

# ISSUE BRIEF

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## Five Steps Congress Can Take to Encourage Work in the Food Stamps Program

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The House Agriculture Committee released a farm bill<sup>1</sup> last week that includes provisions to reform the food stamp welfare program, known as the Supplemental Nutrition Assistance Program (SNAP) after its renaming in the 2008 farm bill, by encouraging work-capable individuals to work or participate in other activities in order to receive benefits. This is an important goal; these adults can and should be required to work or prepare for work as a condition of receiving assistance. Welfare programs should assist those in need, and welfare should not be a one-way handout. Work requirements in welfare promote greater self-support and establish a reciprocal obligation between the beneficiary and the taxpayers who fund the benefits. Work requirements should be structured in reasonable ways in order to be effective and have broad-based public support. In addition, any reform should encourage and not discourage marriage.

Achieving these goals will require significant changes to the bill. As currently drafted, it is unclear that these provisions would increase work in reasonable, effective ways.<sup>2</sup> In its current form, the bill does not appear to strengthen work requirements significantly for work-capable adults without dependents, despite the fact that this group has the least

need for assistance and work requirements can be most effective with this population. To be effective, policy should establish work requirements for able-bodied adults without dependents (ABAWDs) in ways that are reasonable and likely to be effective, in order to decrease dependence among work-capable adults while reducing, rather than exacerbating, the program's marriage penalties.

**Food Stamp Reform Needed.** The federal means-tested welfare system consists of 89 programs that provide cash, food, housing, medical care, and social services for poor and lower-income Americans at an annual cost of over \$1.1 trillion.<sup>3</sup> The food stamp program is one of the largest of these programs. Food stamp use has increased by 14 million since 2008;<sup>4</sup> enrollment stands at 42 million people. Spending today is around \$68 billion, 80 percent higher than it was in fiscal year 2008.<sup>5</sup> In 2005, 6.1 percent of the population was on food stamps. Today, 13 percent of the population is on food stamps—and the unemployment rate is lower than it was in 2005 (5.1 percent relative to 4.4 percent).<sup>6</sup>

One group that has significantly increased its participation in the food stamp program is ABAWDs. Under the federal definition, an individual is considered an “able-bodied adult without dependents” if he or she is between 18 years 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. At present, there are around 3 million ABAWDs receiving food stamp benefits, at a cost of around \$6 billion per year.<sup>7</sup>

Federal policy limits ABAWDs who do not work to three months of food stamp benefits in a 36-month period. After three months, the recipient faces a

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nominal work requirement that can be met by working at least 20 hours per week, participating in qualifying education and training activities for at least 20 hours per week, or performing community service for an amount of time determined by monthly benefits received.

However, under the 1996 welfare reform law, a state can request waivers from the food stamp ABAWD work requirement for the entire state or parts of the state if the state or area has higher unemployment rates or a “lack of sufficient jobs.” As of 2018, five states and the District of Columbia still have total waivers, 28 states have partial waivers, and 1,287 of the nation’s 3,142 counties are “labor surplus areas” as designated by the Department of Labor.<sup>8</sup> Due to the large number of exempted counties, the current ABAWD work requirement has little effect.<sup>9</sup>

### **Reform Should Strengthen Today’s Hollow Work Requirement in Reasonable and Effective Ways**

The current proposal requires changes to achieve this goal.

**1. Eliminate labor surplus waivers from the ABAWD work requirement.** Work requirements on ABAWDs and other recipients should be strengthened by eliminating all geographic exemptions.

The current bill continues to effectively exempt ABAWDs from work requirements if they live in a “labor surplus area” or other area with above-average unemployment. The SNAP Quality Control Data<sup>10</sup> indicate that about 2 million ABAWDs are exempted from work requirements by this provision.

One provision in the bill seeks to limit a tactic currently used by states to increase the number of persons exempt from work requirements. This tactic combines “areas” with very different unemployment rates and averages their rate. While the bill seeks to modify this exemption by eliminating the option of combining areas, the bill, current law, and existing regulations all fail to define the key word “area” and leave the critical definition to the states—undercutting the effect of the provision.<sup>11</sup>

Even if this definition were clarified and the loophole closed, it is unlikely that a ban on combining

areas would dramatically reduce existing work exemptions. In order to establish meaningful work requirements, policymakers must eliminate the waivers for labor surplus areas and other geographic areas as designated in 7 U.S. Code § 2015 (o)(4)(A).<sup>12</sup>

**2. Impose effective and reasonable sanctions.**

To achieve the goal of encouraging work, failure to perform work requirements should result in sanctions that are prompt, consistent, and forgiving. This will stimulate constructive choices and encourage individuals to work. An individual who fails to fulfill an assigned activity such as job searching, training, or community service should lose benefits in the subsequent month. On the flip side, non-performing individuals should be able to regain benefits when they re-engage according to the terms of the work requirement. If a person fails to work in one month and is sanctioned and then chooses to return to work or a training program the following month, he should be allowed to earn future benefits.

Currently under the bill, if an individual fails to perform a required work activity for a single month, he will lose eligibility for food stamps for the next 12 months. If he fails to meet work requirements more than once, he will lose eligibility for 36 months. The severity of these penalties is unnecessary and counter-productive. The sanctions’ severity means that they are not likely to be enforced; bureaucracies will face incentives to find other legal ways to determine that recipients met work requirements regardless of whether they actually did.

**3. Adopt further improvements to work requirements.**

Under the bill, if a parent refuses to perform required activities, only the parent’s portion of the household food stamp check is reduced. Experience in the Temporary Assistance for Needy Families (TANF) program shows that a more effective approach is to reduce the household’s total benefits when work requirements are not fulfilled. The most effective system is to adjust benefits *pro rata*; if the parent performs half the required activity, the household should receive half the normal benefits. Future benefits can quickly be restored by raising activity to required levels. This system is fair and has the

strongest effect in promoting work and reducing dependence.

**4. Strengthen penalties on states that fail to enforce work requirements.** States should not receive federal funds if they do not enforce the law. States should face proportionate financial penalties for failing to enforce federal work requirements. If a state does not enforce work requirements, the state's federal grant should be decreased for each individual who is subject to a work requirement, fails to work, and still receives benefits. As drafted, the bill appears to nod to the need for better penalties, but the mechanism used appears unlikely to achieve the goal.

**5. Structure the work requirement so it does not further penalize marriage.** The bill should impose the same work requirement on all families with similarly aged children. Work should be promoted by establishing uniform work requirements on all families with children over the age of one year (i.e., one work requirement on a whole household regardless of whether there is one parent or two in the household); while all families, both married and single-parent, with children under age one would be exempt.

The current food stamp program has embedded marriage penalties. For example, a mother and father with two children making \$20,000 each will lose \$6,302 in welfare benefits per year if they marry, which amounts to 15 percent of their total combined earnings. The portion of that loss due to food stamps is \$1,824.

This marriage penalty occurs because, under current law, if a father marries the mother and resides in the home, his income is counted toward eligibility and used to reduce the food stamp benefits received by the mother and children. However, if the father is unmarried, his income generally is not counted, and the mother and children receive substantially higher benefits from most welfare programs.

According to federal law, the income of an absent non-married parent is not counted toward food stamp eligibility and benefit levels if they do not live in the same household. This is the major component of the marriage penalty.

In addition, a cohabiting parent or partner who is not the parent of a child and who lives in the household may often be hidden from the welfare office providing food stamp benefits. A comparison of data shows that the number of single-parent households receiving benefits according to the USDA is roughly 1.25 million more than the number of eligible households in this category according to census survey data. This disparity suggests that there are many households in which undisclosed adult members receive benefits that are administered to the household.<sup>13</sup>

Finally, a cohabiting partner who lives in the household can be legally excluded from the household for SNAP purposes as long as he claims to customarily purchase and prepare his meals apart from others. Of course, that cannot be verified. Cohabiting parents can be excluded if one partner claims they do not live together. Residence is difficult to verify as well. This makes it easy to leave off anyone who can make a claim to living somewhere else, even if he is the father of a child in the household, as long as he is not married to the mother.<sup>14</sup>

The bill does not reduce this disincentive to marriage and actually could make the situation worse in two ways. First, among married couple families with all children at least age six, both the mother and father appear to be subject to a 20-hour-per-week work requirement. In a single parent family, the parent would face only one 20-hour work requirement.<sup>15</sup> Thus, the work requirements on married parents appear to be doubled even though the married couple would receive only slightly more benefits than a single parent household with the same number of children.

Each spouse in a married couple would then have to separately meet the work requirement, even if one of the spouses is already working 40 hours per week. For example, under the bill, a married couple with two children at least six years old, in which one spouse was employed for 40 hours per week at the minimum wage, would face an added work requirement of 20 hours per week on the second spouse, for a total of 60 hours of combined work. The family would see their SNAP benefits cut by \$1,632 per year if the second spouse did not

work. This provision, requiring that both spouses be employed at all times, undermines one possible advantage of marriage which is that one spouse may primarily support the family financially while the other spouse primarily cares for the children.<sup>16</sup>

Second, for families with children under age six, one parent in a married couple family<sup>17</sup> is subject to the bill's work requirements while a single parent family with the same age children is exempt from work.<sup>18</sup> A welfare system that financially penalizes low-income parents for marrying and then imposes a more stringent work requirement on married families will, in the long run, discourage marriage. It is important to establish work requirements that do not further penalize marriage because marriage both decreases the probability of a family staying in poverty and promotes child well-being.<sup>19</sup>

It is not difficult to design a work requirement that promotes work but encourages marriage by mitigating the substantial marriage penalties that are embedded in the food stamp program. For example, a married couple with children could be subject to a single work requirement of 20 hours per week that could be fulfilled by either spouse or shared between them. This would promote work and reduce marriage penalties and thereby strengthen marriage. Unfortunately, the proposed legislation focuses exclusively on promoting work and ignores the issue of marriage. This is a mistake because in the long term, marriage is as—or more—effective at raising incomes and reducing poverty than does simple employment. In addition, marriage has a greater effect on adult and child well-being and the upward mobility of children.

## Conclusion

The House Agriculture Committee is right to set goals of improving work rates in the food stamps program. Work is critical to promoting human dignity, happiness, and establishing fairness between the taxpayer providing assistance and the person receiving it. Work requirements help the welfare system achieve its goal of reducing poverty and increasing adult and child wellbeing. Nearly 90 percent of Americans agree that “able-bodied adults who receive cash, food, housing, and medical assistance should be required to work or prepare for work as a condition of receiving those government benefits.”

Reform also should encourage rather than discourage parental marriage. Marriage is a very important factor in promoting the well-being of adults and children. This goal can be accomplished in a way that complements—rather than competes—with work. Combining the goals of work and marriage is essential to improving the well-being of the poor. Over 80 percent of Americans agree that “the welfare system should not penalize parents when they get married.”<sup>20</sup>

The above five changes would do much to ensure the bill achieves these important goals.

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## Endnotes

1. H.R. 2, The Agriculture and Nutrition Act of 2018, [https://agriculture.house.gov/uploadedfiles/agriculture\\_and\\_nutrition\\_act\\_of\\_2018.pdf](https://agriculture.house.gov/uploadedfiles/agriculture_and_nutrition_act_of_2018.pdf) (accessed April 16, 2018).
2. CBO's initial score of the bill would also support this view. They estimate the food stamp changes at a net cost of \$0.5 billion over a 10-year window and show almost no savings from benefit reductions as a result of the bill. In 2016, there were roughly 3.5 million able-bodied adults without dependents ABAWDs receiving SNAP benefits. The total cost of benefits for these individuals would be around \$7 billion. Analysis of the 2016 quality assurance data shows that nearly all ABAWDs are exempted from the work requirements. To achieve this score requires either assuming that the bill does not actually intensify work requirements on ABAWDs or that work requirements have no effect on caseload or both. This is despite the bill increasing the maximum age at which a person may be considered an ABAWD from 49 to 59 years of age, which should increase the number of people subject to work requirements. See April 13, 2018, CBO letter to Honorable K. Michael Conaway from Keith Hall, Director, CBO, <https://www.cbo.gov/system/files/115th-congress-2017-2018/costestimate/hr2.pdf> (accessed April 18, 2018).
3. Robert Rector and Vijay Menon, "Understanding the Hidden \$1.1 Trillion Welfare System and How to Reform It," Heritage Foundation *Backgrounder* No. 3294, April 5, 2018 <https://www.heritage.org/welfare/report/understanding-the-hidden-11-trillion-welfare-system-and-how-reform-it>.
4. United States Department of Agriculture, Food and Nutrition Service, "Participation and Costs, 1969-2017," April 6, 2018, <https://fns-prod.azureedge.net/sites/default/files/pd/SNAPsummary.pdf> (accessed April 16, 2018).
5. Robert Rector and Vijay Menon, "SNAP Reform Act Offers Sound Basis for Welfare Policy," Heritage Foundation *Issue Brief* No. 4808, January 9, 2018, <https://www.heritage.org/hunger-and-food-programs/report/snap-reform-act-offers-sound-basis-welfare-policy>.
6. Office of Management and Budget, *An American Budget: Analytical Perspectives* (Washington: U.S. Government Publishing Office, 2018), Table 5-1, <https://www.whitehouse.gov/wp-content/uploads/2018/02/spec-fy2019.pdf> (accessed April 18, 2018).
7. Authors' calculation based on the average benefit payout for an ABAWD, which is around \$200.
8. See Mimi Teixeira, "Work Requirements Have Revolutionized Welfare at the State Level. Now It's Uncle Sam's Turn," *The Daily Signal*, March 5, 2018, <https://www.dailysignal.com/2018/03/05/work-requirements-have-revolutionized-welfare-at-the-state-level-now-its-uncle-sams-turn/> (accessed April 19, 2018). Original sources: United States Department of Labor, Employment and Training Administration, "Labor Surplus Area: FY 2018 Labor Surplus List," September 29, 2017, <https://doleta.gov/programs/lisa.cfm> (accessed April 16, 2018), and United States Department of Agriculture, Supplemental Nutrition Assistance Program (SNAP), "Status of State Able-Bodied Adult Without Dependents (ABAWD) Time Limit Waivers—Fiscal Year 2018—Second Quarter," January 8, 2018, <https://fns-prod.azureedge.net/sites/default/files/snap/FY-2018-Quarter-2-ABAWD-Waiver-Status.pdf> (accessed April 16, 2018).
9. Rector and Menon, "SNAP Reform Act Offers Sound Basis for Welfare Policy."
10. United States Department of Agriculture, Food and Nutrition Service, "Supplemental Nutrition Assistance Program Quality Control Data, 2016," October 2017, <https://host76.mathematica-mpr.com/fns/> (accessed March 28, 2018).
11. 7 C.F.R. § 273.24 (f)(6) explicitly states, "States may define areas to be covered by waivers," and that they have done, for example, by defining an area based on the aggregation of several "community districts" in various New York City boroughs, or by aggregating adjacent counties in other parts of New York State.
12. If this is not done, then Congress should clearly define the term "area" as a labor market area as designated by the Department of Labor, in order to prevent states from gaming the system.
13. Rachel Sheffield and Robert Rector, "Five Myths About Welfare and Child Poverty," Heritage Foundation *Backgrounder* No. 3176, p. 21, December 20, 2016, <http://thf-reports.s3.amazonaws.com/2016/BG3176.pdf>
14. See 7 CFR 273.1"§ 273.1 Household concept. (a) General household definition. A household is composed of one of the following individuals or groups of individuals, unless otherwise specified in paragraph (b) of this section: (1) An individual living alone; (2) An individual living with others, but customarily purchasing food and preparing meals for home consumption separate and apart from others; or (3) A group of individuals who live together and customarily purchase food and prepare meals together for home consumption. (b) Special household requirements: (1) Required household combinations. The following individuals who live with others must be considered as customarily purchasing food and preparing meals with the others, even if they do not do so, and thus must be included in the same household, unless otherwise specified. (i) Spouses; (ii) A person under 22 years of age who is living with his or her natural or adoptive parent(s) or step-parent(s); and (iii) A child (other than a foster child) under 18 years of age who lives with and is under the parental control of a household member other than his or her parent. A child must be considered to be under parental control for purposes of this provision if he or she is financially or otherwise dependent on a member of the household, unless State law defines such a person as an adult."
15. A non-married father who does not reside with the family and is unemployed could potentially receive benefits as an ABAWD. However, under the provisions of the bill, this individual would be very likely to simply self-select out of the program by not enrolling; in that situation, this individual would not receive benefits and would be subject neither to work requirements nor to penalties. However, if this individual commits to the family, marries the other parent, and resides in the home, the option of self-selecting out of the program disappears. The individual is legally required to enroll in food stamps as part of the family and would become subject to the bill's work requirements and substantial penalties for nonperformance.

16. Under current law, for a married couple with two children who are at least six years old, if the father works 40 hours a week (or twice the work requirement for an individual) at the minimum wage of \$7.25 per hour, he will earn \$15,080 for the year, or \$1,256.67 per month. That puts the family well below the \$2,665 gross or \$2,050 net monthly income limit for a family of four to qualify for SNAP. The family would receive a food stamp benefit of \$338 per month based on their income. Under the bill, as drafted, the mother must separately fulfill her 20-hour-per-week work requirement in order for the family to qualify for its full-calculated SNAP benefit. Otherwise, they will receive only \$202 per month. If, instead, the mother and father each chose to work 20 hours per week at the same wage, they would both fulfill their work requirement and this would not be an issue, thereby incentivizing equal distribution of paid work between the spouses. Sound public policy requires that work requirements apply to families, not to individuals, and that families be allowed to allocate the work as they see fit.
17. 7 U.S.C. § 2015(d)(2).
18. Advocates of the bill's current requirement may argue that imposing a work requirement on one parent (generally the father) in a married family with children under age six while exempting a similar single parent family from work does not intensify disincentives to marriage. This argument maintains that if the absent father from the single-parent family was also unemployed and receiving food stamps, he, too, would be subject to a work requirement. However, the situation is not the same; the absent parent can evade the work requirement simply by dropping off the food stamp rolls or never enrolling. This would be a normal response if the individual were already working off the books, which is a common situation. The married father would not have those options; he must enroll in the food stamp program for his family to receive any aid. He does not have the option of simply dropping off the rolls but must perform the required 20 hours of activity; if he fails to do so, his portion of the family food stamp benefit would be cut and, critically, the father would be barred from food stamp aid for the next 36 months. The bill imposes work requirements on married families with children under age six. This is perplexing since relatively few married couples with children actually receive food stamps. In 2016, the number of married-couple families with children under age six who worked less than 20 hours per week and would thus be subject to a work requirement was 256,000. These families represent about 3.5 percent of all families with children receiving food stamps.
19. In contrast, single parenthood is associated with several negative outcomes for children. When compared to children in intact married homes, children raised by single parents are more likely to have emotional and behavioral problems, to smoke, drink, and use drugs. They are also more likely to have poor school performance, be expelled, and drop out of high school. Children raised in single-parent homes are almost five times more likely to experience physical abuse and seven times more likely to suffer childhood sexual abuse when compared to those raised by married biological parents. Children raised without a father in the home are three times more likely to engage in crime and end up in jail. See Robert Rector and Mimi Teixeira, "Trump Issued a Call for Welfare Reform. Here Are 4 Actions Policymakers Can Take," April 11, 2018, Heritage Foundation *Commentary*, <https://www.heritage.org/welfare/commentary/trump-issued-call-welfare-reform-here-are-4-actions-policymakers-can-take>.
20. Elizabeth Fender, "Poll: Vast Majority Support Four Simple Fixes to Welfare System," Heritage Foundation *American Perceptions Initiative Report*, December 7, 2017, <https://www.heritage.org/public-opinion/report/poll-vast-majority-support-four-simple-fixes-welfare-system>. This viewpoint is nearly identical across party lines: 87 percent of Democrats and 94 percent of Republicans.