

Chapter 11

Food Stamp Employment and Training Program

Section 6 and 16(h) of the Food Stamp Act of 1977

Potential as a source of workforce training:

- Funds employment and training services for able-bodied adult Food Stamp recipients, with some emphasis on those without dependents.

Challenges to be addressed:

- Increase FSET participant referral to education and training.
- Reverse the decline in funding.
- Improve data on program participation and effectiveness.
- Improve coordination with WIA.

Background

The Food Stamp program has included employment and training requirements since the 1970s. Those requirements, however, have changed over time. Currently, all able-bodied adult Food Stamp recipients between the ages of 16 and 60, with some exceptions, must register for work, accept suitable employment, or take part in an employment and training program to which they are referred by their local Food Stamp office.

The distinct Food Stamp Employment and Training (FSET) program was created by the Food Security Act of 1985¹ to help Food Stamp recipients gain skills, training, or experience and increase their ability to obtain regular employment.

In 1996, the Personal Responsibility and Work Opportunity Reconciliation Act imposed a time limit on able-bodied adults without dependents (ABAWDs).² Since then, ABAWDs have been limited to receiving Food Stamps for three months out of

each three-year period, except in months they work at least 20 hours per week or participate in an employment or training activity.

In 1997, the Balanced Budget Act significantly increased FSET funding in fiscal years 1998 through 2002.³ It also required that most (80%) FSET money be spent on services that help ABAWDs meet their work requirement. Subsequent legislation—the Farm Security and Rural Investment Act of 2004⁴—eliminated the spending requirements and reduced annual 100 percent FSET funding to \$110 million. Additional matching funds are available.

FSET is administered by the Food and Nutrition Service (FNS) within the U.S. Department of Agriculture (USDA).

Current Legislative Status

FSET is authorized through 2007.

Funded Activities

Each state is required to have an FSET program. Services funded under FSET must include one or more of the following:

- Job search activities.
- Job search training, including skills assessments, job finding clubs, training in techniques for employability, and job placement services.
- Workfare programs.
- Programs designed to improve the employability of eligible individuals through actual work experience, training, or both.
- Educational programs to improve basic skills and literacy.

1 Public Law 99-198.

2 Public Law 104-193.

3 Public Law 105-33.

4 Public Law 107-171.

FSET AT-A-GLANCE

Statute: Food Stamp Act of 1977 (Public Law 88-525), as amended.

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

Due for reauthorization: 2007.

Federal funding: Nearly \$122 million in FY06—\$90 million through formula allocation to states (plus about \$12 million in carry-over funds) and \$20 million for services specifically for able-bodied adults without dependents (ABAWDs) nearing the end of their eligibility. USDA will match state expenditures above their grant amount. The amount available as matching funds is not capped.

Type of program: Formula grant to states.

State agency with jurisdiction: Varies, including state departments of welfare, human services, social services, labor, and economic security.

Institutions involved: Local entities, including welfare offices, community-based organizations, and one-stop centers.

Population served: No reliable national data available.

- Programs designed to increase an individual's self-sufficiency through self-employment.
- Other employment, educational, or training programs approved by the Secretary of Agriculture or the state.

Employment and Training Requirements for Food Stamp Recipients

All Adult Food Stamp Recipients

All non-exempt Food Stamp recipients between the ages of 16 and 59 must register for work at the appropriate employment office, participate in an employment and training program (such as FSET) if assigned by the state agency, and accept an offer of suitable employment. Failure to comply can result in disqualification for Food Stamps eligibility.

Exemptions exist for individuals who are:

- Physically or mentally unfit for employment.
- Complying with a work requirement under the Temporary Assistance for Needy Families (TANF) program.
- Responsible for the care of a child under six or an incapacitated person.

- Receiving unemployment benefits.
- Participating in an alcohol or drug treatment rehabilitation program.
- Already working at least 30 hours per week.

States may exempt additional categories of individuals from the work requirement and may serve participants who are exempt from work requirements if the participant volunteers. States may serve a very limited number of TANF participants.

Able-Bodied Adults Without Dependents (ABAWDs)

ABAWDs between the ages of 18 and 49 may not receive Food Stamps for more than three months in any 36-month period unless they do one of the following:

- Work at least 20 hours a week.
- Participate in a qualified work activity for 20 hours per week.
- Engage in any combination of qualified activities for 20 hours per week.
- Participate in a work experience program.

Months in which individuals subject to this provision do not comply with their work requirement count toward their three months of eligibility. After three months of participation

Table I I-A
FSET Requirements Before and After 2002 Farm Bill

	PRE-2002 FARM BILL	POST-2002 FARM BILL
Federal Funding	Combination of federal grant funds and Balanced Budget Act funds totaling \$219 million in FY 2001	\$90 million in federal grant funds for FYs 2002-07 and \$20 million to reimburse states that guarantee work slots; Balanced Budget Act funds eliminated
ABAWD Spending	States required to spend 80 percent of funds on Able-Bodied Adults Without Dependents (ABAWDS)	Requirement removed
Supportive Services	Federal government reimbursed states for 50% of supportive services; total cost of services cannot exceed \$25 per participant per month	Federal government reimburses states for 50% of supportive services with no cap
Maintenance of Effort	States required to maintain 1996 funding levels for access to additional Balanced Budget Act funds	MOE requirement removed

without meeting these requirements, participants cannot receive benefits until either they comply or the 36-month period ends.

Exemptions exist for individuals who are one of the following:

- Responsible for the care of a child or an incapacitated household member.
- Medically certified as physically or mentally unfit for employment or pregnant.
- Already exempt from Food Stamp work requirements (for the reasons cited earlier).

States may request a waiver of these provisions for ABAWDs in areas with an unemployment rate above 10 percent or for those in an area with insufficient jobs. As of October 2006, 42 states and the District of Columbia had approved waivers for one or more local areas.⁵

⁵ U.S. Department of Agriculture, *FY 2006 ABAWD Waiver Status Report*, www.fns.usda.gov/fsp/rules/Memo/PRWORA/abawds/abawds.pdf.

⁶ 71 *Federal Register* 33376 (June 9, 2006).

States also have the flexibility to exempt a limited number of unemployed ABAWDs from the three-month time limit. FNS determines the number of yearly exemptions for each state. States can carry over unused exemptions into the following year.

States frequently assign individuals subject to the ABAWD restrictions to their FSET program. Most states design their FSET programs to meet the ABAWD requirements, so that months in which ABAWDs participate in FSET do not count toward the three-month time limit. Some FSET activities—primarily job search activities—do not satisfy the ABAWD work requirement, however.

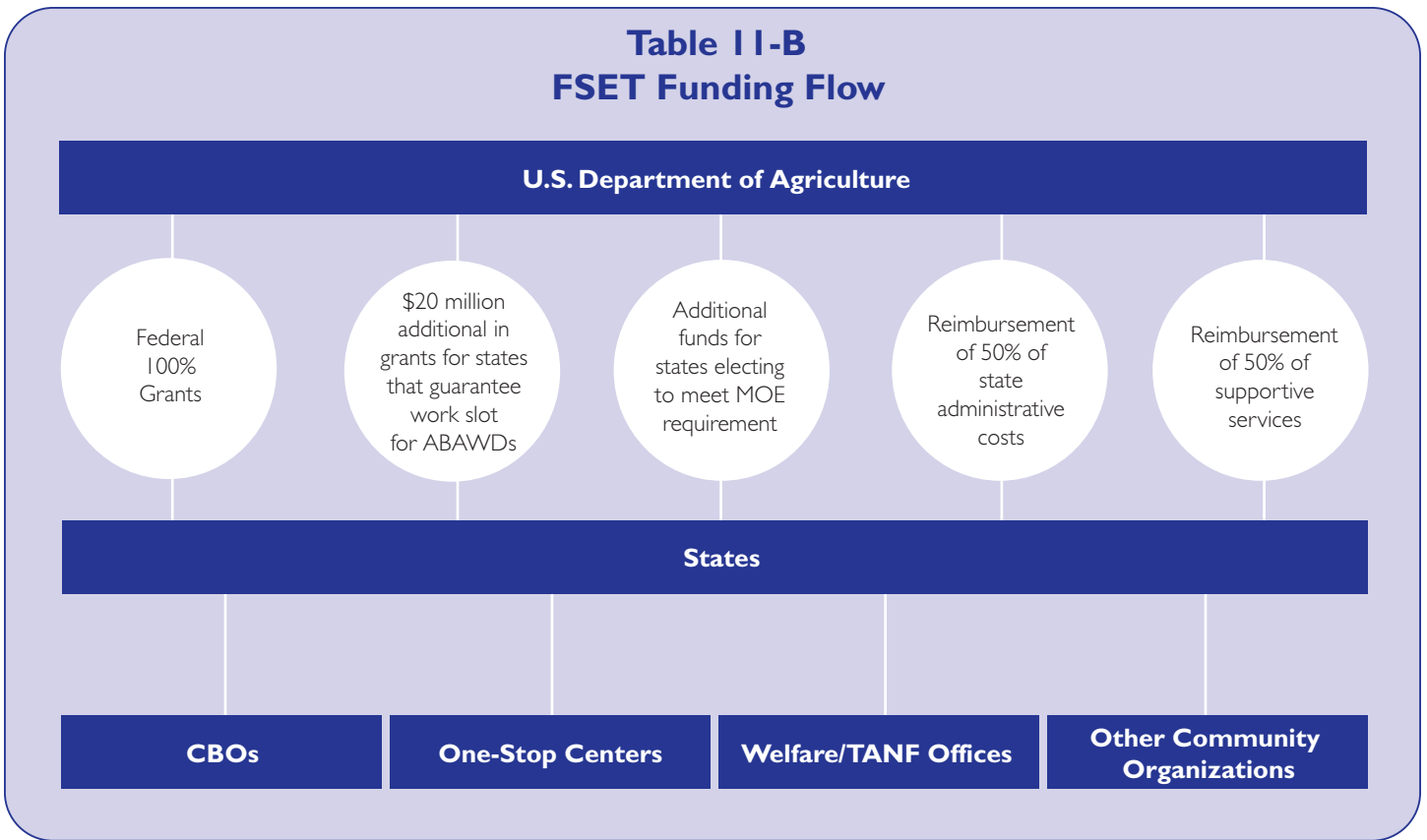
Funding Under FSET

A final rule issued in June 2006⁶ made several changes to how FSET funds are distributed. The rule went into effect August 8, 2006.

Base Funding

A total of 10 percent of FSET base funding is now allocated based on food stamp quality control (QC) data for the most

**Table 11-B
FSET Funding Flow**



recently completed fiscal year that reflects each state’s share of the nation’s ABAWDs. The other 90 percent of funds is distributed based on the number of work registrants in each state as a percentage of work registrants reported by states for the most recent fiscal year.

Additional Funding for States Serving ABAWDs

The 2002 law made available an additional \$20 million to reimburse states that “pledge” to provide a slot in a qualified education, training, or workfare program to all ABAWD applicants and recipients in the last month of their three-month eligibility period who do not qualify for an exception, waiver, or exemption from the time limit (known as “at-risk” ABAWDs). Under the 2006 final rule, funding is to be distributed based on the total number of ABAWDs in the pledge state as a percentage of ABAWDs in all participating pledge states. USDA has also clarified that pledge states must serve all of their at-risk ABAWDs and be prepared to use their own money to fulfill this commitment.

Participant Reimbursements

States receive reimbursement for 50 percent of expenditures for providing support services—such as transportation—to FSET participants. The 2002 legislation removed the \$25 per month per participant cap on federal cost sharing for these reimbursements. The 2006 rule clarifies that states may adopt different reimbursement policies for different types of expenses or in different parts of the state, for example, and that federal funds may not be used to provide support services to employed persons to help them start or keep a job.

Carryover Funds

The rule rescinded the balance of unobligated funds carried over from Fiscal Year 2001. The final rule also explained that any carryover funds left from the additional funding for states that serve ABAWDs will be distributed among states on a first come-first served basis.

Administrative and Other Expenses

States receive 50 percent federal matching funds for program amounts incurred in excess of their grant of 100 percent money, including administrative costs.

Current Funding Levels⁷

In FY06, states received nearly \$102 million in 100 percent federal funds (\$90 million base plus \$11.8 million in carry-over funds). Allocations ranged from a low of \$110,272 in Wyoming to a high of \$9.9 million in California.

More than one-third of states (19, or 38%) experienced significant loss of funding in FY06, compared to FY04, because of changes in the formula. USDA used the carry-over funds to limit state losses to no more than 20 percent of their FY04 allocations.

Populations Served Through FSET

In FY06, an average of almost 27 million Americans received Food Stamps each month.⁸ In FY04, about 5.3 million Food Stamp recipients had to register for work; of those, 1.2 million were ABAWDs.⁹ According to the Government Accountability Office (GAO), less than 9 percent of Food Stamp recipients are potential FSET participants.¹⁰

States have the flexibility to determine which local areas will operate an FSET program and, based on their own criteria, who to refer to FSET. Not all Food Stamp recipients subject to work requirements participate in FSET.

USDA does not collect nationwide data on the characteristics of FSET participants separately from other Food Stamp recipients.

⁷ All data in this paragraph are from: USDA Memo to Program Directors, *Final Fiscal Year 2006 100 Percent Federal Food Stamp Employment and Training Grant Allocations*, www.fns.usda.gov/fsp/rules/Memo/05/071905.pdf.

⁸ U.S. Department of Agriculture, *Food Stamp Program: Average Monthly Participation (Persons)*, www.fns.usda.gov/pd/fsfypart.htm.

⁹ U.S. Department of Agriculture, *Food Stamp Employment and Training Program Fiscal Year 2006 Federal Grant Calculation*, www.fns.usda.gov/fsp/rules/Memo/05/071905.pdf.

¹⁰ Government Accountability Office, *Food Stamp Employment and Training Program: Better Data Needed to Understand Who Is Served and What the Program Achieves* (Washington, 2003), p. 12.

¹¹ *Ibid.*

¹² *Ibid.*, p. 21.

¹³ Public Law 105-220.

¹⁴ §6(d)(4)(A)(ii) of the Food Stamp Act of 1977, as amended.

In a 2003 GAO study of FSET in 15 states, officials described FSET participants as hard to employ, having little education, limited work histories, and histories of addiction and homelessness.¹¹

Based on FY01 statistics:¹²

- Job search accounted for about half of all FSET participant activities.
- Work experience accounted for about one-quarter of all FSET participant activities.
- Basic education and training to improve reading, math, and language skills or obtain a high school degree or its equivalency accounted for 7.5 percent of all FSET participant activities.

Institutions Typically Providing FSET-Funded Services

A variety of local agencies, including community-based organizations and “one-stop centers,” deliver FSET services. One-stop centers are local entities created by the Workforce Investment Act (WIA) of 1998¹³ to streamline the delivery of services from multiple federally funded training programs.

Relationship to Other Programs

The law requires that FSET services be available through the statewide workforce development system created under WIA.¹⁴ WIA, however, does not designate FSET as a required participant in the one-stop system.

WIA lists 11 federal programs as required partners and four programs as optional partners in the one-stop system. FSET is an optional program. As a result, the FSET program is not required to be represented on state and local workforce investment boards (the entities that administer WIA), to enter into memoranda of understanding about services provided through the one-stop system, or to provide financial support to the infrastructure of the one-stop system.

Performance Accountability

Little information is available about the performance of the FSET program, including its effectiveness in helping participants achieve and retain employment. An attempt to create performance measures for the program in the 1980s and 1990s was dropped because of overwhelmingly negative reaction—primarily concerns that the costs associated with collecting the data would be disproportionate to the program’s funding.¹⁵

Policy Challenges Moving Forward

Several key policy challenges face the FSET program:

Challenge: Increase FSET participant referral to education and training.

Many FSET participants, particularly ABAWDs, face significant barriers to employment because they lack skills. Yet, in FY01, education and training activities accounted for about 7 percent of participant activities. Some states do better—Pennsylvania, for example, placed nearly half of its FSET participants in education and training that year.¹⁶

Still, improvement is needed in the rate of referral to education and training for FSET participants, including ABAWDs. In addition, given the multiple challenges many FSET participants face, it may be appropriate for the program to consider how to promote retention in education and training, in addition to increasing referrals.

Challenge: Reverse the decline in funding.

Overall funding for FSET has decreased since the expiration of supplemental funding provided in FYs 1998-2002. As a result, states have fewer resources available through the program.

In the past, many states were not able to spend all of their FSET funding. Several factors likely contributed to the problem, including the previous statutory requirement that states spend 80 percent of funds on services for ABAWDs and an MOE requirement that applied to all federal funding. With the elimination of those requirements in 2002, states should find it

easier to spend their FSET funds. If not, research is needed to pinpoint why states are not making full use of these funds and to identify policy barriers.

Challenge: Improve data on program participation and effectiveness.

FNS documents and GAO reporting have questioned the accuracy of data about FSET registration and participation.^{17, 18} No nationwide data exist to document whether FSET is effective in helping participants get jobs.¹⁹ In addition, while some outcome data exist at the state level, it is not clear that the outcomes resulted from program participation.²⁰

Current federal efforts to tie program funding to performance—such as the Office of Management and Budget’s Program Assessment Rating Tool (PART)—make this data challenge a pressing issue. FSET could look to other federal programs funding employment and training services—including WIA and the Community Services Block Grant—for ideas about developing and operating outcome measurement systems that can be implemented locally.

Challenge: Improve coordination with WIA.

According to GAO, the extent to which states use the one-stop system to deliver FSET services varies considerably. Even though FSET participants may receive job search services at one-stop centers, they do not usually participate in other employment and training programs available there.²¹

One impediment may be concern among one-stop staff that the FSET population, because of their barriers to employment, would lower state measured performance on employment and earnings. In addition, FSET participants may not be ready for WIA program services if they lack basic skills, such as reading and computer literacy. Continuing barriers to improved collaboration should be identified and addressed at both the state and local levels.

¹⁵ GAO, 2003, pp. 28-29.

¹⁶ *Ibid.*, p. 23.

¹⁷ U.S. Department of Agriculture, July 19, 2005, memo to Food Stamp Program Directors, <http://www.fns.usda.gov/fsp/rules/Memo/05/071905.pdf>, p. 1.

¹⁸ GAO, 2003, pp. 14-15.

¹⁹ *Ibid.*, p. 4.

²⁰ *Ibid.*

²¹ *Ibid.*, p. 3.

Additional Reading

The Law

The Food Stamp Act of 1977, as amended
<http://agriculture.senate.gov/Legislation/Compilations/FNS/FSA77.pdf#search='food%20stamp%20act%2C%20as%20amended'>

Regulations

7 CFR Part 273
<http://ecfr.gpoaccess.gov/cgi/t/text/text-idx?c=ecfr&sid=c5778aa81303fbd390e16a1c181a9bef&rgn=div5&view=text&node=7:4.I.1.3.20&idno=7>

2006 Regulatory Changes

71 *Federal Register* 33376 (June 9, 2006)
<http://a257.g.akamaitech.net/7/257/2422/01jan20061800/edocket.access.gpo.gov/2006/pdf/E6-9001.pdf>

Government Summaries and Analyses

U.S. Department of Agriculture, *Farm Bill E&T Implementing Memo* (Washington, 2002),
www.fns.usda.gov/fsp/rules/Legislation/2002_farm_bill/farmbill_et_implement.htm.

U.S. Department of Agriculture, *State Use of Funds to Increase Work for Food Stamp Recipients: Report to Congress* (Washington, 2001).

U.S. Government Accountability Office, *Food Stamp Employment and Training Program: Better Data Needed to Understand Who Is Served and What the Program Achieves* (Washington, 2003).

U.S. Government Accountability Office, *Food Stamp Program: Implementation of the Employment and Training Program for Able-Bodied Adults Without Dependents* (Washington, 2001).

Other Summaries and Analyses

Dean, Stacy, and Dorothy Rosenbaum, *Implementing New Changes to the Food Stamp Program: A Provision by Provision Analysis of the Farm Bill* (Center on Budget and Policy Priorities, Washington, 2002).