

State-Level Findings

This chapter presents the findings from the State-level data collection effort. The data analyzed were compiled from the information States reported to FNS, the telephone survey of State food stamp E&T managers, and the quantitative data collection form described in Chapter 1. Specifically, this chapter:

- Examines how States have changed their Food Stamp E&T Programs to target ABAWDs. The purpose is to assess how States are responding to the BBA requirement that they use the bulk of program grant funds to serve ABAWDs.
- Analyzes grant allocations and expenditures. The purpose is to examine whether States have used the additional funds that were provided for serving ABAWDs and describe factors that may have affected State spending decisions.
- Describes what is known about participation in the program before and after the passage of BBA. This section describes trends in overall participation as well as changes in particular components. This information is useful for understanding the changes in expenditures and provides further evidence of how States are reshaping their programs in response to BBA.
- Reports on what State managers say are their biggest challenges in serving ABAWDs and how they have tried to overcome those challenges. This section helps explain State expenditure decisions and provides information on the difficulties faced by States as they reworked their Food Stamp E&T Programs in response to BBA.
- Reports on State recommendations for changes in the Food Stamp E&T Program. It highlights State views of the BBA changes and provides insight into how these views may have affected their implementation decisions.

Change in Program Focus To Target ABAWDs

This section explores how States have redesigned their programs to target services on the ABAWD population. As mentioned in Chapter 2, as a result of BBA, in order to receive more than 20 percent of their Food Stamp E&T grant allocation, States must spend 80 percent of those funds on qualifying E&T activities for ABAWDs. Prior to BBA, most E&T participants were involved in job search or job search training, activities that do not meet the work requirement for ABAWDs. This section explores how States changed the focus of their Food Stamp E&T Programs to serve ABAWDs with activities that would qualify to meet the new work requirement (i.e., “qualifying activities”). The key findings described in this section are as follows:

- ***States Expanded the Program to Unwaived Geographic Areas With ABAWD Participation Concentrated in These Areas.*** Between 1997 and 1999, 13 of the 30 States (43 percent) not already providing food stamp E&T services in all local areas increased the number of areas where they offered E&T services. The focus was on ABAWDs in unwaived local areas (i.e., areas without waivers to exempt all ABAWDs from the time limit and work requirement). This is apparent in the finding that 21 of the 48 States (44 percent) that had ABAWDs subject to the time limit increased the number of unwaived local areas where they served ABAWDs.¹⁶ Three-quarters of the slots offered to ABAWDs in the first two quarters of FY 1999 were in unwaived areas, and 80 percent of the filled slots were in those areas.
- ***More States Are Offering the ABAWD Qualifying Activities of Workfare and Work Experience.*** In FY 1999, 43 States (84 percent) offered ABAWDs the qualifying E&T activity components of workfare or work experience—an increase of 59 percent (i.e., 27 States in FY 1997 versus 43 States in FY 1999).

¹⁶Illinois, Arkansas, and the District of Columbia have implemented policies that exempt all ABAWDs from the time limit. Consequently, only 48 States have any ABAWDs subject to the time limit.

- ***Most States Are Offering Qualifying Slots to All ABAWDs Subject to the Time Limit and Those Seeking To Regain Eligibility.*** In FY 1999, 33 of the 48 States (69 percent) that had ABAWDs subject to the time limit required that ABAWDs participating in the program in unwaived areas be offered a qualifying E&T activity; 29 of the 48 States (60 percent) required that ABAWDs who have lost food stamp eligibility after hitting the time limit be offered a qualifying slot to regain eligibility.
- ***While the Large Majority of States Have Targeted ABAWDs, Nearly All Continue To Serve Some Non-ABAWDs.*** In FY 1997, only one State did not serve any non-ABAWDs in its Food Stamp E&T Program. By FY 1999, only three additional States had stopped serving non-ABAWDs.

These significant changes indicate that by FY 1999, the majority of States were indeed responding to the BBA requirements to target their food stamp E&T services to ABAWDs. A detailed explanation of these findings follows.

Are States Restricting Their Services to Only ABAWDs?

One way that States could meet the 80 percent targeting requirement would be to allow local programs to use the Federal E&T grant funds to serve only ABAWDs. The telephone survey asked E&T managers whether their State provided E&T services to only ABAWDs. To determine whether States had changed their program targeting using this strategy, this question was asked both for FY 1997 and for FY 1999.

Responses reveal that restricting services to ABAWDs is not a common strategy for targeting State E&T grant funds. In FY 1997, Illinois was the only State that exclusively served ABAWDs. In FY 1999, Georgia, Kentucky, and Mississippi joined Illinois in serving only ABAWDs.¹⁷ Thus, while growing, the total number of States using this strategy is still quite small.

¹⁷Florida's regular Food Stamp E&T Program serves only ABAWDs. Non-ABAWDs are served in the three counties operating optional workfare programs funded by State and Federal matching funds under Section 20E of the Food Stamp Act.

Have States Expanded the Number of Geographic Areas Where They Serve ABAWDs?

State food stamp agencies have never been required to provide food stamp E&T services in every local area of the State. After BBA funds became available, States could have chosen to use the additional funding to expand the geographic scope of their programs. Whether States chose this avenue to target their E&T programs was assessed through the quantitative data collection form developed for this study.

States were asked to report the number of counties or local areas where they offered food stamp E&T services in FY 1997 and in FY 1999. In FY 1997, 21 States provided food stamp E&T services in every local area, which in most cases, means every county, and in FY 1999, 25 States provided E&T services in every local area. Between FY 1997 and FY 1999, 13 States increased the number of local areas providing food stamp E&T services and 8 States decreased the number of localities where food stamp E&T was offered. However, five of the States that had reduced the number of localities providing food stamp E&T made this decision in order to reach more ABAWDs subject to the time limit and work requirement. Specifically, three of these eight States increased E&T services to more unwaived areas and two eliminated E&T services in areas with a small number of ABAWDs in order to concentrate on areas with a larger number of ABAWDs. The other three States decided not to attempt to meet the BBA requirement that 80 percent of funds be spent on qualifying activities for ABAWDs. These States instead opted to use only 20 percent of their Federal grants and thus reduced available services.

ABAWDs subject to the work requirement were clearly targeted in the geographic expansion of the Food Stamp E&T Program after the BBA. When asked whether there had been a geographic expansion in the number of local areas serving ABAWDs compared with areas serving non-ABAWDs, State managers reported that the availability of services to ABAWDs was increased after the BBA, particularly in unwaived areas of the States. State E&T managers from 17 States reported that they had increased the number of local areas where they served ABAWDs between FY 1997 and FY 1999, and 21 States had expanded the availability of the program specifically to more unwaived areas.

Only six States had decreased the number of unwaived areas where ABAWDs were served by the program during this period. However, this reduction in the number of unwaived counties served does not indicate a reduction in the availability of services to ABAWDs in most of these States. Five of these States had a smaller number of unwaived counties in FY 1999 than in FY 1997 because they had expanded the scope of their waivers during this period.

Figure 1 shows State reports of filled and offered ABAWD slots in waived and unwaived areas for the first half of FY 1999.¹⁸ These data further demonstrate that States have concentrated their food stamp E&T efforts on serving ABAWDs in unwaived areas. Of the 159,865 slots offered to ABAWDs, 80 percent were in unwaived areas; 76 percent of the 312,591 slots filled by ABAWDs were also in unwaived areas.

Are More States Offering E&T Components That Serve as Qualifying Activities for ABAWDs?

Only a limited set of E&T activities can fulfill the work requirement for ABAWDs. These include workfare or work experience programs, vocational training

¹⁸At the time this report was completed, final data on offered and filled work slots were available for only the first two quarters of FY 1999.

programs, and other education programs designed to improve basic skills and literacy or otherwise improve employability. These components are referred to as “qualifying activities” in this report. Participation in job search training or simple job search activities does not meet the work requirement, unless the job search participation occurs during the first 30 days of an ABAWD’s participation in a workfare component.

Figure 2 shows the number of States offering both qualifying and nonqualifying components in FY 1997 and FY 1999. With the exception of workfare and work experience programs, the type of components offered by States to all participants changed little. In both years, 47 States required some E&T participants to search for a job. In FY 1997, 47 States also offered job search training, and by FY 1999, only 4 States had eliminated job search training. The number of States offering an education component remained at 43. The number of States offering vocational training also held steady at 41 in both FY 1997 and 1999. Finally, the number of States offering workfare or a work experience component increased by more than 50 percent, from 28 to 44. Looking at these overall program component figures, one sees a clear increase in the use of the workfare component but little to no shift away from nonqualifying activities for ABAWDs. An examination of components offered specifically to ABAWDs is needed to complete the picture.

Figure 1
Proportion of qualifying food stamp E&T slots in unwaived versus waived areas, first half of FY 1999

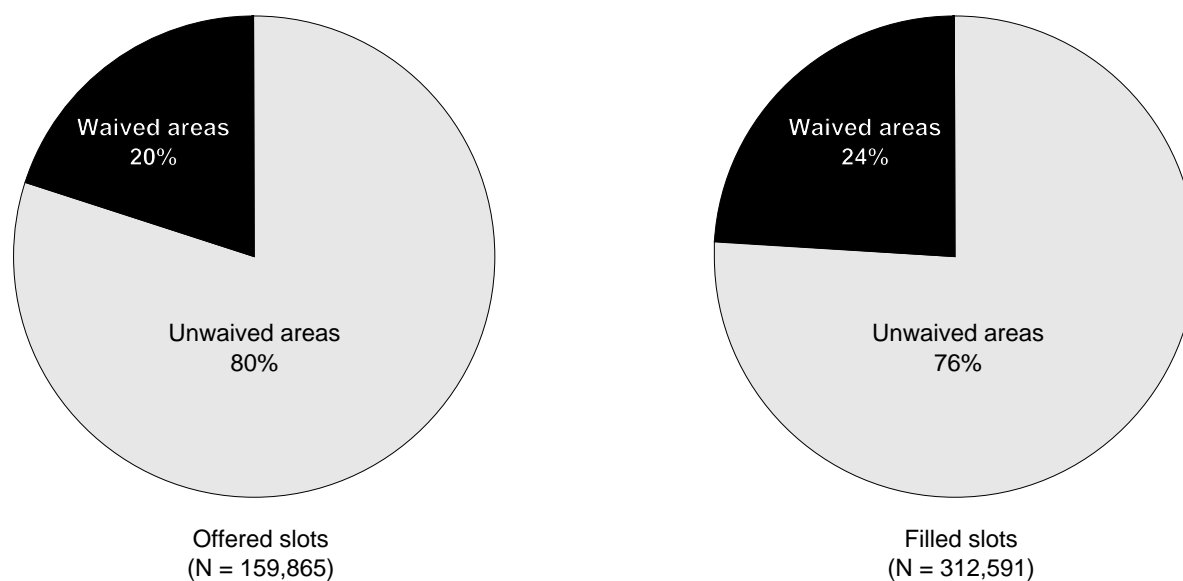


Figure 3 shows the components offered specifically to ABAWDs. In FY 1997, 42 States required ABAWDs to search for a job. By FY 1999, that number had dropped to 35 States, 14 of which indicated that they required job search as part of their workfare component. FNS has determined that States can count job search as an allowable activity for ABAWDs if it is part of workfare and assigned during the first 30 days of the ABAWD's participation in the Food Stamp Program. Thus, only 21 States were offering job search that did not appear to count as an allowable activity. Job search training, another nonqualifying activity for ABAWDs, is also being offered by fewer States. From FY 1997 to FY 1999, the number of States offering job search training to ABAWDs as a food stamp E&T component dropped from 43 to 33, nearly a 25-percent decline.

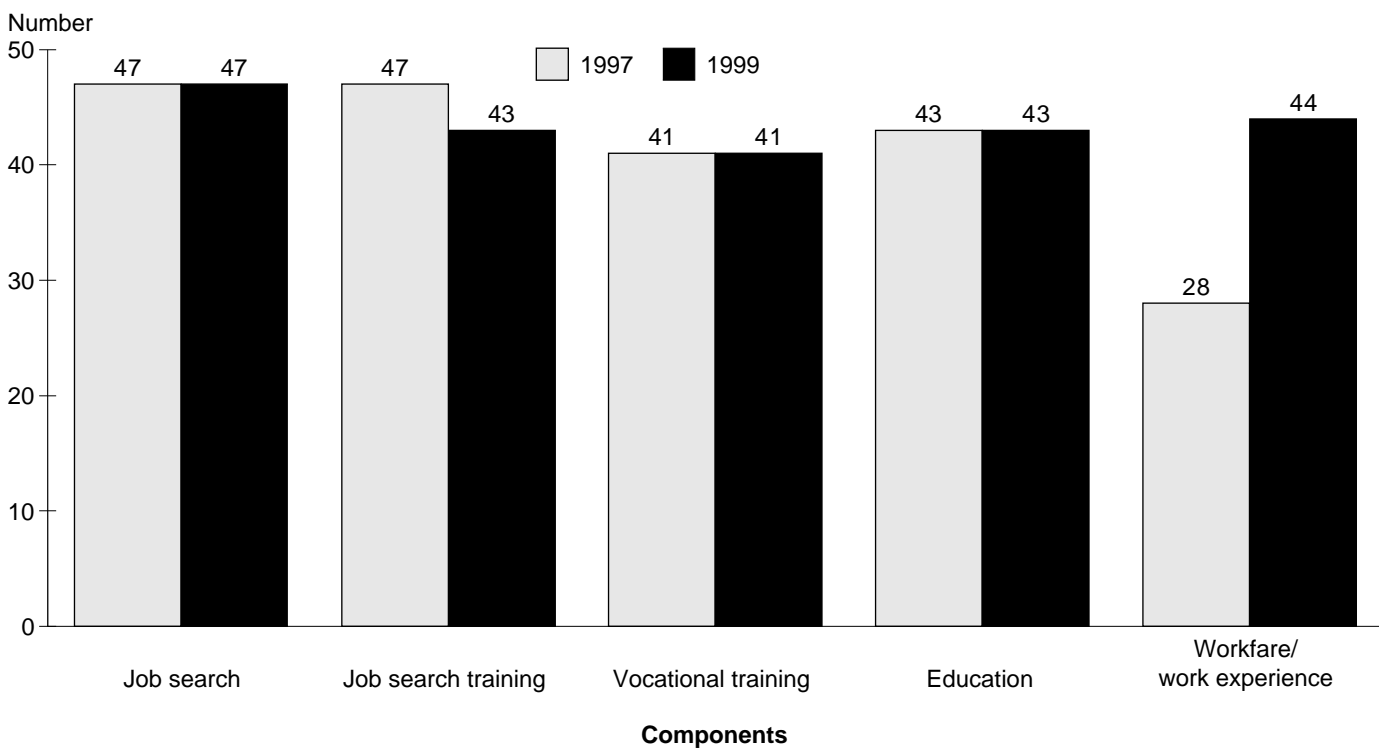
Thus, while over 80 percent of States continued to require job search and offer job search training to some food stamp clients, an increasing number of these States reserve these activities for non-ABAWDs. Despite this change, the majority of States continue to offer what appear to be nonqualifying activities to ABAWDs. Part of the explanation may be that States are primarily assigning ABAWDs to qualifying activi-

ties but are also requiring a few hours each month be devoted to job search or job search training. This is acceptable under the regulations and is a strategy some States noted that local offices are using. States also may be offering these options to ABAWDs who are interested in quickly moving into employment during the first 3 months of participation while making qualifying activities available for ABAWDs who have used up their 3-month time limit.

With respect to qualifying activities for ABAWDs, the biggest change created by BBA was in the workfare/work experience component. The number of States offering a workfare or work experience component rose from 28 to 44 between FY 1997 and 1999, and all but one of these States are offering or requiring this component for the ABAWD population. At the same time, the areas of vocational training and education services for ABAWDs change little between FY 1997 and FY 1999. The number of States offering vocational training to ABAWDs declined from 35 to 34, and the number offering education services also decreased by one (from 37 to 36).

Overall, the number of States offering qualifying activities, particularly workfare, for ABAWDs has increased,

Figure 2
Number of States using specific food stamp E&T components, FY 1997 and FY 1999



and the number of States offering job search and job search training activities to ABAWDs has decreased since enactment of BBA.¹⁹

Are States Requiring Local Offices To Offer Qualifying Activities to ABAWDs?

Another indicator of BBA's effectiveness in providing opportunities for ABAWDs to meet their work requirements is whether States require that all ABAWDs subject to the time limit be offered a qualifying E&T component. By FY 1999, a large majority of States were offering qualifying E&T activities to all ABAWDs subject to the time limit. Each of the eight alternative reimbursement States was offering all ABAWDs a qualifying slot. An additional 25 States reported in the survey that in FY 1999 they required their local offices to offer all ABAWDs a qualifying E&T activity. Hence, more than two-thirds of States where ABAWDs are subject to the time limit (33 of 48) have modified their Food Stamp E&T Program to ensure ABAWDs are offered a qualifying activity. Figure 4 shows the States that indicated they are offering a qualifying activity to all ABAWDs subject to the time limit.

¹⁹The States offering workfare may be including 1 month of job search as part of this E&T activity because this is an option under Federal rules for the definition of the workfare component.

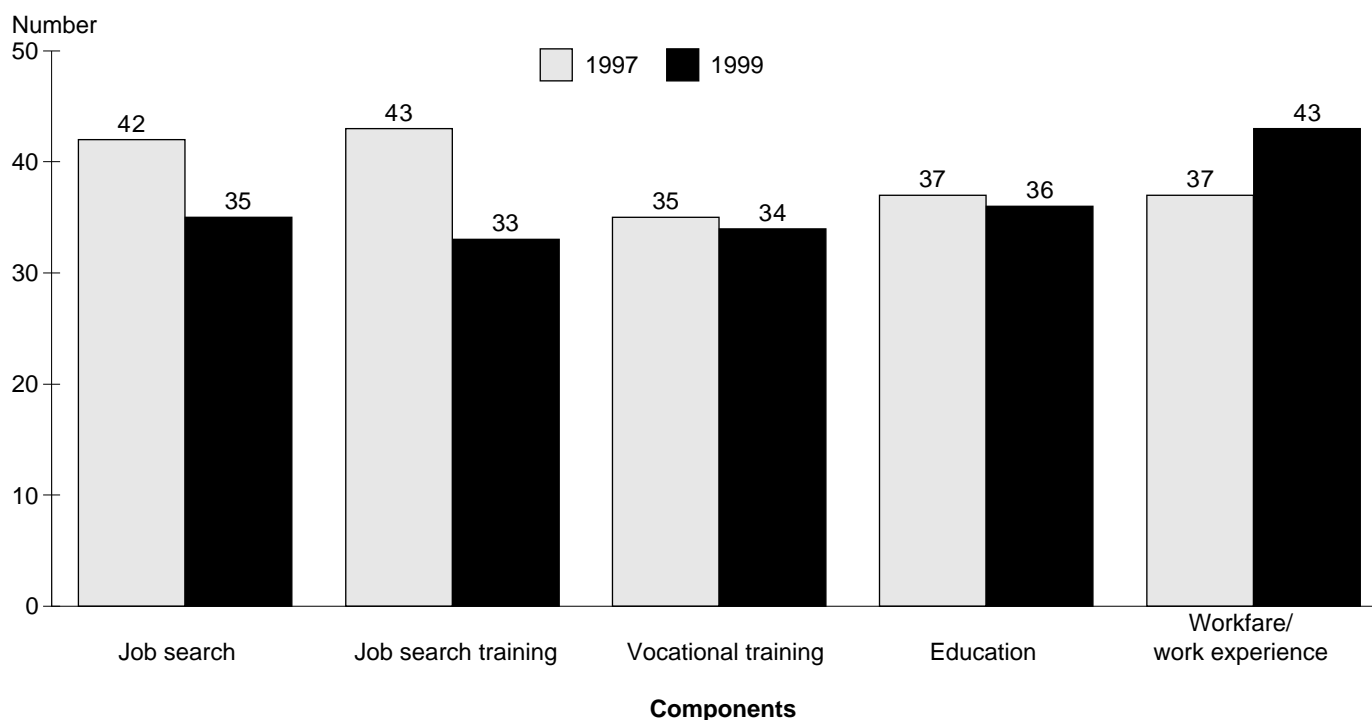
In FY 1999, the majority of States also required their local offices to offer qualifying food stamp E&T activities to ABAWDs who had used up their 3-month time limit and were seeking to regain food stamp eligibility. This included the eight States that were required to do this as a condition of being an alternative reimbursement State and 21 other States that required all offices located in unwaived areas to offer qualifying slots to ABAWDs who have used up their time-limited months. Thus, 29 of 48 States with ABAWDs subject to the time limit were offering E&T opportunities to help ABAWDs come back on the program and fulfill their work requirement.

The next issue to be addressed is State spending on the Food Stamp E&T Program. Available funding for the program increased significantly as a result of BBA. The next section explores the changes that took place and the extent that States were using these new funds.

Grant Allocations and Expenditures

This section of the report covers changes in State allocations and State expenditures between FY 1997 and FY 1999. One of the key changes in BBA was to increase funds available for the Food Stamp E&T Program. States were expected to use these funds to increase services for ABAWDs. However, States could

Figure 3
Number of States offering food stamp E&T component to ABAWDs by type of component, FY 1997 and FY 1999

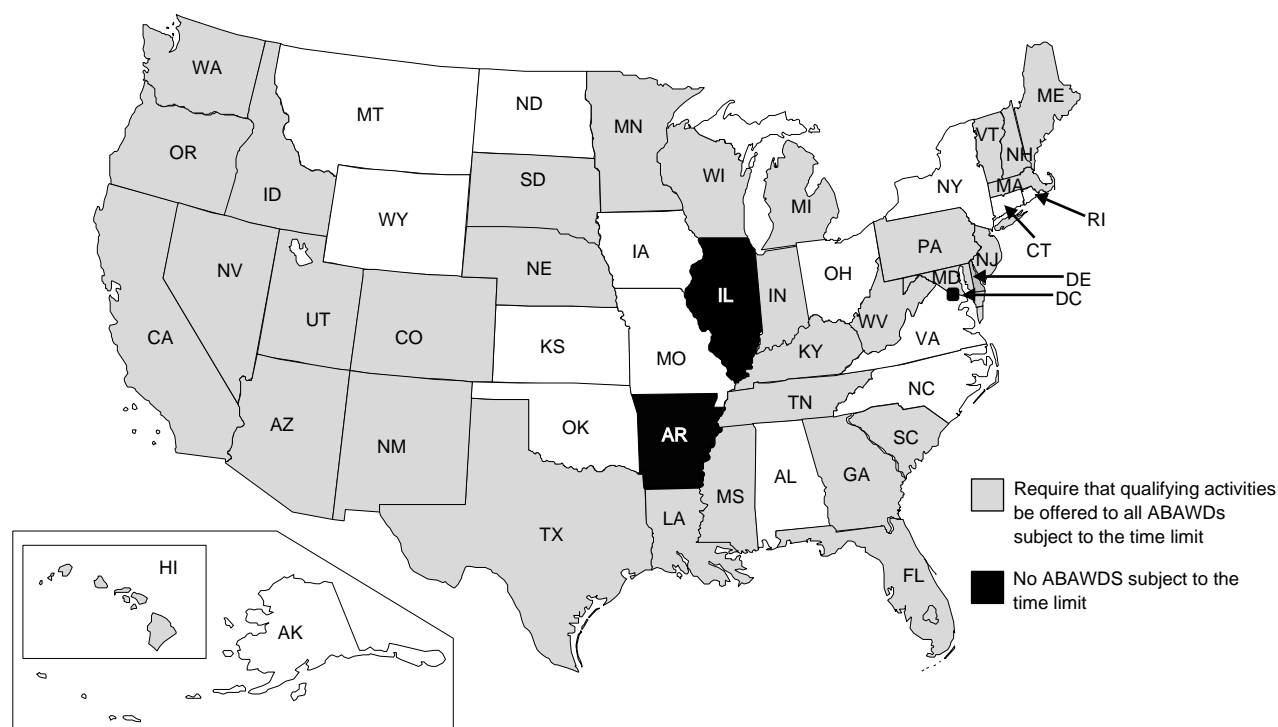


decide not to focus on ABAWDs by declaring their intent to use only the 20 percent of funds that were not required to be spent on qualifying activities for ABAWDs. Starting in FY 1999, States that did use more than 20 percent of their grant funds were allowed to claim only a certain amount of funding based on qualifying slots that were offered to or filled by ABAWDs. Some States, known as “alternative reimbursement States,” were not required to claim reimbursements based on filled and offered slots but could use their whole grant in return for offering all ABAWDs a qualifying activity. This section explores the extent to which Federal grant funds were used and the factors that affected States’ use of the grants. Key findings are as follows:

- **Funding Increased Substantially as a Result of BBA.** From FY 1997 to FY 1998, authorized Food Stamp E&T Program grant funding increased 169 percent from \$79 million to \$212 million. Though the FY 1999 authorization level for the grant program was reduced in subsequent legislation, the total funds available to States in FY 1999, including carryover FY 1998 funds that were unspent, increased slightly to \$215 million.
- **States Increased Spending After BBA.** State spending of the food stamp E&T grant increased from \$74 million in FY 1997 to \$96 million in FY 1998. In FY 1999, spending declined slightly to \$93 million but remained considerably more than the FY 1997 level.
- **States Used a Far Smaller Share of Funding After the BBA Increase.** States used 94 percent of funds in FY 1997, 45 percent in FY 1998, and 43 percent in FY 1999.
- **States Indicated Difficulties Spending Funds Under Current Program Rules.** States indicated a reluctance to spend funds because of uncertainties over program rules, low ABAWD participation, and the reimbursement rules.
- **Most Alternative Reimbursement States Are Using More Funds Than Other States.** Excluding Michigan, which spent a small portion of a very large grant in FY 1999, the alternative reimbursement States spent 73 percent of their total allocation compared with 44 percent among other States.

Figure 4

States that require local offices to offer qualifying activities to all ABAWDs subject to the time limit



- **State Matching Fund Expenditures Have Increased Somewhat Since BBA.** State matching fund expenditures increased 7 percent in the first year after BBA and another 16.5 percent from FY 1998 to FY 1999.

A detailed explanation of these findings follows.

How Did Grant Allocations Change as a Result of BBA?

BBA significantly increased the authorization level for Federal food stamp E&T grants to States, from \$79 million in FY 1997 to \$212 million in FY 1998. This amounted to a 169-percent increase in available funding—a considerable expansion of a program that had been funded at the same level throughout most of the 1990s and had experienced only modest increases since its inception in 1985.

Following BBA, States received specified allotments for their share of the authorized funds, based on a new formula that provided them with increases proportionate to the size of their ABAWD population. As a result, there were vast differences in the size of the increase in funding available to each State. The smallest increase was for Colorado, which had an increase of just over \$136,000 (14 percent above its FY 1997 level). All other States had an increase of more than 50 percent. The largest increase went to Connecticut, which received more than \$2.7 million, or 19 times its FY 1997 grant level. Another six States received increases of at least six times their FY 1997 levels.

The FY 1999 allocation was \$215 million. This included an initial allocation of \$115 million, the amount available after the budget cut in the Agricultural Research, Extension and Education Reform Act of 1998, and a reallocation of \$100 million in unspent FY 1998 funds.²⁰ Figure 5 shows the total funds allocated to States for the Food Stamp E&T grant from FY 1997 to FY 1999.

Appendix table 1 in Appendix A shows allocations by State for FY 1997 to FY 1999; FY 1999 figures are broken into initial allocation, reallocation, and total

²⁰ In April 1999, those States whose FY 1999 State E&T plan indicated that they planned to spend their entire FY 1999 food stamp E&T grant had all their unspent FY 1998 funds allocated for their use in FY 1999. States were also informed that there were additional unallocated FY 1998 funds remaining from States that did not spend their funds and that they could be eligible for a reallocation by submitting a plan modification to their FNS Regional Office detailing their need for additional funding.

allocation.²¹ The table also shows changes from 1997 to 1998 and from 1998 to 1999. The cuts in funding in the Agricultural Research, Extension and Education Reform Act of 1998 initially reduced the States' allocations for FY 1999; however, this situation changed for the 37 States that later received a reallocation of unspent FY 1999 funds. For 24 of these States, the total allocation was greater in FY 1999 than in FY 1998.

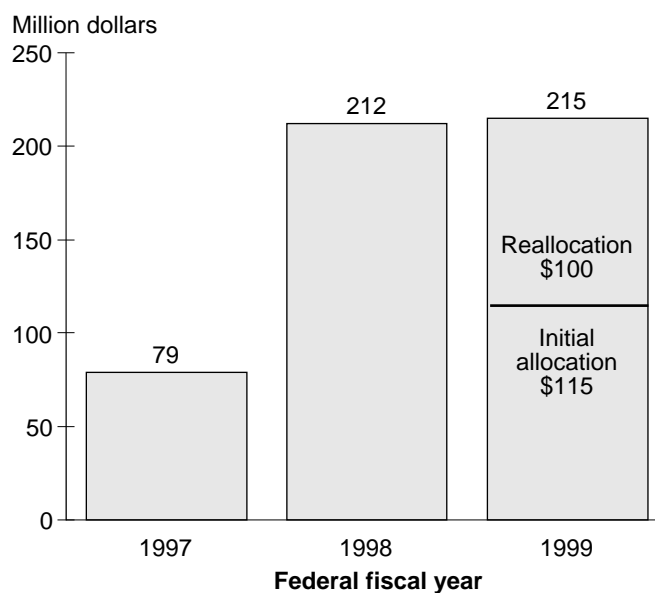
This section has described allocations of food stamp E&T grant funds for FY 1997 through FY 1999. Overall, the availability of food stamp E&T grant funds increased substantially during this period.

Did States Increase Their Grant Spending?

This section explores State spending under the BBA policies. While States received much higher allocation levels in FY 1998 and FY 1999 than in FY 1997, as previously noted, BBA specified that States could not receive their new funding unless they spent 80 percent of their allocation on E&T services considered “qualifying activities” for ABAWDs. In FY 1998, States

²¹The U.S. totals in appendix table 1 do not add up to \$79 million in FY 1997, \$212 million in FY 1998, or \$215 million in FY 1999 because this study did not collect or analyze information on the Food Stamp E&T Program in Guam and the Virgin Islands. These territories have very small Food Stamp E&T Programs.

Figure 5
Food stamp E&T grant allocations, FY 1997-99



simply had to assert that this was how they were spending the funds. Beginning in FY 1999, however, most States were subject to a per slot reimbursement rate in which their 80 percent funding was credited on the basis of filled and offered slots in qualifying activities. States choosing not to adhere to the 80 percent requirement could inform FNS of their decision, but then they could draw down only the 20 percent of their allocation not required to be spent on qualifying activities for ABAWDs.

Figure 6 shows total State expenditures of the Federal food stamp E&T grant from FY 1997 to FY 1999. In FY 1997, States spent \$74 million. In FY 1998, spending increased by 30 percent to \$96 million. In FY 1999, spending remained considerably above FY 1997 but fell \$3 million below FY 1998 expenditures. Thus, States did increase total spending after the BBA.

Appendix table 2 in Appendix A shows expenditures of the Federal food stamp E&T grants for FY 1997 to FY 1999 by State. As shown in this table, the overall nationwide increase masks a great deal of variability between States. For example, 28 States increased their spending of the Federal E&T grant from FY 1997 to FY 1998, but 23 reduced their spending during this period. Ten of the 28 States that increased expenditures more than doubled their spending. The largest increase was in Massachusetts, where expenditures rose by 332 percent. The declines in grant expenditures ranged from 1 percent in New York to 92 percent

in New Hampshire. Eight States had declines of more than 50 percent. Between FY 1998 and 1999, spending declined in 26 States, increased in 24, and stayed the same in Michigan. Once again, there were big swings in spending between FY 1998 and FY 1999: nine States more than doubled their grant spending, and 11 States reduced spending by at least 50 percent.

Two points about trends in overall food stamp E&T grant spending are important to note: Total spending increased after FY 1997, and trends in spending varied widely among States. The next section examines spending in relation to funds allocated pre- and post-BBA.

How Much of Their Grant Funds Did States Use?

While the 30-percent State spending increase between FY 1997 and FY 1998 was substantial, it is small compared with the 169-percent increase in available funds. Spending as a percentage of each State's allocation for FY 1997-99 is displayed in appendix table 3 in Appendix A. In FY 1997, States spent nearly all (94 percent) of available funds; in FY 1998, they spent less than one-half (45 percent); and in FY 1999, they spent only 43 percent (fig. 7).

Another way to compare current State grant use with pre-BBA circumstances is to classify States according to the percentage of their allocation spent in FY 1997,

Figure 6
State expenditures of Federal food stamp E&T grant funds, FY 1997-99

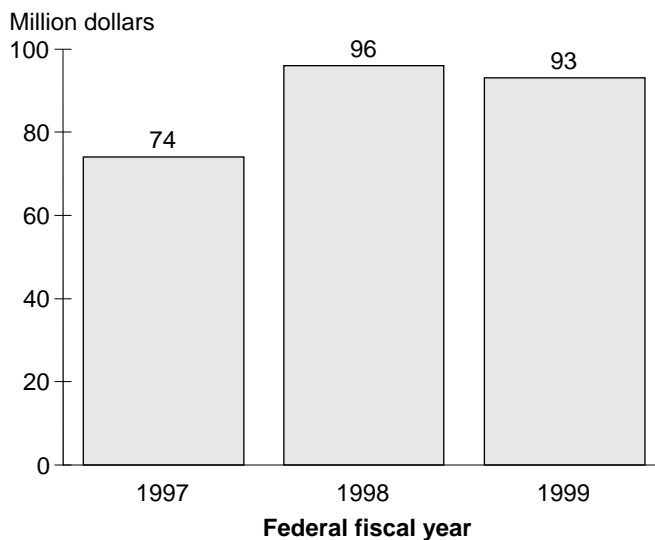
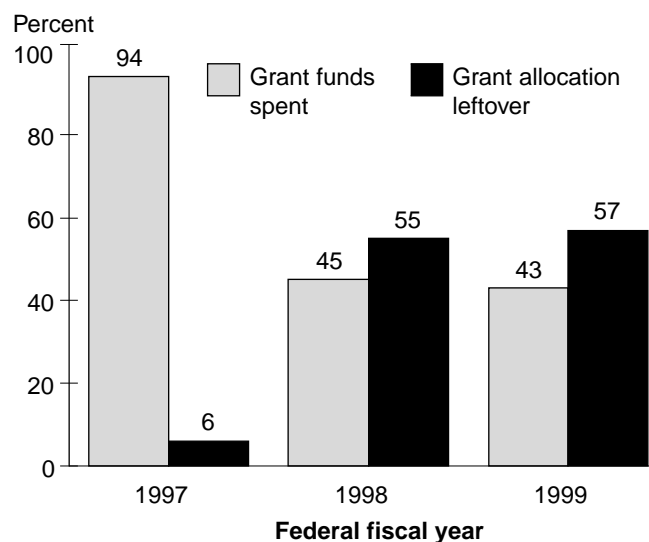


Figure 7
Share of allocated funds spent and leftover, FY 1997-99



FY 1998, and FY 1999. Figure 8 groups States according to whether they spent 20 percent or less of their allocation, 21-50 percent, 51-75 percent, or 76-100 percent in FY 1997, 1998, and 1999. In FY 1997, the vast majority of States (44) spent between 76 and 100 percent. In contrast, only five States spent over 75 percent in FY 1998 and only seven States in FY 1999. Further, the number of States that used 100 percent of their allocations dropped dramatically, from 32 States in FY 1997 to 3 in FY 1998 and 1 in FY 1999. While only 1 State spent 20 percent or less of its allocation in FY 1997, 20 States did so in FY 1998 and 16 in FY 1999. In both FY 1998 and FY 1999, most States spent less than 50 percent of their allocations.

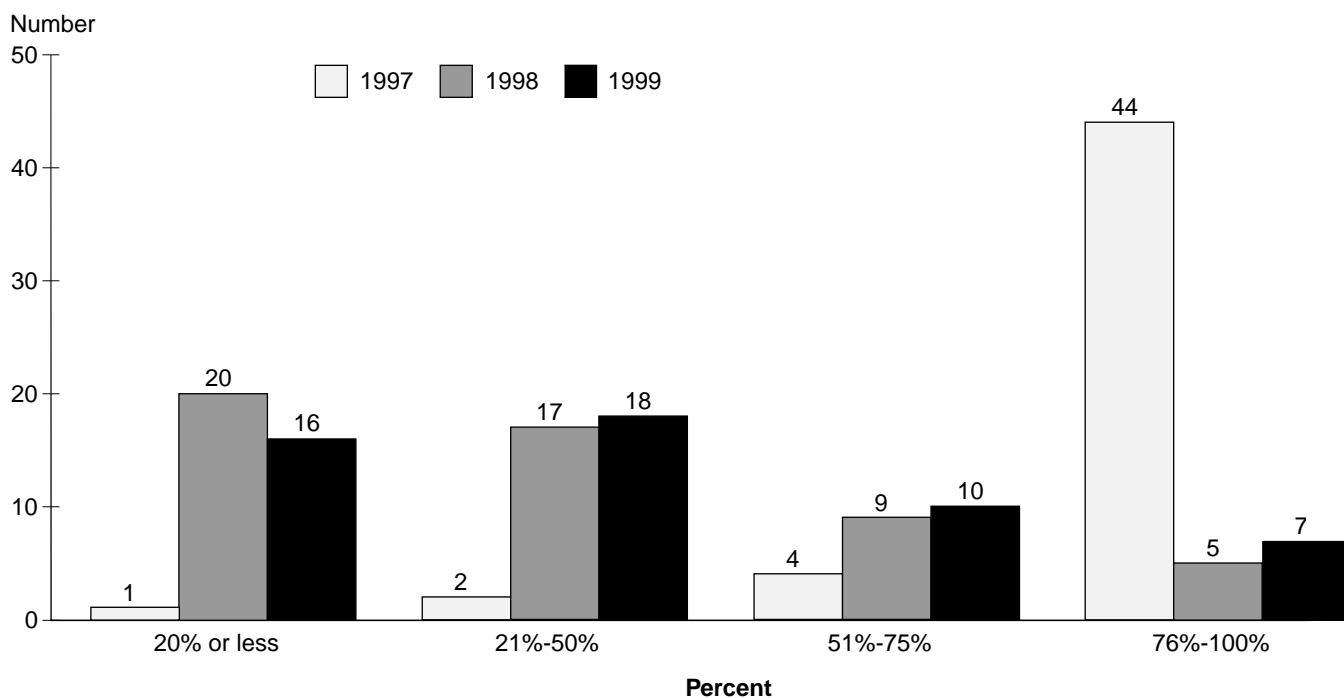
Why Did So Much Federal Food Stamp E&T Funding Go Unspent in FY 1998 and FY 1999?

Why did States not use their greatly expanded food stamp E&T funds? One possible reason is that BBA was a major change in policy and that States were able to implement only limited changes. The timing of program implementation and startup lends further support to this hypothesis. BBA was signed into law near the end of FY 1997, which meant that there was little time between enactment of the legislation and the beginning

of FY 1998, when States would have to implement an enhanced program. During the telephone surveys, State program managers indicated that, after passage of the BBA, there was a great deal of uncertainty about the requirements that would be imposed to draw down the additional funds. There were specific concerns about the per slot reimbursement rate policy. States had questions about what would be involved, the level of reimbursement, and the effective date of the policy. They may have been reluctant to commit to spending their available FY 1998 E&T grant allocation without knowing the rules for Federal reimbursement. FNS issued the policy on reimbursements in February 1998, and States were required to complete their revised food stamp E&T plans for FY 1998 by May 1, 1998—well into the third quarter of FY 1998. Many States told interviewers that they did not have time to rework their programs to maximize use of the increased funding.

Interviews with State officials for this report and for the *Tracking State Food Stamp Choices Under Welfare Reform* project conducted by HSR suggest one other reason for limited State spending of available food stamp E&T funds. State agencies were devoting most of their resources for planning employment and training activities for their TANF clientele. That program

Figure 8
Number of States by share of food stamp E&T grant spent, FY 1997-99



had greater resources available, a larger target population, and the threat of potential fiscal sanctions if States did not meet the Federal minimum work program participation requirements.

If States were unable to use funding solely as a result of the timing of the legislation and subsequent policies and guidance, it would be expected that expenditures would have risen in FY 1999, when many of these issues were resolved. At the beginning of FY 1999, there was still some degree of policy uncertainty resulting from the reduction in funding for the year and the question of how leftover FY 1998 funds would be reallocated. Nonetheless, the situation was still far more settled, and States had time to rethink their program approaches. However, as previously noted, State use of food stamp E&T funds actually decreased again in FY 1999.

Another plausible reason that States did not spend all of the expanded funding authorized by BBA is that the number of ABAWDs in the Food Stamp Program after enactment of the BBA was very small and shrinking. This was due to the overall food stamp caseload decline and the more dramatic decline specifically among ABAWDs, with the latter decline estimated at approximately 40 percent from 1996 to 1997, the year after the time limit went into effect (Castner and Cody, 1999).

The State telephone survey provides some information to explain why States did not use the majority of the expanded Federal Food Stamp E&T Program grant funds made available by BBA. One source of information is the responses of the employment and training managers in the nine States—Alaska, Arkansas, Idaho, Iowa, Kansas, Montana, Oklahoma, Rhode Island, and Wyoming—who indicated they would only draw down 20 percent of their available Federal food stamp E&T funding and were asked why their States made this decision. The second source is the responses of the 17 State E&T managers who during the interview indicated that they were not going to spend all of their FY 1999 funds and were then asked to provide one or more specific reasons for this forecast.²² Responses to

²²Only 17 States responded because only States saying that they were not expecting to spend all their grant funds in FY 1999 were asked this question. When States were asked about their expectations regarding final expenditures for FY 1999, managers from the nine States indicated that they would draw down only 20 percent of their food stamp E&T allocations in FY 1999. When managers in the remaining States were asked of their plans for program spending in the current fiscal year, 18 reported they intended to spend all of their grant in FY 1999, 17 reported they would not spend all of their allocated funds, and 8 said they did not yet know. Final State FY 1999 spending figures clearly indicate that managers overestimated the extent that they would use their food stamp E&T grants.

the respective questions are reviewed in the next two sections.

Responses From States Opting To Take Only 20 Percent of Their Food Stamp E&T Grant

While the nine States that decided to use only 20 percent of E&T grant funding are not representative of all States, their responses help explain limited use of the funds. Each of the E&T managers in these States reported objections to the administrative complexity of the BBA requirements. Specific issues cited included the following:

- Objections to the requirement to spend 80 percent of the funds on ABAWDs.
- Difficulty in budgeting and program planning due to uncertainty about the total available funds for FY 1999 and beyond.
- The expectation that not enough ABAWDs would participate in available E&T programs to allow the State to comply with the requirement to spend 80 percent of the grant funds on them. This conclusion was developed based on the decline in the number of ABAWDs receiving food stamps and an assumption that ABAWDs are less likely to comply with E&T requirements than other mandatory work registrants.
- The policy of reimbursing States for offered and filled slots at the rate of \$30 per offered slot and \$175 per filled slot per month, which went into effect in FY 1999, would not provide sufficient funds for States to risk enhancing their programs to serve ABAWDs. States were concerned about making expenditures to expand services and then not having enough participating ABAWDs to cover the costs.
- One State said that the ABAWD population is a hard-to-serve group that needs extensive support services. Because these services are not reimbursable under the Federal Food Stamp E&T grant, the State believed that it could not afford to provide these services. The manager felt that without such support, most ABAWDs would not likely benefit from E&T services.

How did the decision to draw down only 20 percent of a State's grant funds affect the ABAWDs in these nine

States? The answer varies by State. Arkansas is only taking 20 percent of its grant, but has used waivers and the 15 percent BBA exemption to exempt all ABAWDs from the 3-month time limit. Kansas, Montana, and Oklahoma did not offer services to ABAWDs in FY 1999. Kansas and Oklahoma made this decision based on objections to the BBA requirements. Montana has a waiver that allows it to devote all of its Food Stamp E&T grant to serving TANF recipients; thus, the State determined it was not eligible to use the additional funding. The State E&T manager indicated that Montana will likely try to use all of its allocated funds after its waiver expires in FY 2000. Alaska, Iowa, and Rhode Island do not provide qualifying activities for ABAWDs. Thus, ABAWDs may participate in the program, but participation will not allow them to retain food stamp benefits past their 3-month time limit. Idaho and Wyoming do not target ABAWDs, but they do provide activities that can meet the ABAWD work requirement. These two States restrict themselves to 20 percent of their grant funds because they believe that the cost of expanding services to target ABAWDs would not be recoverable because of the per slot reimbursement rate. Thus, ABAWDs in most of the States that draw down only 20 percent of grant funds are not assured access to qualifying activities that would allow them to remain in the Food Stamp Program.

Responses From States Indicating They Would Not Spend Their Full FY 1999 Allocation

The 17 State managers who said during the telephone survey that they were not going to spend all of their FY 1999 funds were asked to provide one or more specific reasons. Fourteen cited one or both of the following reasons:

- Not enough ABAWDs on the food stamp rolls in the State and/or
- Low participation in the Food Stamp E&T Program by ABAWDs.

States were given a large increase in allocations for the Food Stamp E&T Program at a time when overall food stamp caseloads were falling dramatically because of a strong economy and other factors. In addition, as described in Chapter 3, the group the States were targeting (i.e., ABAWDs) had shrunk at an even faster rate. Thus, the decline in ABAWD participation in the Food Stamp Program appears to have limited State use of the increased funding.

Both of the reasons States gave for not spending all of their 1999 funds are also tied in with the new reimbursement rate policy, which was singled out by these States and other respondents. Although the reimbursement rate policy may be intended to ensure that States serve ABAWDs in the most efficient manner possible, States perceive it as a barrier to providing E&T services. Several of the E&T managers reported that the policy of reimbursements for services rendered and the low rate for offered (unfilled) slots, combined with a low participation rate by ABAWDs, were barriers to spending the available program funding. Several State managers reporting low E&T participation among ABAWDs said they had begun placing limits on their local programs because of concerns that the reimbursement rate would not cover program costs. Another manager said his State would like to expand the program to areas of the State waived from the ABAWD time limits, but has hesitated to do so because the reimbursement rate policy creates too much budgetary uncertainty. E&T managers in two additional States reported that the Federal reimbursement rates were making it difficult to find contractors willing to serve the ABAWD population.

Some States have been allowed to opt out of the reimbursement policy. The next section examines these States and their spending.

How Much of Their Food Stamp E&T Grants Were Used By Alternative Reimbursement States?

As noted in Chapter 2, eight States were designated by FNS as alternative reimbursement States for all of FY 1999 and thus were exempt from the reimbursement rate policy. These States could spend up to their full Federal grant allocation level, as long as 80 percent of their expenditures were on qualifying activities for ABAWDs. When examining final FY 1999 State expenditure data, these States clearly spent much more of their allocation than the nonalternative reimbursement States. Excluding Michigan, the alternative reimbursement States spent 73 percent of their total allocation compared with 44 percent for other States.²³

The program managers from the alternative reimbursement States were asked why they chose to apply for the alternative reimbursement option. Three States said the per slot reimbursement rate was too low to cover their

²³Michigan received a very large allocation in FY 1999 but spent only 11 percent of these funds.

program costs. One State was already expanding its E&T Program to serve more ABAWDs and could not have afforded to carry out these plans under the per slot reimbursement. Another State noted that most of its program costs are staff salaries, which are fixed, regardless of how many individuals participate. Program managers from three other States said they could provide better services for ABAWDs under the alternative reimbursement plan. One State indicated that it thought it could get more funding to serve ABAWDs by opting out of the per slot reimbursement rate. Another thought that using the per slot rate would mean that budget decisions, rather than client needs, would be driving the program. Three States said the alternative reimbursement option was a much simpler way to account for spending. Most of the alternative reimbursement States were able to use the option to use more Federal grant funds.

While the final FY 1999 data on slots are still being reviewed and thus are not included in this report, these States have reported final FY 1999 data to FNS on filled and offered slots for ABAWDs. The data indicate that all of the States except South Dakota exceeded the per slot reimbursement rate, often by very large amounts (USDA, 2000a). The reasons for this are understandable. These States had to offer a slot to all unwaived and nonexempt ABAWDs in the State, even those in offices with small caseloads. This finding does suggest that if the Food Stamp E&T Program is intended to be used as a way of allowing all ABAWDs who are willing to cooperate to remain on the Food Stamp Program, then the per slot reimbursement rate may be lower than it needs to be.

State expenditures for the Food Stamp E&T Program are not limited to the Federal food stamp E&T grant. The next section examines State spending for Food Stamp E&T that is matched with Federal dollars.

What Were the Trends in State Expenditures of Matching Funds?

In analyzing State use of increased Federal funding for the Food Stamp E&T Program, remember that, in addition to the Federal food stamp E&T grant, many States have traditionally committed their own resources to the Food Stamp E&T Program, which have been matched by Federal Food Stamp Program administrative dollars. The State matching contributions represent not only a sizable share of total program spending but also a commitment by these States to provide E&T services to food stamp clients.

In FY 1997, 39 States spent their own dollars on Food Stamp E&T. These States spent \$64 million and the Federal Government matched these funds. The total of \$128 million in Federal and State matching funds for food stamp E&T was higher than the \$79 million total Federal E&T grant dollars for that year.

BBA did not make any changes in the rules governing the expenditure of matching funds. As noted in Chapter 2, however, BBA added a maintenance of effort (MOE) provision requiring that States continue their level of funding for the Food Stamp E&T Program at FY 1996 levels as a condition for receipt of the additional Federal grant funds authorized by BBA. This provision was designed to prevent States from substituting the additional Federal dollars for State spending. Thirty-six States had expenditures in FY 1996 and were subject to the MOE requirement. There is no obvious reason that BBA should result in a decrease or increase in State expenditures for food stamp E&T. However, these expenditures make up such a large share of the program that any analysis of trends in the program spending that does not examine them would be misleading.

Appendix table 4 in Appendix A shows State matching funds expended for each year from FY 1997 to FY 1999.²⁴ Although spending for the Food Stamp E&T Program varies a great deal among the States, total State expenditures for the program increased by 7 percent from FY 1997 to FY 1998 and by 16.5 percent from FY 1998 to FY 1999. In FY 1998, 23 States reduced their spending on the Food Stamp E&T Program and 18 States increased their spending. Between FY 1998 and FY 1999, 14 States reduced spending and 23 increased their spending. Thus, after the BBA increases in Federal grant dollars, State matching funds continue to be an important contribution to overall spending on food stamp E&T services.

This section has examined State spending of food stamp E&T funds after BBA. The study findings reveal that States increased their Federal food stamp E&T grant expenditures after the BBA by 30 percent. However, in both FY 1998 and FY 1999, States spent

²⁴As indicated in the table, many States did not meet their MOE requirement. However, States had only to meet the requirement if they drew down the portion of their grant that was provided from the additional funds authorized under BBA. Thus, in FY 1998, States spending less than 38 percent of their grant did not have to meet a MOE requirement because this was the percentage of the \$212 million allocated that had been authorized prior to BBA. In FY 1999, States spending less than 73 percent did not have to meet the MOE because the additional BBA funds represented \$31 million, or 27 percent, of the \$115 million allocation.

less than one-half of the available Federal funds for this program. As previously noted, one of the reasons States cited for not having spent their full grant allocations was the decline in food stamp participation by ABAWDs resulting in a reduced number of potential clients for food stamp E&T services. The next section examines what is known about the participation trends in the Food Stamp E&T Program since BBA.

Participation in the Food Stamp E&T Program

The increase in Federal funding from the BBA provided an opportunity to increase participation in the Food Stamp E&T Program. However, as just shown, States used only a small amount of the additional available funding. This section summarizes what happened to participation in the program after the expanded BBA funding and targeting rules were put in place. It is based on data from FY 1997 to FY 1998 and limited information on the first half of FY 1999. The key findings from this section are as follows:

- ***The Number of Participants Beginning an E&T Activity Dropped Sharply.*** The number of food stamp participants beginning an E&T component dropped 29 percent from FY 1997 to FY 1998, and the trend was the same for FY 1999.
- ***Between FY 1997 and FY 1998, More Than One-Quarter of the States Had Increases in the Number of Participants Beginning an E&T Activity.*** Contrary to the national trend, 14 States had an increase, and 7 of these had increases of over 50 percent.
- ***The Drop in Workfare Participation From FY 1997 to FY 1998 Was Relatively Smaller Than That in the Other Most Common Components.*** Declines were small in the number of participants beginning workfare but extensive in the number beginning job search, job search training, education, and vocational training. These changes resulted in a large increase in the share of all food stamp E&T participants beginning workfare, from 19 percent in FY 1997 to 28 percent in FY 1998.
- ***Overall Food Stamp E&T Participation Data Also Reveal a Decline.*** The limited available data on overall participation, including clients continuing a component over a period of months, indicate an overall decline in Food Stamp E&T Program participation.

- ***Preliminary FY 1999 Data Reveal That Workfare Accounted for Four Out of Five Filled Slots.***

Among qualifying activities for ABAWDs, workfare slots accounted for 81 percent of filled slots in the first half of FY 1999.

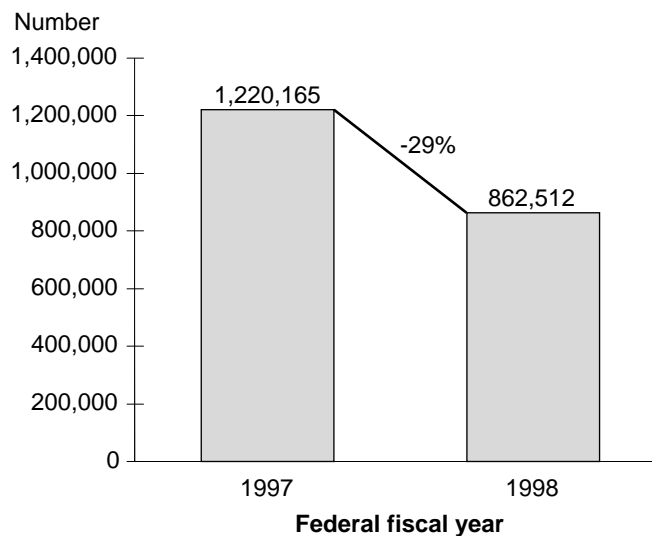
A detailed explanation of these findings follows.

How Did the Number of Participants Beginning a Food Stamp E&T Component Change After BBA?

For each fiscal year and for each quarter of the fiscal year, States are required to submit reports to FNS that include the number of participants who begin participation in a food stamp E&T component. Figure 9 compares the number of participants beginning a component in FY 1997 and FY 1998. A dramatic decline in program participation is apparent. Twenty-nine percent fewer participants began a component in FY 1998 than in FY 1997.

Appendix table 5 in Appendix A shows the participation data by State. The table provides information on the number of participants beginning a component for FY 1997, FY 1998, and the first two quarters of FY 1999. Figure 10 shows what type of change each State had in the number of individuals beginning a food stamp E&T component. In FY 1997-98, the number of individuals beginning a food stamp E&T component fell in 36 States and rose in 14. Participation figures remained

Figure 9
Number of clients beginning a food stamp E&T component, FY 1997 and FY 1998



relatively stable in one State (Colorado), declining less than 1 percent. Participation declined extensively in many States—more than 50 percent in 10 States and 25-50 percent in 13 States.

Some States had substantial increases in participants beginning a food stamp E&T component. Participation rose 50 percent or more in seven States—Connecticut, the District of Columbia, Hawaii, New Jersey, Rhode Island, Washington, and Wisconsin.

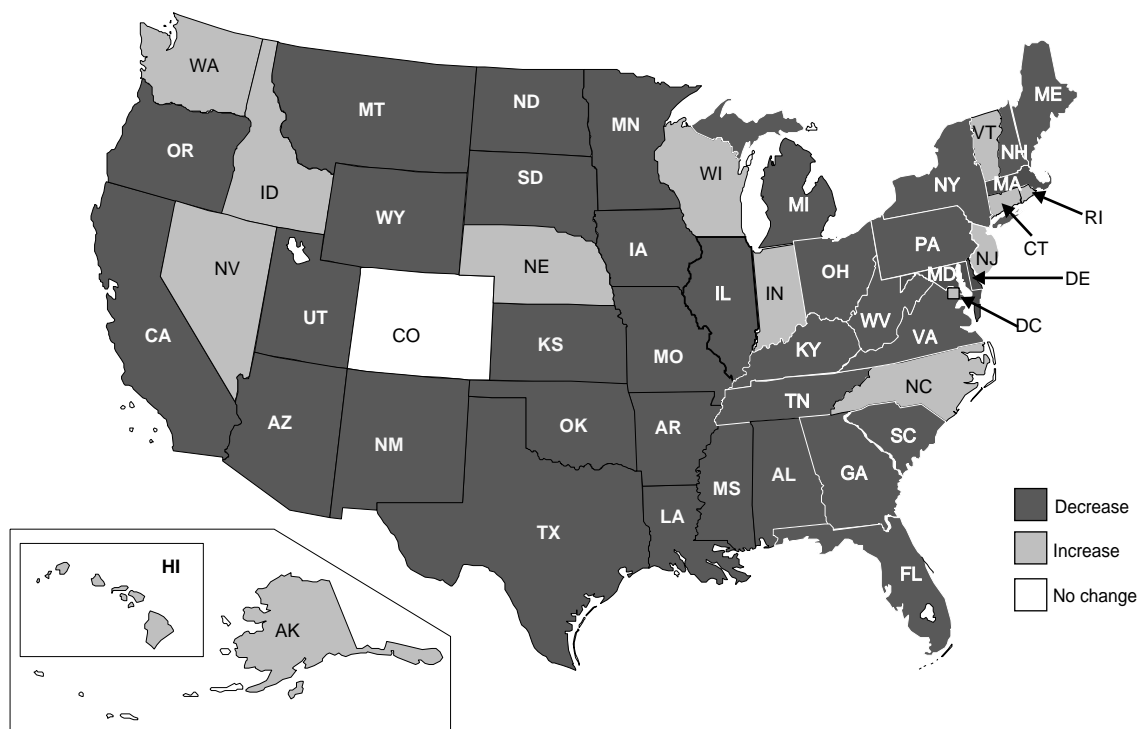
What Are Possible Reasons for the Decline in Food Stamp E&T Participation and How did the Overall Food Stamp Caseload Decline Correlate With the E&T Participation Changes?

A number of reasons are possible for the overall decline in food stamp participants beginning an E&T component from FY 1997 to FY 1999. One obvious reason is the parallel decline in the total food stamp caseload. Between FY 1997 and FY 1998, average monthly household participation in the Food Stamp Program declined 13 percent (USDA, 2000b). Participation estimates for 1996 and 1997 indicate that the decline in

participation among ABAWDs was much steeper than that of the food stamp caseload as a whole (Castner and Cody, 1999). This suggests that States that focused their programs on ABAWDs may have had an even faster shrinking pool of potential clients. Other potential reasons for the E&T participation decline relate to State efforts to retool their programs to meet BBA requirements. The decline may have partly resulted from the challenges of implementing program changes, or it may reflect higher rates of noncompliance among ABAWDs. However, there are no data with which to evaluate the relative importance of these various explanations.

An analysis was conducted to test whether the rate of overall food stamp participation decline from FY 1997 to FY 1998 was lower in the States with increased food stamp E&T participation during that period. The analysis finds that the total food stamp caseload decrease in the 14 States with an increase in participants beginning a food stamp E&T component was 11 percent, slightly lower than the 13-percent national decline. Nine of the States in this group had a decline less than the national rate, three had declines greater, and the other two had declines equal to the national decline of 13 percent. Hence, States with increases in individuals

Figure 10
Changes in the number of clients beginning a food stamp E&T component by State, FY 1997-98



beginning a food stamp E&T component after the BBA were somewhat more likely to have had declines in total food stamp participation between FY 1997 and FY 1998 lower than the national rate of decline.²⁵

Examining only the seven States that had increases in food stamp E&T participation of 50 percent or more between FY 1997 and FY 1998—Connecticut, the District of Columbia, Hawaii, New Jersey, Rhode Island, Washington, and Wisconsin—one finds no consistent trends. Four of these States did have lower food stamp caseload declines than the national total. However, two States had declines above the national total of 13 percent and one State's rate was 13 percent.

How Does State Spending Correlate With Changes in Food Stamp E&T Participation?

An examination of food stamp E&T grant spending among the States with the largest increase in food stamp participants beginning an E&T component shows that among these seven States, Connecticut, Hawaii, New Jersey, and the District of Columbia more than doubled their grant expenditures, and Washington State increased expenditures by more than 50 percent. Rhode Island had a small decline in expenditures in a very small job search-oriented program. Wisconsin had a substantial decline in expenditures of the Federal Food Stamp E&T grant; however, most of its spending on the program is through the food stamp administrative funding mechanism where Federal dollars match State expenditures, and its expenditures in this category increased substantially.²⁶ Thus, five of the seven States with large increases in participation appeared to use increased E&T grant funds to add to participation in the program.

Should the fact that States spent 30 percent more grant funds in FY 1998 while nationwide 29 percent fewer participants began the program be taken as evidence that States were operating increasingly inefficient programs? Such a conclusion is not justified because these numbers do not take into account the fact that many States were initiating new components that would meet the criteria of qualifying activities for ABAWDs and they were expanding their programs into new geographic areas during this period.

²⁵State and national food stamp participation data for FY 1997 and FY 1998 are based on the number of food stamp households participating. The source is the FNS Web site (USDA, 2000b).

²⁶Wisconsin was subject to a very high maintenance of effort (MOE) requirement that it did not meet in FY 1998, and thus, it did not access the increased funds allocated under BBA.

What Do the Preliminary Data for FY 1999 Indicate?

The preliminary data available for the first two quarters of FY 1999 show no evidence that the number of participants beginning a component has begun to rebound. A crude projection of total participation for FY 1999, based on FNS data for the first 6 months of the year, suggests that the decline in E&T program participation continued. If the total participation figures from all States for the first 6 months of FY 1999 are doubled and compared with all 12 months of FY 1998, the projected FY 1999 figure represents a 25-percent decline in participants beginning a component compared with FY 1998. Once again, there is a great deal of variability among States. Colorado, Louisiana, New Jersey, and South Carolina had more participants beginning a component in the first two quarters of FY 1999 than they had for all of FY 1998. The data for several other States—including Arkansas, Delaware, Georgia, Michigan, New Mexico, and Oklahoma—indicate that these States could experience considerable declines in the number of participants beginning a component from FY 1998 to FY 1999.

How Did Participation Change by Type of E&T Component After the BBA?

At the end of each fiscal year, States report to FNS the number of participants beginning specific types of food stamp E&T components. The data available at the time of this study were for FY 1997 and FY 1998. Figure 11 summarizes the number of food stamp E&T participants by component type. States reported substantial declines in each major component except workfare/work experience. The number of participants beginning job search or job search training declined 39 percent between FY 1997 and FY 1998. The decline was 43 percent for education and 57 percent for vocational training. On the other hand, the number of participants beginning workfare or work experience remained nearly steady.

Figure 12 compares the percentage of food stamp E&T participants beginning the two most common components, job search or job search training and workfare, in FY 1997 and FY 1998. While job search and job training had the biggest decline in the percentage of participants beginning a component, 65 percent of all new participants in FY 1998 still began their Food Stamp E&T participation in one of these two components. The second most common component was workfare or work experience, a qualifying activity for

Figure 11

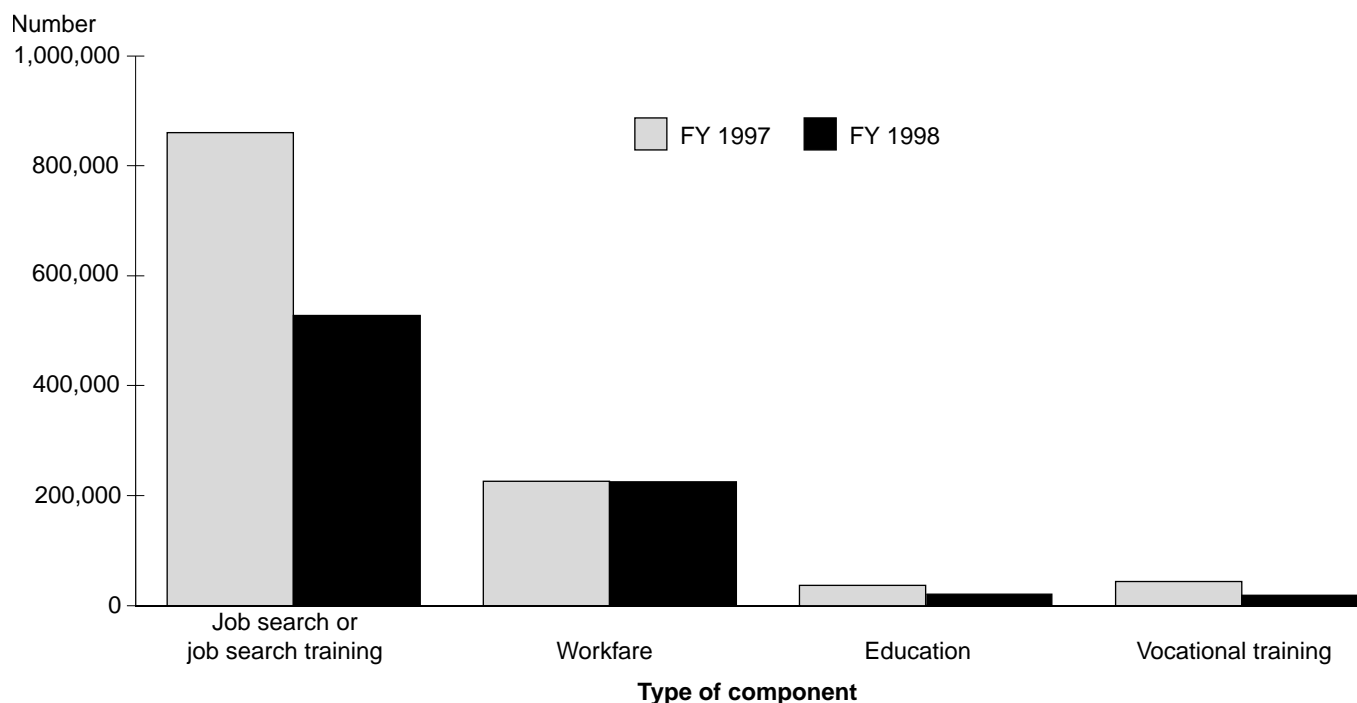
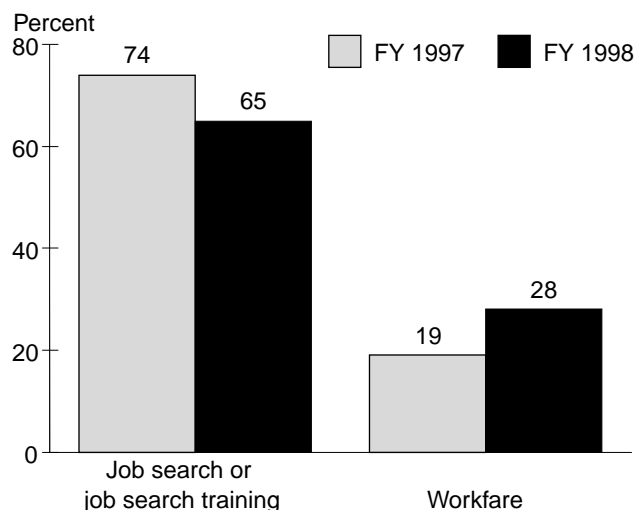
Change in participation in the Food Stamp E&T Program by type of component, FY 1997 and FY 1999

Figure 12

Share of food stamp E&T clients beginning job search/job search training and workfare participation, FY 1997 and FY 1998

ABAWDs. The percentage of participants beginning workfare or work experience rose from less than 20 percent in FY 1997 to 28 percent in FY 1998.

Changes were much smaller in the share of participants engaged in the education and vocational training components, both of which are also qualifying activi-

ties for ABAWDs. The percentage of participants in education components remained steady at 3 percent, while the share of participants in vocational training, including JTPA, declined slightly during this period. Appendix tables 6 and 7 in Appendix A show the numbers and percentages, respectively, of participants beginning each component by State.

Given the increase in the number of States offering workfare or work experience discussed previously, the finding that this component accounts for an increasing share of clients beginning components is not surprising. While this component continues to account for a smaller share than job search or job training, the change confirms a shift in emphasis at the State level toward one of the components that counts toward meeting the ABAWD work requirement under PRWORA. There is no similar shift away from job search/job search training toward education or vocational training. States may have decided that ABAWDs are not prepared to benefit from education or vocational training, or they may have other reasons for focusing on the workfare or work experience component.

The trend toward workfare and away from job search/job search training may be even more pronounced among the ABAWD population. States may be using the job search/job search training components as a way to continue to

offer services to the non-ABAWD population. Some States may also be counting ABAWDs as beginning job search when they are participating in job search as part of the first 30 days of a workfare component. Also, as noted earlier, some States may assign ABAWDs workfare or education as a primary component but still require some job search or job search training. In addition, as shown earlier, 15 States instituted a new workfare program between FY 1997 and FY 1999, and recruiting workfare providers may have taken some time. No data are available to test these various explanations, though the trend toward an increasing use of workfare slots is clear.

What Is Known About Total Participation, Including Among Clients Who Continued in the Program Over a Period of Months?

The number of participants beginning a component is only one measure of program activity. Such data do not reveal how many participants continue in the program from month to month. For example, it is possible that ABAWDs are spending longer times on the program because they are using participation in food stamp E&T to maintain food stamp benefits. Data on total E&T participation at a given time, in other words, could offer more accurate information on program activity than the data on the number of individuals who begin a component. While FNS does not require States to track data on total E&T program participation, including both beginners and continuing clients, an attempt was made by study researchers to determine these numbers by collecting additional program participation data directly from the States.

States were asked to report data on the number of clients participating each month in the Food Stamp E&T Program on the quantitative data collection form developed for this study. Only 13 States were able to do so for both FY 1997 and FY 1998. Most State Food Stamp E&T Program respondents told researchers for this study that they do not maintain good quality data, if any data, on this measure—or on ABAWD participation specifically—because it is not needed for their Federal reporting requirements. The limited participation data that were available confirm the pattern of a declining number of clients in Food Stamp E&T Program activities from FY 1997 to FY 1998. Total participation declined 22 percent among the 13 States reporting these data.

The next section turns to the limited information available on the types of activities being used specifically for ABAWDs.

Among Qualifying Activities, Were More ABAWDs Participating in Workfare or in Education and Training?

Because of the limited data available on ABAWDs, the discussion of Food Stamp E&T Program participants in this report has not made a distinction between ABAWDs and non-ABAWDs. FNS began requiring States to report ABAWD-specific program data only in FY 1999. Hence, the data available from State reports to FNS at the time of this report do not allow for a specific analysis of trends in ABAWD participation.²⁷ This section discusses what is known about participation in the Food Stamp E&T Program among ABAWDs. It is based on the data reported by States to FNS for the first two quarters of FY 1999.

As discussed in Chapter 2, a “filled slot” is a qualifying activity in which an ABAWD participates. If an ABAWD participates in an activity for multiple months, each month of participation counts as a filled slot. A slot is offered when an ABAWD is told to report to a specific work site or training facility at a given date and time to participate in a qualified activity but either refuses or does not report.

An examination of the type of slots offered to and filled by ABAWDs in FY 1999 shows that workfare slots predominate. As shown in figure 13, workfare slots accounted for 81 percent of filled slots and 69 percent of offered slots in that year. Appendix table 8 in Appendix A shows filled and offered slots in each State by component during the first half of FY 1999. The finding on workfare slots reiterates what has been shown consistently throughout this study, namely, that States are focusing on workfare when providing services to ABAWDs. The finding that education and training slots account for a larger percentage of offered, but unfilled, slots compared with filled slots may be a result of the number of hours required for an education or training component to count as an ABAWD-qualifying activity. ABAWDs must participate 20 hours a week in an education and training slot, while workfare requirements are usually under 25 hours a month.

²⁷An attempt was made to collect additional information on ABAWD participation on the quantitative data collection form used for this study. States were asked to report any data they had available on ABAWD participation for FY 1997 and FY 1998. Fewer than 10 States reported any data for FY 1997, and 12 reported some data for FY 1998. A number of States indicated that they could not vouch for the complete accuracy of their numbers, given that they were just establishing new systems to track ABAWD participants and caseworkers were often unfamiliar with how to enter the program information. Given the serious limitations on these data, they are not particularly useful for analyzing trends.

The findings so far suggest that converting to a program focused on ABAWDs has posed challenges for State Food Stamp E&T Programs. The next section describes what States said those challenges entailed and how they tried to meet them.

Challenges in Providing Services to ABAWDs

Information on how States have responded to the challenge of providing E&T services to ABAWDs was gathered through the telephone survey of State E&T managers. A summary of the findings follows:

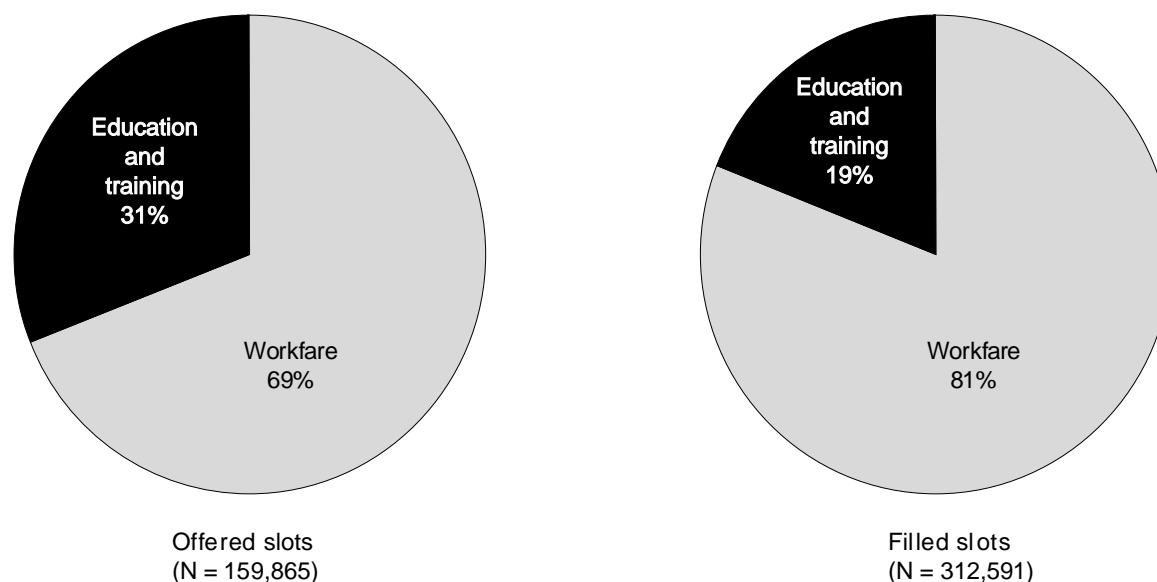
What Challenges Did States Face in Providing Services to ABAWDs?

States were asked what were the biggest challenges they have faced in serving ABAWDs. A summary of the State responses, in rank order, follow and are displayed in figure 14.

- **Low Participation Rates Among ABAWDs.** Nearly half of the States (24) said their biggest challenge is that large numbers of ABAWDs do not participate in the available food stamp E&T services. Most of the program managers from these States indicated that ABAWDs are much less likely to comply than are other groups that are (or were) required to participate in the program.
- **Lack of Funding for Support Services.** A second common challenge, reported by 15 States, was lack of funding for support services. Fourteen of these States mentioned the Federal limit of \$25 to assist clients with transportation costs as one of the biggest barriers to running an effective program. Four of these States commented that ABAWDs need an array of support services, in addition to transportation assistance, before they will be ready to maintain employment.
- **Requirement To Spend 80 Percent of State Allocations on ABAWD Qualifying Activities.** The third most commonly mentioned challenge, noted by eight States, was the requirement that 80 percent of funds be spent on ABAWDs. These States indicated that this is too large a share of the program to focus on ABAWDs and that it was interfering with their ability to run an effective program for both ABAWDs and non-ABAWDs.
- **Hard-To-Serve Population.** Seven States indicated that problems, such as homelessness, mental illness, and substance abuse among ABAWDs, represent a major challenge to providing them with E&T serv-

Figure 13

Share of qualifying food stamp E&T slots that are workfare or education and training, first half of FY 1999



ices. While some States do exempt such clients from the work requirement and time limit using their 15-percent discretionary exemptions, many clients with substance abuse or mental health problems do not admit to having a problem and thus remain subject to the time limit.

- **Other Challenges.** Other challenges mentioned by several States were as follows:
 - » Six States said that the biggest challenge is program funding and administration. These States reported they are experiencing great difficulties running the program because of uncertainty regarding the per slot reimbursement rate and the total allocation. Two of these States also noted that the per slot reimbursement rate required extensive revisions to their administrative tracking systems.
 - » Five States indicated that the Federal restrictions regarding qualifying activities for ABAWDs are a big challenge. Three States said they felt the restrictions required them to focus on maintaining eligibility rather than on encouraging employment.

Two States objected to the restriction on counting job search as a qualifying activity because it had been an effective component for them. These States believe mandatory job search puts a focus on getting a job as soon as possible.

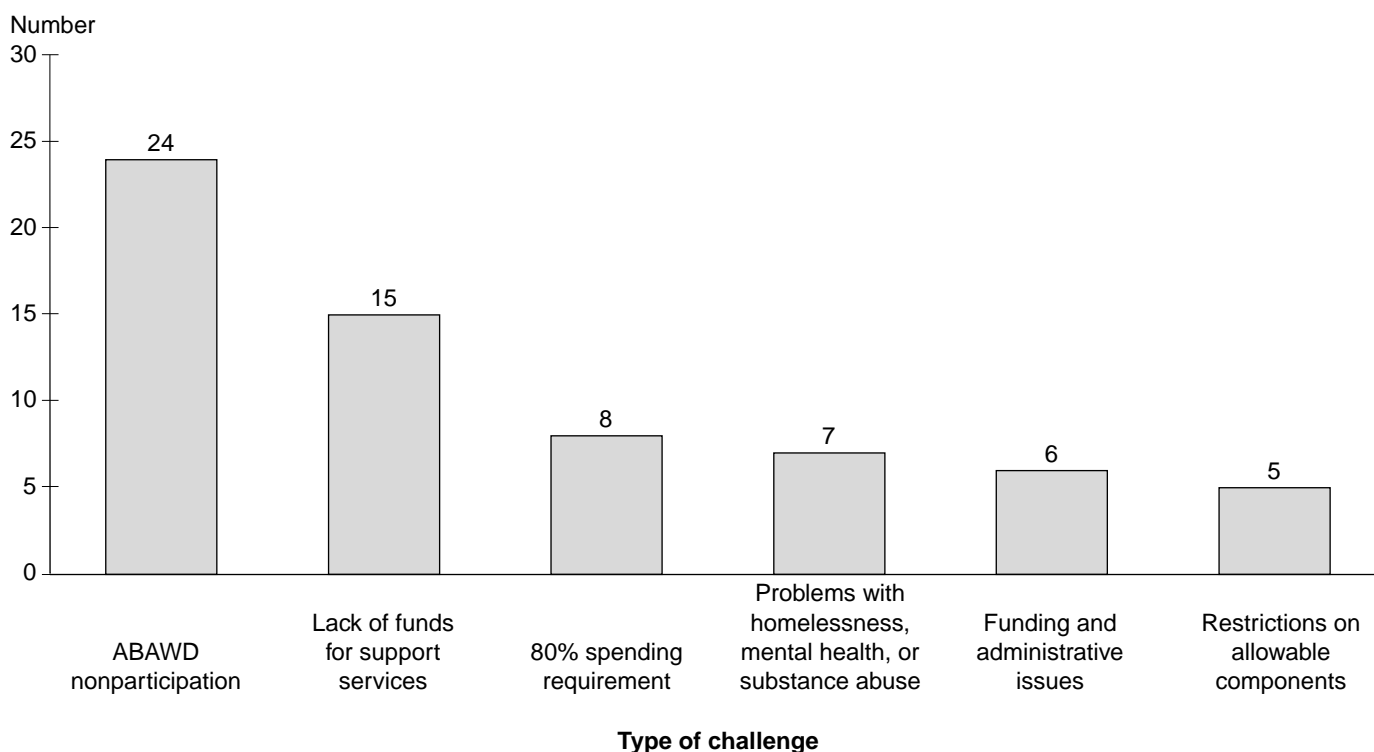
How Have States Addressed the Challenges of Providing Services to ABAWDs?

In the telephone survey, State E&T managers were asked how they have attempted to overcome the challenges inherent in serving ABAWDs. States have done quite a few different things. A summary of their responses follows.

- **Linkages with Community Organizations.** Five States have drawn on community organizations to provide supportive services and other needed assistance to ABAWDs.
- **Improved Coordination Between Eligibility and E&T Functions.** Four States have improved coordination between food stamp eligibility workers and E&T workers. This has helped increase ABAWD participation.

Figure 14

Number of States reporting challenges in serving ABAWDs by type of challenge, FY 1999



- **More Rapid Placement of ABAWDs Into a Qualifying Activity.** Four States have developed procedures for referring and placing ABAWDs into an E&T activity as quickly as possible. This allows more ABAWDs to begin an activity and, it is hoped, will encourage continued participation.
- **Case Management.** Four States are providing more intense case management for ABAWDs.
- **Increased Local Flexibility in Program Design.** Three State managers are addressing the challenges by giving local offices more flexibility. This enables local offices to experiment and address the particular needs of ABAWDs in their area.
- **Other Strategies.** Other strategies mentioned by at least one State include:
 - » Using home visits to encourage ABAWD participation;
 - » Reviewing case records of ABAWDs who have left the program before BBA to try and locate them and bring them back in to participate in E&T services and regain eligibility; and
 - » Using specialized caseworkers to focus exclusively on serving ABAWDs.

While States have come up with a variety of approaches to the challenges in serving ABAWDs using the Food Stamp E&T Program, only a few expressed enthusiasm about the approaches they are using. States that are trying better coordination between eligibility workers and E&T workers and those that have attempted to quickly engage ABAWDs in the program said that, in general, it has resulted in increased participation among ABAWDs. States that are addressing the challenge by giving local offices flexibility said that some of their offices have come up with innovative strategies. Examples of these efforts include making efforts to secure drug and alcohol treatment for those who need it and combining multiple E&T components that allow ABAWDs to fulfill their work requirement by participating in activities part of the time while spending their remaining time receiving services, such as extended job search training that would not otherwise qualify.

Overall, States expressed extensive frustration with the challenge of providing services to ABAWDs. Much of this frustration focuses on the BBA changes to the pro-

gram. The next section examines what States say they would like to change now in the Food Stamp E&T Program and how they believe these changes would improve the program.

State Recommendations for Improving the Food Stamp E&T Program

In the telephone survey, States were asked what specific changes they would like to see made in the Food Stamp E&T Program to enable them to better assist food stamp clients. Program managers were then asked to describe how the changes they would like to see would better enable them to serve food stamp E&T clients. This section describes State responses to these two questions.

What Changes Do States Recommend in the Food Stamp E&T Program?

As illustrated in figure 15, the most frequent response, provided by 38 States, was to remove the requirement to spend at least 80 percent of program funding on ABAWDs and only 20 percent on non-ABAWDs. Many of these States indicated that they could not provide needed services to the non-ABAWD population because of the funding split. Others said that there are not enough ABAWDs left on the food stamp rolls to justify the level of funding devoted to them.

Seventeen States indicated that an increase in Federal funding for support services is necessary to improve the Food Stamp E&T Program. Many States mentioned that the limited range of reimbursable support services, combined with the \$25 cap on spending for these services, restricts their ability to provide the necessary support to clients as they move towards self-sufficiency.

Eight States responded that per slot reimbursement rates need to be increased to accurately reflect the cost of providing these services. Eight States also indicated that they would favor increasing program flexibility. They believed that greater State discretion in determining program operations, spending, and administration, similar to that offered under the TANF program, would result in simplification and increased efficiency. Six States said that aligning the Food Stamp E&T Program with TANF would provide greater ease in administering the two programs.

How Do States Say Their Recommended Changes Would Improve the Food Stamp E&T Program?

State program managers were asked what their recommended changes would enable them to do. A summary of their responses follows.

- The most common response, from 23 States, was that the changes would allow them to better meet the needs of clients. States indicated that current regulations restrict their ability to tailor services to a wide range of clients, such as the hard-to-serve population.
- Sixteen States indicated that the recommended changes would enable them to expand services, thereby resulting in a more comprehensive Food Stamp E&T Program. This expansion would include both providing additional services and broadening the geographic scope of the Food Stamp E&T Program.
- Thirteen States specified that the recommended changes would allow them to extend increased services to the non-ABAWD population. Non-ABAWDs that State program managers would like to serve include unemployed parents and former TANF

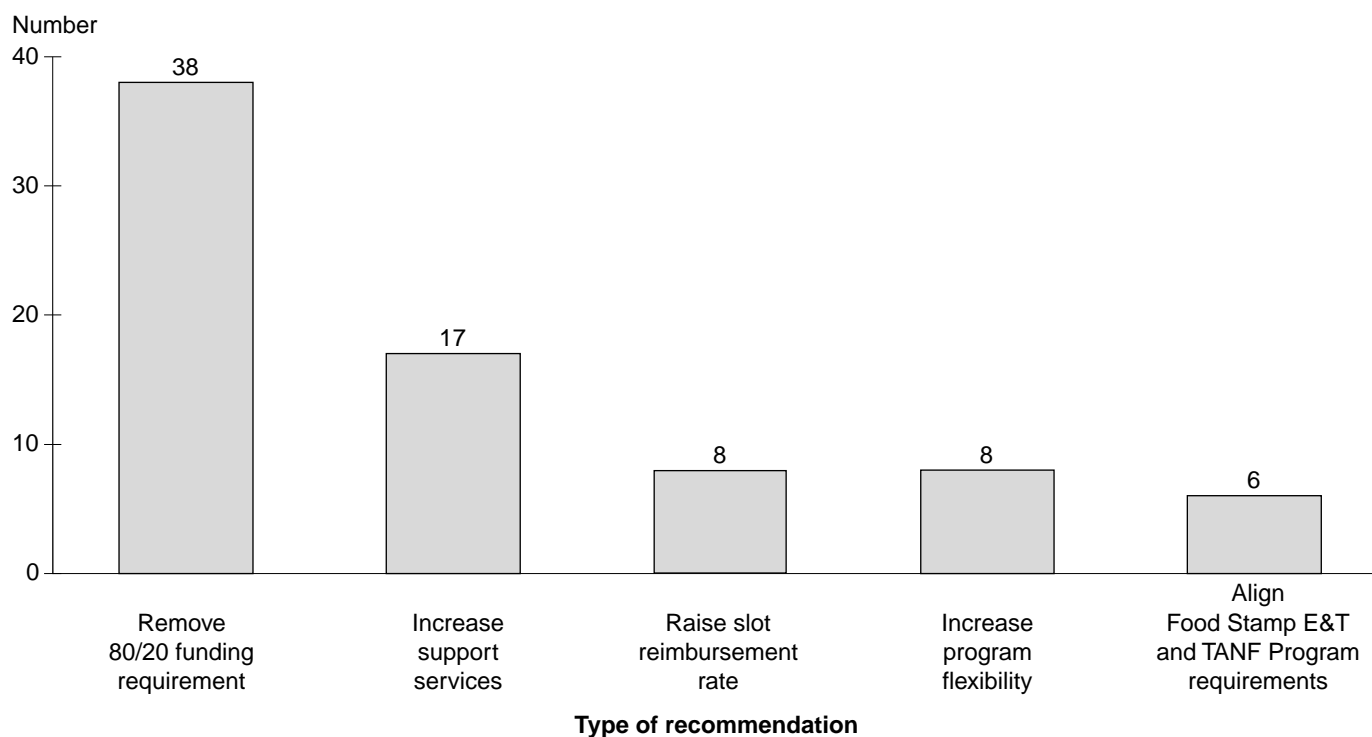
recipients with older children. Many States indicated that these groups are somewhat more likely to participate than ABAWDs and that they could benefit from the services provided by the Food Stamp E&T Program.

- Seven States indicated that the recommended changes would enable them to improve support services, including transportation assistance and financial help with job-related expenses for participants who find employment.

This chapter has reviewed the findings from State-level data collection. The study results reveal that States have responded to BBA by effectively altering the geographic scope and nature of the programs to serve ABAWDs and assist them in accessing activities to fulfill their work requirement. States have increased spending of their food stamp E&T grants by 30 percent, despite a drop in the number of food stamp participants overall and a drop in the number beginning the E&T program. At the same time, 14 States did have an increase in food stamp E&T participation from FY 1997 and FY 1998. These States, as a group, had a lower food stamp participation decline than the national average.

Figure 15

Number of States reporting recommendations for changing the Food Stamp E&T Program by type of recommendation, FY 1999



While total State expenditures increased in absolute dollars from FY 1997 to FY 1998 and remained relatively stable in FY 1999, States did not use the majority of the food stamp E&T grant funding that became available after the BBA. During the telephone survey, many of the States expressed a reluctance to focus their E&T programs on the ABAWD population. States' levels of motivation and interest in creating

innovative Food Stamp E&T Programs to serve ABAWDs may be affected by their apparent opposition to restrictions on the use of food stamp E&T funds and their belief that ABAWDs are a very challenging population to serve.

Case studies highlight local programs with innovative approaches to serving ABAWDs. The next chapter describes selected findings from these case studies.