



Q's and A's on E&T Allocation and Work Provisions for ABAWDS

This information was sent on February 25, 1998 to all FNS regional offices for forwarding to the Food Stamp State agencies. The questions deal with Balanced Budget Act provisions for funding Education and Training (E&T) programs, and work provisions for able-bodied adults without dependents (ABAWDs).

BALANCED BUDGET ACT OF 1997 (PUB. L. 105-33) QUESTIONS AND ANSWERS

Determination of ABAWD Population for E&T Allocation and 15% Exemption

Q1. How did FNS determine the allocation of E&T funds for FY 98 using FY 96 QC data?

A1. FNS used a 3-step process (prescribed by statute) to determine FY 98 E&T allocations:

1. Determine ABAWD Population. FNS adjusted FY 96 QC data by eliminating recipients exempted from the ABAWD provision under section 6(o)(3) of the Food Stamp Act, and by eliminating those noncitizens made ineligible for food stamps after August 22, 1997.

2. Adjust for Expected Caseload Changes. FNS further adjusted FY 96 QC data to reflect the actual decrease in each State's caseload between FY 96 and FY 97 and the expected national caseload decrease between FY 97 and FY 98. These adjustments provided a caseload adjustment percentage for each State that FNS used to modify the FY 96 QC data to represent, as closely as possible, what FY 98 State ABAWD populations would be in the absence of a time limit.

3. Determine the State-By-State Allocation of the Federal 100 Percent E&T Grant. FNS established the percentage basis for the E&T allocation by dividing each State's estimated FY 98 ABAWD population by the national estimated FY 98 ABAWD population. FNS multiplied the resulting percentage by the total Federal E&T appropriation of \$212 million to determine each State's share, taking into account the requirement for a \$50,000 minimum allocation.

Q2. How did FNS arrive at the 15 percent ABAWD exemption allotment for each State?

A2. After completing steps 1 and 2 above, FNS further adjusted each State's estimated ABAWD population by eliminating the number of recipients projected, based on the national QC data, to be complying with section 6(o)(2)(A), (B), or (C) of the Act. In other words, FNS subtracted the number of people working 20 hours or more per week, participating in and complying with a State approved work program for 20 or more hours per week, or participating in and complying with an approved workfare program.

FNS then derived an adjustment percentage to estimate the number of ABAWDs living in waived areas of each State. FNS determined this percentage by adding together food stamp non-public assistance (NPA) households in each State's waived areas (if any) and dividing that number by the number of all NPA households in the State. FNS developed estimates of the number of NPA households in sub-county waived areas using the county's population as listed in the Census Bureau's *1990 Decennial Census City/County Data Book*.

FNS multiplied each State's estimated ABAWD population by the waiver adjustment percentage to arrive at the projected number of "covered individuals" who are eligible to be included in the State's 15 percent exemption allowance. Covered individuals are ABAWDs who 1) do not live in waived areas; 2) are not exempt due to working 20 or more hours per week, participating in and complying with an approved work program for 20 or more hours per week, or participating in and complying with an approved workfare program; 3) are not participating in the three months of eligibility provided under section 6(o)(2); and 4) did not subsequently regain eligibility under section 6(o)(5).

Q3. In the future, can a State agency use its own accumulated data to establish its ABAWD population for the purpose of allocating the Federal E&T grant and determining its 15 percent exemption allowance?

A3. No. Section 16(h)(1)(B)(ii) requires FNS to estimate each State agency's ABAWD population based on fiscal year 1996 Quality Control data. In addition, we believe that the only equitable and sound way to fulfill this requirement is to use a common data base. Therefore, a State agency will not be afforded the option of using its own data.

Use of Funds

Q4. The Balanced Budget Act (BBA) requires a State agency to use at least 80 percent of its 100 percent Federal E&T allocation to serve ABAWDs participating in an approved work or workfare program. Some States have asked if the wording of the Act requires them to actually spend 80 percent of the funds on the ABAWDs themselves, and not on administration of their programs. Other States have asked if workfare or work programs are the only activities that can be offered as acceptable components.

A4. No to both questions. To "serve" ABAWDs means to provide them opportunities for participation in programs that allow them to meet the work requirement. The administrative expenses incurred in providing these opportunities and programs is the cost of serving ABAWDs.

State agencies can serve ABAWDs by providing them with opportunities to participate in a workfare program under section 20 of the Act or a comparable program established by a State or by a political subdivision of a State.

State agencies can also provide ABAWDs opportunities to participate in work programs for 20 hours or more per week. Section 6(o)(1) of the Act defines "work program" as a program under the Job Training Partnership Act (JTPA), a program under section 236 of the Trade Act of 1974, or an employment and training program operated or supervised by the State or a political subdivision that meets standards approved by the Governor of the State (including a Food Stamp E&T program). Such programs include educational programs or activities to improve basic skills and literacy or otherwise improve employability, programs designed to increase self-sufficiency through self-employment, as well as other employment, educational and training programs, projects, and experiments aimed at accomplishing the purpose of the E&T program. **Job search and job search training programs do not meet the definition of work program.**

Q5. Does the general prohibition against using job search to meet the definition of "work program" for ABAWDs extend to the job search period allowed in the optional workfare program?

A5. Section 20(e) of the Act provides that, after initial eligibility determination and before placement in an optional workfare program work slot, participants can be required to conduct a job search for up to 30 days. Therefore, the job search period in the optional workfare program is allowable. This job search activity is part of the workfare assignment and State agency administrative expenditures incurred in operating it count toward the 80 percent use of funds requirement. This is true even if the participant finds employment as a result of the job search, or if the participant fails to comply with job search and is terminated. The only situation in which administrative expenses of the workfare job search activity do not count toward the 80 percent requirement is if the State agency does not actually make a workfare slot available to the participant at the end of the job search period.

Q6. May a State agency spend part of the remaining 20 percent of its grant on job search?

A6. Yes. State agencies may spend up to 20 percent of their total 100 percent E&T grants on work activities, such as job search, that do not meet the definition of "work program." State agencies may spend part or all of this 20 percent on non-ABAWDs.

Q7. Must a State agency meet part or all of the 80 percent use-of-funds requirement before it can spend the remaining 20 percent?

A7. No. A State agency can spend the 20 percent allocation regardless of how much of the 80 percent allocation it spends.

Q8. For money spent on training to count toward the 80 percent use of funds, does the training have to be a full 20 hours a week to meet the work requirement?

A8. Yes. The work program must require 20 or more hours per week participation by the ABAWD. However, for a workfare or comparable program, the maximum requirement is the number of hours resulting from dividing the household's monthly coupon allotment by the higher of the Federal or State minimum wage.

Q9. Activities that enable ABAWDs to meet the work requirement include a workfare program or a "comparable" State program. Do self-initiated volunteer community service programs qualify? Can a State devote its entire 80 percent ABAWD effort to such a program? Wouldn't the voluntary aspect have to be dropped in order to fit the program into the E&T framework?

A9. Self-initiated workfare programs, as defined by FNS guidance issued on April 3, 1997, do meet the 80 percent use of funds requirement. A State agency can spend up to 100 percent of its Federal E&T grant on such a program.

State agencies have the option to operate any E&T component in which individuals volunteer. Since participation in a self-initiated program is voluntary, E&T sanctions will not apply. Although ABAWDs are work registrants subject to all Food Stamp Program work requirements, they voluntarily seek workfare positions that allow them to maintain eligibility for food stamps. Thus, they are not subject to the same disqualification penalties applied to mandatory participants who fail without good cause to comply with work requirements.

Q10. The BBA requires States to spend 80 percent of their Federal E&T grant to serve ABAWDs who are placed in and comply with a qualifying activity. What does "comply" mean?

A10. The phrase "placed in and comply with," as used in section 16(h)(1)(E)(ii), was not intended to limit State agencies in serving ABAWDs. As noted, State agencies serve ABAWDs by creating opportunities for them to participate in activities that allow them to meet the work requirement. This does not mean, however, that, if the ABAWD fails to take advantage of the opportunity (i.e., does not comply), the State agency should not receive credit for the expense involved in providing it. The costs of creating opportunities for persons who do not comply are an inherent part of establishing a program for persons who do comply. As explained in the February 20, 1998, BBA guidance package, State agencies will be reimbursed, albeit at a lower rate, for an "offered work slot," i.e., one that is made available but is not used by the ABAWD.

Application of 15% Exemption

Q11. Are individuals included in a State agency's 15 percent exemption still subject to E&T?

A11. Yes. The work requirements, time limits, waivers, and 15 percent exemptions applicable to ABAWDs are separate from work registration/E&T requirements. All ABAWDs (including those in waived areas and those included in a State agency's 15 percent exemption allowance) are work registrants/mandatory E&T participants. A State agency may, however, exempt them from E&T based on its established exemption criteria.

Q12. May a State agency spend any portion of its Federal E&T grant on ABAWDs who either live in a waived area or are included in the State agency's 15 percent ABAWD exemption allowance and have it count toward the 80 percent use of funds requirement?

A12. Yes. The law does not limit the State agency to serving only those ABAWDs in non-waived areas and those who are not part of the State agency's exemption allowance. As long as the Federal E&T grant is spent to provide ABAWDs opportunities to participate in work programs of at least 20 hours a week or a workfare or comparable program, it is counted in the 80 percent use of funds requirement.

Maintenance of Effort

Q13. The BBA added an additional \$131 million to the original E&T grant allocations for each fiscal year from 1998 through 2001. To receive its share of the additional allocation in a given fiscal year, a State agency must spend at least as much of its own money as it spent in FY 96 to administer E&T (not including participant reimbursements) and the optional workfare program (if one was available). Can a State agency, if it wishes to avoid this "maintenance of effort" (MOE) requirement, decline the additional money and just use its share of the original E&T allocation?

A13. Yes. State agencies are not mandated to use the additional allocation. The Secretary is authorized to appropriately and equitably reallocate any funds not expended by a State agency in a fiscal year to other State agencies during the fiscal year or the subsequent fiscal year. State agencies have to meet the 80/20 percent use of funds requirement whether or not they use the additional allocation.

Q14. Will a State agency have to expend all of its required MOE funds before it has access to its additional 100 percent Federal E&T grant?

A14. No. State agencies must, in their E&T State Plans, provide a good faith assurance that they will meet the BBA's MOE requirement. At the end of the fiscal year FNS will look back to ensure that the MOE requirement was met.

Q15. Are State agency MOE expenditures subject to the 80 percent use of funds requirement?

A15. No. State agencies may spend their required MOE funds in any manner they deem necessary to administer their E&T programs.

However, with one exception, State agencies cannot count participant reimbursements as part of their MOE expenditures. The exception to "no reimbursements allowed" is the optional workfare program, in which reimbursements to participants for work-related expenses are counted as part of the State agency's administrative expenses (see section 20(g)(1) of the Act). The only State agencies that operated optional workfare programs in FY 96 were Florida, North Carolina, Wisconsin, Arkansas, and Colorado. They are the only State agencies that may apply this exception.