nutrition Service, Office of Policy Support, *Supplemental Nutrition Assistance Program Report* No. Snap-15-CHAR, December 2015, Tables 3.3 and Table 3.4, http://www.fns.usda.gov/sites/default/files/ops/Characteristics2014.pdf (accessed January 14, 2016). Prepared for the Office of Policy Support by Kelsey Farson Gray and Shivani Kochhar, Mathematica Policy Research. Average monthly benefit per ABAWD is calculated using the average weighted benefit of those in Single-person households and Multi-person households under the category "Other Households" and equals $169 per month, or $2,023 per year.
10. U.S. Department of Agriculture, Food and Nutrition Service, "SNAP—Statewide Able Bodied Adults Without Dependents (ABAWD) Waivers Effective Immediately for Eligible States," memorandum to "All Regional Directors" from Arthur T. Foley, Director, Program Development Division, February 25, 2009, http://www.fns.usda.gov/sites/default/files/022509.pdf (accessed January 14, 2016).
11. U.S. Department of Agriculture, *Characteristics of Supplemental Nutrition Assistance Program Households: Fiscal Year 2014*.
12. Data on cigarette use were calculated from National Health and Nutrition Examination Survey (NHANES), a nationally representative survey conducted of the National Center for Health Statistics (NCHS) at the federal Centers for Disease Control and Prevention (CDC). NCHS has the responsibility for producing vital and health statistics for the nation. Centers for Disease Control and Prevention, National Health and Nutrition Examination Survey, "NHANES 2011–2012," http://wwwn.cdc.gov/nchs/nhanes/search/nhanes11_12.aspx (accessed January 14, 2016).

CHART 1

Able-Bodied Adults Without Dependents (ABAWD) on Food Stamps



Source: U.S. Department of Agriculture, Food and Nutrition Service.

BG 3091 heritage.org

Survey (NHANES) shows that cigarette smoking is common among ABAWDs on food stamps. As Table 1 shows, over 50 percent of ABAWDs smoked cigarettes during the past 30 days. These ABAWDs smoked almost every day, consuming on average 19 packs of cigarettes during the month. The average cost of these cigarettes was around $111 per month.[13]

This sum equals 63 percent of the food costs for a single adult under the U.S. Department of Agriculture's "thrifty food plan" (the USDA standard for an economical, nutritious diet).[14] In other words, these individuals are spending nearly two-thirds of monthly expected food costs on cigarettes and then relying on taxpayers to provide for their food expenses through the food stamp program. Food stamp benefits allow these individuals to divert cash resources from food purchases to cigarettes. Food stamps therefore enable heavy cigarette use in the ABAWD group.

Informal Income and Benefit Fraud

In an average month, only around 20 percent of ABAWDs receiving food stamps report earned income to the food stamp office.[15] However, off-the-books earnings are common among low-income persons and welfare recipients. For example, an analysis done in the early 1990s of single mothers receiving AFDC benefits found that each month, around 40 percent of mothers had off-the-books income that they did not report to the welfare office.[16] Those with off-the-books income reported around $425 per month (in current dollars) in hidden income.[17] Because single mothers have more obstacles to employment than ABAWDs, these figures suggest that ABAWDs may have very high levels of unreported income.

The Fragile Families and Child Wellbeing Survey is a nationally representative sample of urban men and women who had a child born in the late

13. Based on an average cost of a pack of cigarettes including non-brand cigarettes in 2014 according to *The Tax Burden on Tobacco: Historical Compilation*, Vol. 49, Orzechowki and Walker, Arlington, Virginia, 2014, http://www.taxadmin.org/assets/docs/Tobacco/papers/tax_burden_2014.pdf 2014 (accessed January 14, 2016).
14. Based on the average monthly amount under the thrifty food plan for an individual male age 19–50 and an individual female age 19–50. U.S. Department of Agriculture, Center for Nutrition Policy and Promotion, "Official USDA Food Plans: Cost of Food at Home at Four Levels, U.S. Average, May 2015," issued June 2015, http://www.cnpp.usda.gov/sites/default/files/CostofFoodMay2015.pdf (accessed January 14, 2016).
15. U.S. Department of Agriculture, *Characteristics of Supplemental Nutrition Assistance Program Households: Fiscal Year 2013*, Food and Nutrition Service, Office of Policy Support, *Nutrition Assistance Program Report* No. SNAP-14-CHAR, December 2014, Table 3.2, http://www.fns.usda.gov/sites/default/files/ops/Characteristics2013.pdf (accessed January 14, 2016). Prepared for the Office of Policy Support by Kelsey Farson Gray, Mathematica Policy Research.
16. Kathryn Edin and Laura Lein, "Work, Welfare, and Single Mothers' Economic Survival Strategies," *American Sociological Review*, Vol. 62, Issue 2 (April 1997), pp. 253–266, http://pages.ucsd.edu/~aronatas/Edin_Lein_PS.pdf (accessed January 14, 2016).
17. Ibid. Table 4 (found on p. 261) shows that the average "welfare-reliant mother" had $109 per month in unreported "side earnings." Since only 39 percent of these mothers had these unreported earnings, the average earnings among those with such income would be around $272 per month in 1991 dollars. Adjusted to current standards, that would be around $425 per month.

TABLE 1

Tobacco Use Among Able-Bodied Adults Without Dependents on Food Stamps

Currently smoke cigarettes (among all ABAWDs)	52.16%
Number of days smoking cigarettes in last month (among ABAWDs who currently smoke)	27.4
Number of packs of cigarettes smoked in the last month (among ABAWDs who currently smoke)	19
Average monthly cost of cigarettes at $5.84 per pack (among ABAWDs who currently smoke)	$111

Source: Authors' calculations based on data from the National Health and Nutrition Evaluation Survey, 2007–2008, 2009–2010, and 2011–2012.

BG 3091 heritage.org

1990s. The survey gives a representative cross-section of young urban fathers and mothers, both married and non-married, at all income levels. Informal employment and earnings were common.[18] Between 19 percent and 32 percent of urban fathers reported informal or off-the-books earnings during a year. Those with informal earnings gained an average of $11,000 in off-the-books income per year at an average effective wage rate of over $22 per hour. Between 12 percent and 16 percent of urban mothers reported informal or off-the-books earnings during a year. Those with informal earnings appear to have gained an average of $4,300 per year in off-the-books income at an average effective wage rate of $14 per hour.[19]

If a food stamp recipient's reported earnings increase, then the value of his monthly benefits is automatically reduced. However, an unreported or off-the-books job enables a recipient to receive the maximum food stamp benefits without regard to earnings received. Community service, supervised job search, job training, or any other activity that requires that a recipient routinely be in the welfare office interferes with the recipient's informal employment and will often push the individual to leave the assistance rolls.

Federal Policy Regarding ABAWDs and Work

Under federal policy, an ABAWD is limited to three months of food stamp benefits in a 36-month period. After the three months is completed, the recipient is subject to a work requirement that can be fulfilled in three ways:

1. By working a paying job for at least 20 hours per week.[20]
2. By participating in a work program for at least 20 hours per week. Work programs include those under the Workforce Investment Act (WIA) or Section 236 of the Trade Act, as well as those operated by a state's food stamp Employment and Training funding.[21]
3. By performing community service for six hours per week. If an individual chooses to fulfill the work requirement with community service, the hours of community service required cannot exceed the amount of an individual's food stamp benefit divided by the higher of either the federal or state minimum wage. For example, if an individual received $200 in food stamp benefits each month and the minimum wage in a state was $7.50, then the required hours of community service per month could not exceed 26.7 (200/7.50 = 26.7).

18. Samara Gunter, "Informal Labor Supply in the United States: New Estimates from the Fragile Families Survey," working paper, Colby College, October 12, 2012, http://crcw.princeton.edu/workingpapers/WP12-16-FF.pdf (accessed January 14, 2016).
19. Only a tiny fraction of informal income for either men or women was due to illegal activities such as drug sales or prostitution.
20. U.S. Department of Agriculture, Supplemental Nutrition Assistance Program, *Guide to Serving ABAWDs Subject to Time-limited Participation*, 2015, http://www.fns.usda.gov/sites/default/files/Guide_to_Serving_ABAWDs_Subject_to_Time_Limit.pdf (accessed January 14, 2016).
21. State of Maine, Department of Health and Human Services, Chapter 301: Food Supplement Program, "FS-1 and FS-100's: Introduction; General Program Requirements / Nonfinancial Eligibility Factors," pp. 47–50, http://www.maine.gov/sos/cec/rules/10/ch301.htm. See also U.S. Department of Agriculture, *Guide to Serving ABAWDs Subject to Time-limited Participation*, 2015.

Work Exemptions for ABAWDs in the Law

Broad exceptions to the work requirement have been built into federal law. Under the 1996 welfare reform act, a state can request a waiver from the ABAWD work requirement for the entire state or parts of the state if the state or area has "a recent 12 month average unemployment rate over 10 percent; a recent three month average unemployment rate over 10 percent; or an historical seasonal unemployment rate over 10 percent."[22]

A state may also request a waiver from the ABAWD work rule for the entire state or areas within the state that have a "lack of sufficient jobs." Such a state or area is defined as one that:

> [is] designated as a Labor Surplus Area (LSA) by the Department of Labor's Employment and Training Administration (ETA); is determined by the Department of Labor's Unemployment Insurance Service as qualifying for extended unemployment benefits; has a low and declining employment-to-population ratio; has a lack of jobs in declining occupations or industries; is described in an academic study or other publications as an area where there are lack of jobs; has a 24-month average unemployment rate 20 percent above the national average for the same 24-month period.[23]

If a state does not have a waiver for an area, it is still permitted to exempt 15 percent of its ABAWD caseload from the work requirement each month.[24] States are permitted flexibility to determine who will receive the exemptions but are required to track the number of exemptions they use. Unused exemptions can be rolled over.[25]

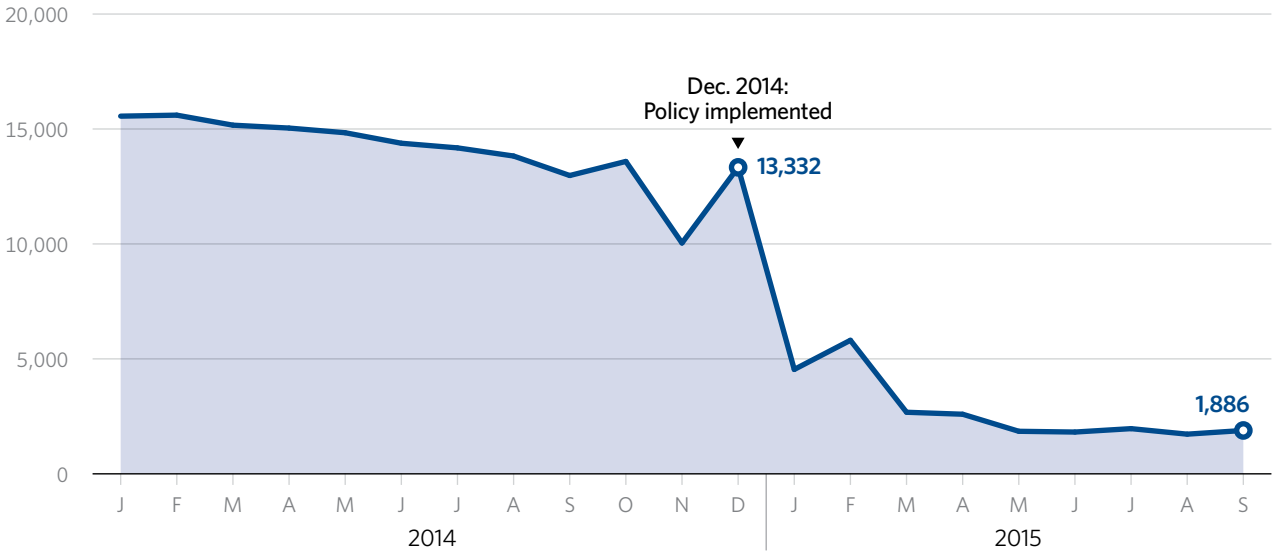
In early 2009, the American Recovery and Reinvestment Act (ARRA) applied a blanket waiver to the work requirement, suspending the entire ABAWD work requirement through FY 2010 for all states (unless a state chose to operate a work program for ABAWDs).[26] For fiscal years 2011 through 2013, the vast majority of states (between 46 and 49, depending on the year) continued to receive statewide waivers linked to their eligibility for extended unemployment benefits.[27] In FY 2014, 42 states qualified for statewide waivers. During FY 2015, 37 qualified.[28]

In October 2015, the USDA issued a letter noting that in 2016, states will no longer be eligible for broad statewide waivers due to eligibility for extend-

22. 7 Code of Federal Regulations §273.24 (2016).
23. Ibid.
24. U.S. Department of Agriculture, *Guide to Serving ABAWDs Subject to Time-limited Participation*, 2015, p. 8.
25. Ibid.
26. U.S. Department of Agriculture, "SNAP—Statewide Able Bodied Adults Without Dependents (ABAWD) Waivers Effective Immediately for Eligible States"; Randy Alison Aussenberg, "Supplemental Nutrition Assistance Program (SNAP): A Primer on Eligibility and Benefits," Congressional Research Service *Report* No. R42505, December 29, 2014, https://www.fas.org/sgp/crs/misc/R42505.pdf (accessed January 14, 2016).
27. U.S. Department of Agriculture, Food and Nutrition Service, "Supplemental Nutrition Assistance Program (SNAP)—Able Bodied Adults Without Dependents Waivers for Fiscal Year 2011," memorandum to "All Regional Directors" from Arthur T. Foley, Director, Program Development Division, January 29, 2010, http://www.fns.usda.gov/sites/default/files/waivers_2011.pdf (accessed January 14, 2016); U.S. Department of Agriculture, Food and Nutrition Service, "Supplemental Nutrition Assistance Program (SNAP)—Able Bodied Adults Without Dependents Waivers for Fiscal Year 2012," memorandum to "All Regional Directors" from Lizbeth Silbermann, Director, Program Development Division, May 3, 2011, http://www.fns.usda.gov/sites/default/files/waivers_2012.pdf (accessed January 14, 2016); U.S. Department of Agriculture, Food and Nutrition Service, "Supplemental Nutrition Assistance Program (SNAP)—Able Bodied Adults Without Dependents Waivers for Fiscal Year 2013," memorandum to "All Regional Directors" from Lizbeth Silbermann, Director, Program Development Division, March 21, 2012, http://www.fns.usda.gov/sites/default/files/SNAP_ABAWD_Waivers_FY2013.pdf (accessed January 14, 2016).
28. U.S. Department of Agriculture, Food and Nutrition Service, "Supplemental Nutrition Assistance Program (SNAP)—Able Bodied Adults Without Dependents Waivers for Fiscal Year 2014," memorandum to "All Regional Directors" from Lizbeth Silbermann, Director, Program Development Division, August 2, 2013, http://www.fns.usda.gov/sites/default/files/SNAP_ABAWD_Waivers_FY2014.pdf (accessed January 14, 2016); U.S. Department of Agriculture, Food and Nutrition Service, "Supplemental Nutrition Assistance Program (SNAP)—Able Bodied Adults Without Dependents Waivers for Fiscal Year 2015," memorandum to "All Regional Directors" from Lizbeth Silbermann, Director, Program Development Division, May 23, 2014, http://www.fns.usda.gov/sites/default/files/SNAP-ABAWD-Waivers-FY2015.pdf (January 14, 2016).

CHART 2

Able-Bodied Adults Without Dependents on Food Stamps in Maine



Source: Maine Department of Health and Human Services.

BG 3091 heritage.org

ed unemployment benefits because Congress has ended those benefits.[29] However, states will still be able to exempt 15 percent of the ABAWD caseload from the work requirement and to receive statewide or area-specific waivers based on high unemployment or "lack of sufficient jobs."[30]

Maine's ABAWD Work Requirement

Some states that qualified for waivers chose to forgo them. Maine announced in July 2014 that it would no longer waive the ABAWD work requirement.[31] The state notified individuals that beginning October 1, 2014, the three-month time limit would begin if they were not working, participating in a work program for 20 hours per week, or doing community service for roughly six hours per week.

After three months, the ABAWD caseload in Maine plummeted. In December 2014, the ABAWD caseload was 13,332. By January 2015, when three months had passed since the time limit began, the caseload had dropped to 4,540. As of March 2015, the caseload had further dipped to 2,678, and by September, the number had fallen to 1,886.

29. U.S. Department of Agriculture, Food and Nutrition Service, "SNAP—Fiscal Year (FY) 2016 Allocations of 15 Percent Exemptions for Able Bodied Adults without Dependents (ABAWDs)—Not Adjusted for Carryover," memorandum to "All Regional Directors" from Sasha Gersten-Paal, Chief, Certification Policy Branch, Program Development Division, October 23, 2015, http://www.fns.usda.gov/sites/default/files/snap/FY-2016-ABAWD-Exemptions-Memo-Not-Adjusted-for-Carryover.pdf (accessed January 14, 2016). The Center for Budget and Policy Priorities predicts that ending the current statewide waivers introduced under the Obama Administration will reduce the nationwide ABAWD caseload by 500,000. See Ed Bolen, Dottie Rosenbaum, Stacy Dean, and Brynne Keith-Jennings, "More Than 500,000 Adults Will Lose SNAP Benefits in 2016 as Waivers Expire," Center on Budget and Policy Priorities, updated January 5, 2016, http://www.cbpp.org/research/food-assistance/more-than-500000-adults-will-lose-snap-benefits-in-2016-as-waivers-expire (accessed January 14, 2016).
30. For example, over 2,000 counties and cities can be exempted because they are designated labor surplus areas. U.S. Department of Labor, Employment and Training Administration, "Labor Surplus Area: Fiscal Year (FY) 2016 Labor Surplus Areas," https://www.doleta.gov/programs/lsa.cfm (accessed January 20, 2016).
31. Press release, "Maine Enforces Work Requirements for Able-Bodied Food Supplement Recipients," State of Maine, Department of Health and Human Services, July 23, 2014, http://www.maine.gov/tools/whatsnew/index.php?topic=DHS+Press+Releases&id=624710&v=article (accessed January 14, 2016).

Maine's Employment and Training Plan

In preparation for reinstating the ABAWD food stamp work requirement, Maine made plans to expand its Food Supplemental Employment and Training Program, or FSET.[32] ABAWDs in Maine that wished to continue receiving food stamp benefits beyond the three-month time limit and did not meet the hourly employment requirement could participate in the FSET program.

Maine's FSET program provides job search assistance and job search support, including "job plan development, resume writing, and interviewing workshops, Maine Job Bank registration, coaching, and follow-up." Individuals in FSET are assigned a case manager and also receive a monthly travel reimbursement of up to $50 during the time they participate in the FSET program to help them pay for the travel costs of getting into the program.[33] Maine also includes an educational component of its FSET program to "provide additional educational training and certification for high wage and in demand jobs."[34]

In 2014, Maine estimated that its FSET services would be able to serve up to 1,000 of its ABAWD population, with a long-term aim of being able to serve 6,000 (approximately half of the ABAWD caseload) in 2014. However, with the implementation of the work requirement, the state's food stamp ABAWD caseload shrank rapidly. Caseworkers in Maine note that the drop-off appears to be due to individuals who have chosen to forgo food stamp benefits rather than fulfill the work requirement. As noted, by September, the caseload dropped to 1,886, diminishing the need for a large number FSET slots.

Maine also offers community service positions to ABAWDs as a means to fulfill their work obligation. As noted, the hours of community service required cannot exceed the amount of an individual's food stamp benefit divided by the higher of either the federal or state minimum wage. In Maine, 24 hours of community service per month (six hours per week) can fulfill the work requirement. However, when the Maine Department of Health and Human Services conducted outreach to about 700 ABAWDs in Portland to inform them about a volunteer program that could fulfill the community service work requirement, only about 15 of the 700 contacted responded.[35]

Despite the availability of options to fulfill the work requirement, it appears that the majority of decline in the ABAWD caseload in Maine has been due to individuals choosing to leave the rolls instead of complying with a work requirement. Most ABAWDs leave the food stamp program voluntarily after three months.[36] As Mary C. Mayhew, Commissioner of the Maine Department of Health and Human Services, has explained:

> When we began requiring able-bodied adults without dependents (ABAWDs) to work 20 hours per week, volunteer an hour per day, or attend vocational training in order to maintain food stamp benefits, only about one in five complied. Even when we have reached out to ABAWDs with job and volunteer opportunities, they have opted simply to go without benefits and have declined to participate in the training or volunteer opportunities. It is truly a sad situation but it underscores the point that we cannot enable willful inactivity and it is imperative that these programs are designed to help people who are making a genuine attempt to transition from poverty to prosperity. They cannot be a way of life.
>
> We know from the data and from our law enforcement partners that a significant portion of drug related arrests and crimes include individuals with EBT cards and SNAP benefits. Unfortunately, too many of these folks are ABAWDs that aren't meeting the work requirement of the program. These able-bodied adults need to get a job, not get more food stamps. This experience tells us that government at all levels should consider work and volunteer requirements for all welfare programs in order to end the perception of welfare as a lifetime handout."[37]

32. State of Maine, Department of Health and Human Services, Office for Family Independence, "Food Supplement Employment and Training Program Plan, FFY 2015, October 1, 2014–September 30, 2015," http://www.maine.gov/dhhs/ofi/services/snap/documents/FSET-CSSP-Approved-by-FNS.pdf (accessed January 14, 2016).
33. Ibid.
34. Ibid.
35. Rachel Sheffield, personal correspondence with Maine Department of Health and Human Services representative, April 17, 2015.
36. Rachel Sheffield, personal correspondence with Maine Department of Health and Human Services representative, June 26, 2015.
37. Rachel Sheffield, personal correspondence with Maine Department of Health and Human Services representative, June 26, 2015.

How Workfare Works

The rapid decline of the ABAWD recipient population in response to work requirements has clear historical precedent. In 1996, the U.S. Congress enacted welfare reform legislation replacing the Aid to Families with Dependent Children (AFDC) program with Temporary Assistance for Needy Families (TANF). The new law required roughly half of adult TANF recipients to work or prepare for work as a condition of receiving benefits. In response to this work requirement, the number of families participating in welfare plummeted sharply, falling by 53 percent, from 4.3 million in 1996 to 2 million in 2002.[38]

Workfare is a simple concept, but a good workfare program will affect the welfare system in a wide variety of ways. Overall, workfare has eight different positive impacts on welfare recipients and society.

- **Workfare establishes fairness by requiring recipients to engage in constructive activity in exchange for benefits.** The public overwhelmingly believes that able-bodied adult welfare recipients should be required to work, prepare for work, or at least seriously look for work as a condition of receiving aid.[39] Taxpayers resent the idea that they must work while able-bodied welfare recipients receive something for nothing. Workfare transforms welfare from a one-way handout into a system of reciprocal obligation. Aid is given, but positive behavior is required in exchange.

- **Workfare serves as a gatekeeping mechanism that targets aid to the truly needy.** Workfare can serve as a rational gatekeeping device that monitors and controls entry into welfare programs. By definition, able-bodied applicants for welfare claim that they cannot find employment and therefore need aid from the taxpayer. While this is true in many cases, large numbers of people will nevertheless take a free handout if the government offers it, even if they do not really need it. A work test applied at the point of entry into a welfare program can help the government to separate these two groups. If the government requires recipients to begin serious efforts toward self-reliance at the time of enrollment, many of those who do not really need the aid will simply choose not to enter the welfare rolls. Those who really cannot find employment or other support will receive aid but will immediately be put on a path toward leaving welfare.

- **Workfare reduces unnecessary entries into welfare and shrinks the rolls.** One important consequence of workfare as a gatekeeping device is that it sharply decreases new applications and enrollments in welfare. This in turn leads to substantial declines in caseloads. For example, few people realize that the sharp drop in the TANF welfare caseload after 1996 was caused as much by a drop in new enrollments as by an increase in departures from welfare.

- **By deterring unnecessary entries into the welfare system, workfare increases long-term earnings potential.** Time spent on welfare never looks good on a job resume. Welfare dependence erodes work habits and job skills and reduces contacts with other employed persons that can lead to future job opportunities. Unnecessary enrollment in welfare therefore undermines an individual's long-term earnings potential and increases the prospects for future poverty. Conversely, by deterring unnecessary enrollments and spells of welfare dependence, workfare tends to increase long-term earnings among potential recipients.

- **Workfare reduces unreported income.** Workfare reduces fraud by decreasing the opportunity for individuals to receive a welfare check while maintaining an unreported job. In food stamp, TANF, and other welfare programs, monthly benefits are reduced as earnings increase. A prevalent type of fraud involves recipients who fail to report employment to the welfare office or who work off the books. By hiding their employment, these individuals illegally receive both full welfare benefits and a wage. A rigorous workfare pro-

38. Robert Rector and Patrick F. Fagan, "The Continuing Good News About Welfare Reform," Heritage Foundation *Backgrounder* No. 1620, February 6, 2003, http://www.heritage.org/research/reports/2003/02/the-continuing-good-news.

39. Survey by the American Perceptions Initiative, a project of The Heritage Foundation. This survey, conducted in November 2015, was based on a nationally representative sample.

gram that, for example, requires a recipient to be at a supervised job search or training site each day can eliminate this type of fraud because the recipient cannot be in two places at once. He cannot be at the welfare office and his hidden job simultaneously. Faced with a rigorous workfare requirement, most recipients with hidden jobs will simply drop off the welfare rolls.

- **Workfare decreases the economic utility or attractiveness of welfare and therefore shortens the time that recipients remain on the rolls.** Workfare reduces the anti-work incentives inherent in conventional welfare programs. Traditional welfare programs, which include most means-tested aid programs in the U.S., offer recipients income without work. These programs reward idleness and discourage employment. Workfare reduces the relative economic utility or attractiveness of remaining idle on welfare. For example, a welfare program that provides aid but requires a recipient to leave home and participate in supervised job search at the welfare office four days a week is substantially less appealing than a program that allows recipients simply to sit at home and collect checks. Workfare reduces the rewards for idleness and increases the incentives to find a job. This results in fewer enrollments, shorter spells of welfare dependence, and smaller caseloads.

- **Workfare programs provide job training, job search, job readiness skills, and employment search services, all of which help recipients to move from welfare into work.** Workfare programs provide training, job readiness preparation, and employment search services that help to connect recipients to jobs. These services help recipients to increase their skills and to find and obtain employment, thereby speeding the transition from welfare to work.

- **Workfare reduces welfare caseloads and thereby produces savings for taxpayers.** By reducing unnecessary welfare enrollments and shortening the time spent on welfare, workfare substantially shrinks caseloads, thereby generating substantial savings for taxpayers.

Public Support for Work Requirements

The vast majority of Americans favor work requirements for welfare. A Rasmussen poll taken on July 18, 2012, found that "83% of American Adults favor a work requirement as a condition for receiving welfare assistance. Just seven percent (7%) oppose such a requirement, while 10% are undecided."[40] A 2015 Heritage Foundation survey showed similar results. Nearly all respondents agreed that "able-bodied adults that receive cash, food, housing, and medical assistance should be required to work or prepare for work as a condition of receiving those government benefits." The outcomes were nearly identical across party lines, with 87 percent of Democrats and 94 percent of Republicans agreeing with this statement.[41]

Federal Reform of Food Stamps

Federal policy should establish a mandatory work requirement for ABAWDs in the food stamp program, requiring each state to have all of its ABAWD population working, preparing for work, or participating in job search. Requiring ABAWDs to work, prepare for work, or look for work in exchange for receiving benefits would be wise public policy; it would ensure that the program promotes self-sufficiency and that benefits are going to those who most need them. The example of Maine shows that a federal work requirement is likely to reduce ABAWD food stamp participation substantially.

In addition, the three-month rule that permits ABAWDs to receive food stamps without employment or participation in community service, training, or job search should be shortened to one month. Finally, the 15 percent exemption rule, which permits states to exempt 15 percent of ABAWDs each month from the work requirement, should be reduced to 5 percent.

A federal work requirement with the above provisions would cause the national ABAWD caseload to fall dramatically. If the decrease in the ABAWD caseload

40. Rasmussen Reports, "83% Favor Work Requirement for Welfare Recipients," July 18, 2012, http://www.rasmussenreports.com/public_content/business/jobs_employment/july_2012/83_favor_work_requirement_for_welfare_recipients (accessed June 12, 2015).

41. American Perceptions Initiative survey, November 2015, http://www.heritage.org/research/reports/2016/02/American-Perspectives-on-Welfare-and-Poverty.

were similar to that in Maine (a caseload decrease of 80 percent), the overall savings would be around $8.4 billion annually.[42] Reducing the three-month work exemption to one month and limiting generic exemptions to 5 percent would probably add another $1.3 billion in savings, bringing the total savings to $9.7 billion per year,[43] or approximately $100 per year for each household currently paying federal income tax.[44]

Some may argue that individual state governments rather than Washington should choose whether or not to require work or training in the food stamp program, but over 90 percent of food stamp funding comes from the federal government. Since the federal government pays for nearly the entire food stamp program, it has the right and obligation to establish the moral principles on which the program should operate. States that wished to provide food aid to ABAWDs without a work requirement would be free to do so, but they would have to do so with state revenues and through a separate state aid program.

Conclusion

Currently, 4.7 million able-bodied adults without dependent children (or other dependents) are receiving food stamp benefits nationwide. Benefits to these individuals and related administrative expenses cost the taxpayers around $10.5 billion per year. In 2014, the State of Maine imposed a work requirement on ABAWDs that caused a prompt 80 percent drop in caseload.

Simply to deny assistance to those in need is not good policy. On the other hand, welfare should not be a one-way handout. Instead, government should require constructive behavior from able-bodied recipients in exchange for any aid given. Specifically, able-bodied, non-elderly adult recipients should be required to take a job or, if a job is not immediately available, to prepare for work, perform community service, or at least search for employment under supervision in exchange for the aid they receive.

Such a balanced, reciprocal approach to aid is fair to the taxpayer and beneficial to recipients; it provides needed aid while limiting unnecessary dependence. By contrast, giving welfare to those who refuse to take steps to help themselves is unfair to taxpayers and fosters harmful dependence among beneficiaries.

A serious work requirement is an effective gatekeeping device. It allows program administrators to separate those who truly need the aid from others who need assistance less but are willing to take a free handout if it is offered. Historical experience shows that a serious work requirement will rapidly reduce welfare caseloads because most recipients who do not need the aid offered will fail to show up to perform the required activity and therefore be removed from the rolls. The Maine ABAWD policy is the latest example of this process.

Over 90 percent of food stamp funding comes from the federal government. Since the federal government pays for nearly the entire food stamp program, it has the right and obligation to establish the core principles on which the program operates. The federal government should establish a federal work requirement on ABAWDs receiving food stamps that is similar to the one established in Maine. Such a nationwide policy could save the taxpayers $9.7 billion per year.

*—**Robert Rector** is a Senior Research Fellow in the Institute for Family, Community, and Opportunity at The Heritage Foundation. **Rachel Sheffield** is a Policy Analyst in the Institute for Family, Community, and Opportunity. **Kevin D. Dayaratna, PhD**, is Senior Statistician and Research Programmer in the Center for Data Analysis, of the Institute for Economic Freedom and Opportunity, at The Heritage Foundation. **Jamie Bryan Hall** is Senior Policy Analyst in the Center for Data Analysis.*

42. Estimate based on an 80 percent reduction in benefits and administrative costs for ABAWDs. This cost savings estimate is based on the current national ABAWD caseload of 4.7 million. However, the end of the statewide waivers in 2016 may automatically reduce the ABAWD caseload somewhat. The Center for Budget and Policy Priorities has predicted that ending statewide waivers would reduce the nationwide ABAWD caseload by 500,000. If this is accurate, then the establishment of Maine-style work requirements on the reduced caseload would yield around $7.6 billion in annual savings, and the more extensive reforms described in this paper would yield around $8.7 billion in annual savings. See Bolen et al., "More Than 500,000 Adults Will Lose SNAP Benefits in 2016 as Waivers Expire."
43. This estimate assumes an overall reduction of 92 percent in benefits and administrative costs on an ABAWD caseload of 4.7 million. Of these savings, over 90 percent would accrue to the federal government, and the remainder would accrue to state governments. States should be permitted to use funds from the current Food Supplemental Employment and Training (FSET) program to implement the policy.
44. Based on 95 million tax filers who pay federal income tax.

Appendix

APPENDIX TABLE A

Cigarette Use Among Various Groups

ABAWDs — Able-Bodied Adults Without Dependents

	ABAWDs on Food Stamps	95% Confidence Interval	Adults Aged 20 to 50 on Food Stamps	95% Confidence Interval	Adults Aged 20 to 50 Not on Food Stamps	95% Confidence Interval	All Adults Aged 20 to 50	95% Confidence Interval
Currently smoke cigarettes (among whole group)	52.2%	(42.76%, 61.55%)	44.8%	(40.4%, 49.17%)	22.0%	(20.34%, 23.7%)	25.1%	(23.32%, 26.84%)
Number of days smoking cigarettes in last month (among those who currently smoke)	27.4	(26.27, 28.47)	27.1	(26.39, 27.84)	25.5	(24.73, 26.23)	25.9	(25.21, 26.63)
Number of packs of cigarettes smoked in the last month (among those who currently smoke)	19	(15.5, 22.3)	20	(17.97, 22.62)	18	(16.03, 19.65)	18	(16.76, 20.10)
Average monthly cost of cigarettes at $5.84 per pack (among those who currently smoke)	$111		$117		$105		$105	

Source: Authors' calculations based on data from the National Health and Nutrition Evaluation Survey, 2007–2008, 2009–2010, and 2011–2012.

BG 3091 heritage.org

Methodology

The data on cigarette use presented in Table 1 in the main text and Appendix Table A were calculated from National Health and Nutrition Examination Survey (NHANES) data. The NHANES is a nationally representative survey conducted by the National Center for Health Statistics (NCHS) at the federal Centers for Disease Control and Prevention (CDC).[45] For the analysis, NHANES data from 2007–2008, 2009–2010, and 2011–2012 were pooled, following guidelines discussed in the data's documentation.[46] Sample mean estimates were constructed using the appropriate sample weights. The 95 percent confidence intervals presented in the appendix table were estimated using a delete-one jackknife approach taking into account the complex nature of the NHANES survey.[47]

In the NHANES analysis, ABAWDs were defined as individuals who:

- Reported receiving food stamp benefits in the 30 days before the survey;
- Were between the ages of 20 and 50;
- Had no dependent minors in the household; and
- Did not receive benefits from Supplemental Security Income, Social Security, or any other disability program.

Age 20 rather than 18 was used as the lower age cutoff because many NHANES variables were not available for 18-year-olds and 19-year-olds.

45. Centers for Disease Control and Prevention, "NHANES 2011–2012."
46. Centers for Disease Control and Prevention, National Center for Health Statistics, "National Health and Nutrition Examination Survey: Estimation Procedures, 2007–2010," Vital and Health Statistics Series 2, No. 159, August 2013, http://www.cdc.gov/nchs/data/series/sr_02/sr02_159.pdf (accessed January 14, 2016).
47. Sharon L. Lohr, *Sampling: Design and Analysis: Second Edition* (Boston: Brooks/Cole, 2009), pp. 380–383.