

**FOOD STAMP WORK REGISTRATION
AND JOB SEARCH DEMONSTRATION**

FINAL REPORT: EXECUTIVE SUMMARY

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Executive Summary

Since 1971, able-bodied Food Stamp Program participants have been required to register for work and actively seek employment as a condition of receiving food stamp benefits. Until September 1982, this work registration and job search requirement had been jointly administered by the Food and Nutrition Service (FNS) of the Department of Agriculture and the Employment and Training Administration (ETA) of the Department of Labor. Currently the Department of Agriculture maintains sole responsibility for administration of the requirement.

In an effort to improve participant compliance with program rules, to place work registrants into jobs and to reduce the cost of the Food Stamp Program, the Office of Management and Budget in 1979 requested that FNS and ETA examine alternative work registration and job search procedures that would be more efficient and cost-effective than those in place. FNS and ETA then developed a demonstration project to determine the feasibility, effectiveness and cost of four alternatives to the then existing food stamp work requirement.

The demonstration took place in two stages. In the initial stage, eleven Food Stamp Agencies and State Employment Service Agencies (SESAs) across the country operated four experimental models between October 1981 and March 1983. The demonstration was expanded in October 1982 to include seven new sites and four new models; this stage operated through June 1984. A major reason for demonstration expansion was that, during its initial stage, ETA withdrew from the administration of the Food Stamp Program's work registration and job search requirements. Subsequently, the agency withdrew from the demonstration projects as well. As a result, FNS decided

to expand the demonstration to test the capacity of local Food Stamp Agencies (FSAs) to take full responsibility for administration.

To determine whether the demonstration had achieved OMB's goals for the Food Stamp Program, a vigorous process, impact, and cost-effectiveness evaluation was carried out. A central feature of this evaluation was the use of an experimental design. At each participating site, all nonexempt food stamp work registrants were randomly assigned either to a treatment group subject to the experimental work registration and/or job search requirements, or to a control group not subject to any work requirements. The use of this experimental design insured that impact estimates would measure only the effect of the experimental treatment, not factors which could be mistaken for the treatment effect.

Background

Previous research and agency experience showed that food stamp work requirements as applied did little to reduce program participation or benefit costs. The requirements seemed particularly ineffective in getting people to work. Among the reasons given for this ineffectiveness were:

- o Many work eligible individuals were not required to comply with the work registration/job search rules; either with the concurrence of the welfare agency; or because of the agency's failure to apply the requirement to some or all of those eligible for work.
- o The staff and resources required to apply and enforce the required rules were not always sufficient.
- o The procedures used to assist participants in finding employment were not adequate.
- o There was insufficient commitment from the agencies involved to provide the necessary job finding assistance or to sanction those individuals failing to comply with the rules.

A Description of the Demonstration

The Initial Demonstration tested four work registration/job search procedures, or models, at the eleven participating sites. Each local agency participating in the demonstration operated only one model. The models differed from the standard requirements imposed under the Food Stamp Program. Under program regulations, those categorized as work registrants (those not exempt because of age, disability, or family care obligations) had to register for work at the local SESA office and to make a specified number of job contacts with employers. The demonstration models tested were:

- o The In-Person Registration (IPR) Model
- o The Job Club (JC) Model
- o The In-Person Registration/Job Club (IPR/JC) Model, combining in-person registration with a job club.
- o The Food Stamp Agency (FSA) Model

The models are described in Table E-1.

As its name implied, the In-Person Registration model required nonexempt work registrants to register for work at the SESA as a condition of certification for food stamp benefits. The In-Person Registration/Job Club model added to this requirement, subsequent participation in a Job Finding Club. Individuals first had to register for work at the SESA. They were subsequently called in for a job readiness interview and assignment to Job Club if they were work-ready. The other Initial Demonstration models followed existing work registration practices, which required registration of each nonexempt household member for work at the Food Stamp Agency. Each nonexempt member was then called in to the SESA (Job Club Model) or Food Stamp Agency (Food Stamp Agency Model) for job readiness assessment. Those identified as job ready were assigned to Job

Table E.1

Key Features and Location of Demonstration Models Implemented in the Initial Demonstration

<u>Model</u>	<u>Location</u>
<p>The <u>In-Person Registration Model</u> required all nonexempt work registrants in a food stamp household to work register <u>in person</u> at the State Employment Security Agency (SESA), and report evidence of registration to the Food Stamp Agency (FSA). This model was administered by the SESA.</p>	<p>Cheyenne, WY Colorado Springs, CO Sarasota, FL Washington, DC</p>
<p>The <u>Job Club Model</u> provided for work registration at the Food Stamp Agency, as was the usual practice. Nonexempt registrants were then called in by the SESA for assessment, with job-ready registrants assigned to a two- or three-week group job search assistance program. These programs, called Job Clubs, assisted participants in an atmosphere of peer group support. Participants attending job clubs received instruction in how to look for a job, how to prepare resumes, and how to assess their job capacities and interests. Job club participants were then expected to contact large numbers of employers. The Job Club Model was administered by the SESA.</p>	<p>Tucson, AZ Albuquerque, NM Detroit, MI</p>
<p>The <u>In-Person Registration/Job Club Model</u> combined in-person work registration at the SESA with the job club. It was administered by the SESA.</p>	<p>Austin, TX</p>
<p>The <u>Food Stamp Agency Model</u> involved completing all work registration and job search requirements at the FSA. Nonexempt individuals registered for work at the FSA. Registrants were then called in to an Employment Unit established within the FSA for assessment and job search assignment. Job-ready registrants were required to make up to 24 job contacts in an 8-week period with periodic reporting of search activities to the unit. This model was administered entirely by the FSA.</p>	<p>Schenectady, NY Niagara County, NY Toledo, OH</p>

Club (Job Club Model) or to make a specified number of job contacts (Food Stamp Agency Model). The SESA and Food Stamp Agency thus shared responsibility for administration of all models except the Food Stamp Agency Model.

FNS designed the Initial Demonstration period to last for 18 months, from October 1981 to March 1983. The first six months were devoted to starting up and refining demonstration operations and data collection procedures. The formal implementation and evaluation of the demonstration was conducted during the remaining twelve months. Over 31,000 food stamp recipients took part in the Initial Demonstration.

The Expanded Demonstration was conducted at seven sites. Four models were tested, all administered by the FSA. Only one model was operated at each site. The models were:

- o The Applicant Search Model
- o The Job Club Model
- o The Group Job Search Assistance Model
- o The Job Club/Workfare Model

Table E-2 summarizes the Expanded Demonstration models.

The Expanded Demonstration operated between October 1983 and June 1984. Over 13,000 food stamp recipients participated in the Expanded Demonstration.

The Expanded Demonstration Models built on those used in the Initial Demonstration. The Applicant Search Model took the In-Person Registration Model one step further, requiring job search as a condition of benefit certification. The Job Club Model required participation in a structured Job Club, while the group Job Search Assistance Model offered a much less structured variant to participate in group job search instruction sessions

Table E.2

Key Features and Location of Demonstration Models Implemented In the Expanded Demonstration
(All models administered by FSA)

<u>Model</u>	<u>Location</u>
The <u>Applicant Search Model</u> required all applicants who were not exempt from work registration to complete a specified number of job contacts as a prerequisite of certification for food stamps by the Income Maintenance Unit (IMU). Job contacts continued following certification, monitored by demonstration Employment Unit (EU).	Nassau County, NY Fresno County, CA
The <u>Job Club Model</u> required the demonstration Employment Unit to assign all work registrants assessed as job-ready to a two, three or four-week job club. Job-ready registrants in Pensacola were required to complete six job contacts in a two-week period prior to assignment to job club. (Pensacola contracted with local SESA to serve as the EU.)	Portland, Lewiston, and Augusta, ME Pensacola, FL Portsmouth, VA
The <u>Group Job Search Assistance Model</u> involved a two-day Employability Skills Training (EST) workshop (sub-contracted to the Department of Manpower Development), which was followed by an eight-week job search requirement with bi-weekly group monitoring meetings.	Clark and Madison Counties, KY
The <u>Job Club/Workfare Model</u> combined a three-week job club for job-ready registrants which, for registrants who did not find a job, was followed by assignment to Workfare.	San Diego County, CA

and/or attend group search monitoring sessions. Finally, the Job Club/Workfare Model was the most stringent, requiring the registrant to work off his or her grant at a minimum-wage workfare job if participation in a job club did not result in employment. In contrast to three of the four Initial Demonstration models, all of the Expanded Demonstration models were administered by the Food Stamp Agency.

The Evaluation of the Demonstration

FNS contracted with Brandeis University and its principal subcontractor, Abt Associates to evaluate the demonstration. Specifically, FNS was interested in obtaining answers to the following questions:

1. Was it possible to administer each model reasonably close to its planned design?
2. How successful was each model in inducing higher employment and/or earnings among registrants?
3. How successful was each model in reducing food stamp benefits and thus producing taxpayer savings? Did the savings result from higher client earnings or from terminations of noncompliant clients?
4. Did the benefits from any model exceed its costs? Which offered the highest benefit per dollar spent?

The evaluation contractor, with assistance from FNS, ETA and an Advisory Panel of experts, developed an evaluation plan to address the questions. A key feature of the evaluation was the random assignment of food stamp work registrants to experimental and control groups. The random assignment made possible unbiased comparisons between those registrants receiving the experimental treatment and the control group which faced no work requirements. The evaluation contractor collected data by conducting interviews with a sample of work registrants, by obtaining information on

agency activities under the demonstration, and by assembling Food Stamp Agency and SESA administrative records.

How Successfully Were the Models Implemented?

One criticism that had been made of earlier work registration and job search requirements was that many registrants faced little or no actual treatment. Early studies of the food stamp work registration and job search requirement found that many registrants did not have even a first contact with the SESA. For example, a study based on client interviews in three food stamp offices found that the proportion of registrants never called in to the SESA ranged from 30 percent at one site to 65 percent at the other extreme. The demonstration evaluation therefore included a process analysis to observe the implementation of each model and to measure the extent of actual treatments received by the clients.

In general, the demonstration models not only established initial contact with registrants, but carried out prescribed treatments at rates greater than had been observed in previous research.

- o Assessing the job-readiness of registrants was the first step in the job search procedures. The assessment interview was to determine whether a treatment group registrant was job-ready or not subject to the search requirements. Although the proportions varied by model and site, either registrants appeared for an assessment interview or they were found noncompliant. Nor was there evidence that agency staff failed to classify registrants as job ready. In 17 of the 18 sites, the majority of those assessed were classified as job-ready. There was no evidence of systematic agency failure in establishing initial contact with registrants.
- o Job-ready registrants were required to fulfill job search requirements. Depending on the model, these included making and reporting job contacts, attending job clubs, and/or working at a Workfare job. In the Expanded Demonstration, about 90 percent of job-ready registrants were assigned to a specific treatment. In interviews with the registrants themselves, 60 percent of treatment group reported having been assigned to a specific treatment.

- o Registrants who did not comply with the job search requirements without good cause were to be sanctioned by terminating the food stamp benefits for 2 months in the Initial Demonstration and for 3 months at most sites in the Expanded Demonstration. Contrary to prior evidence that agencies rarely terminated clients for noncompliance, agencies generally followed up instances of noncompliance with a termination of benefits. Food Stamp Agency staff terminated about 23 percent of treatment group registrants.

While the demonstration sites carried out their prescribed treatments, there were important differences between models.

The In-Person Registration Model in the Initial Demonstration and the Applicant Job Search Model in the Expanded Demonstration had important administrative advantages. Both placed the initial compliance burden on registrants. Unless registrants registered for work at the State

Employment Services Agency (under the Demonstration Model) . . .

Assistance Models had to arrange sessions, assign registrants to the group sessions, and monitor attendance. In such models the number of job club slots had to match the flow of registrants. Some sites initially had long backlogs of registrants waiting for assignment to a job club. There were also sites where job club slots were underutilized because the number of registrants actually reporting turned out to be much less than planned. These problems could usually be corrected by increasing or decreasing the number of scheduled sessions or by assigning registrants to self-directed job search until job club openings became available. There were sites that managed the variability of registrants effectively, demonstrating that group activities are feasible, provided they are carefully administered.

The job clubs varied in structure, content, and duration. However, all included peer group support, instruction in job search techniques, role playing for interviews, and assisting participants to assess their job capacities and interests.

The Job Club/Workfare Model had to administer not only job clubs but also Workfare, a program whereby registrants were assigned to "work off" their grant in a minimum-wage public service job. Previous experience had revealed problems in creating sufficient Workfare sites to accommodate all registrants and in assigning registrants to the sites. The Job Club/Workfare Model was used only in San Diego in the Expanded Demonstration. San Diego had extensive prior experience in running a Workfare program and thus had no difficulty in implementing the demonstration model. The experience in San Diego shows that a Job Club/Workfare Model is feasible. However, a less experienced and less committed site could have faced difficulties in initiating this model.

One central issue in the demonstration was the feasibility and desirability of Food Stamp Agency administration of the job search requirement. This was tested in the FSA Model of the Initial Demonstration and in all of the models operated in the Expanded Demonstration. The results indicated that Food Stamp Agencies were able to carry out the job search requirements. Food Stamp Agency administration did not entirely eliminate the need for coordination, since the Food Stamp Agencies utilized separate Employment Units and Income Maintenance Units. Indeed, the coordination problems were essentially similar to those between the Food Stamp Agency and the State Employment Security Agency (SESA) in those models that involved the SESA. Either way, the coordination problem was manageable. When a SESA designated a special unit to deal with food stamp recipients, the job-related services were as good or better than those provided by Food Stamp Agencies. At the same time, Food Stamp Agencies with the responsibility to monitor job search or to develop job club positions were able to do so, in one site by subcontracting to local SESA.

All models provided for sanctions against registrants who did not comply with the job search requirements. As noted above, agencies operating demonstration models generally did terminate the food stamp benefits of noncompliant registrants as well as benefits to others in their households. Termination rates of treatment group members reached 23 per cent, levels that were 14 percentage points higher than members of the control group.

Overall, the demonstration showed that a variety of job search procedures are feasible and that the staff at local Food Stamp and State Employment Service Agencies are willing and able to carry out their

functions, including the termination of registrants who fail to comply with program rules.

Did the Models Induce Higher Employment and Earnings?

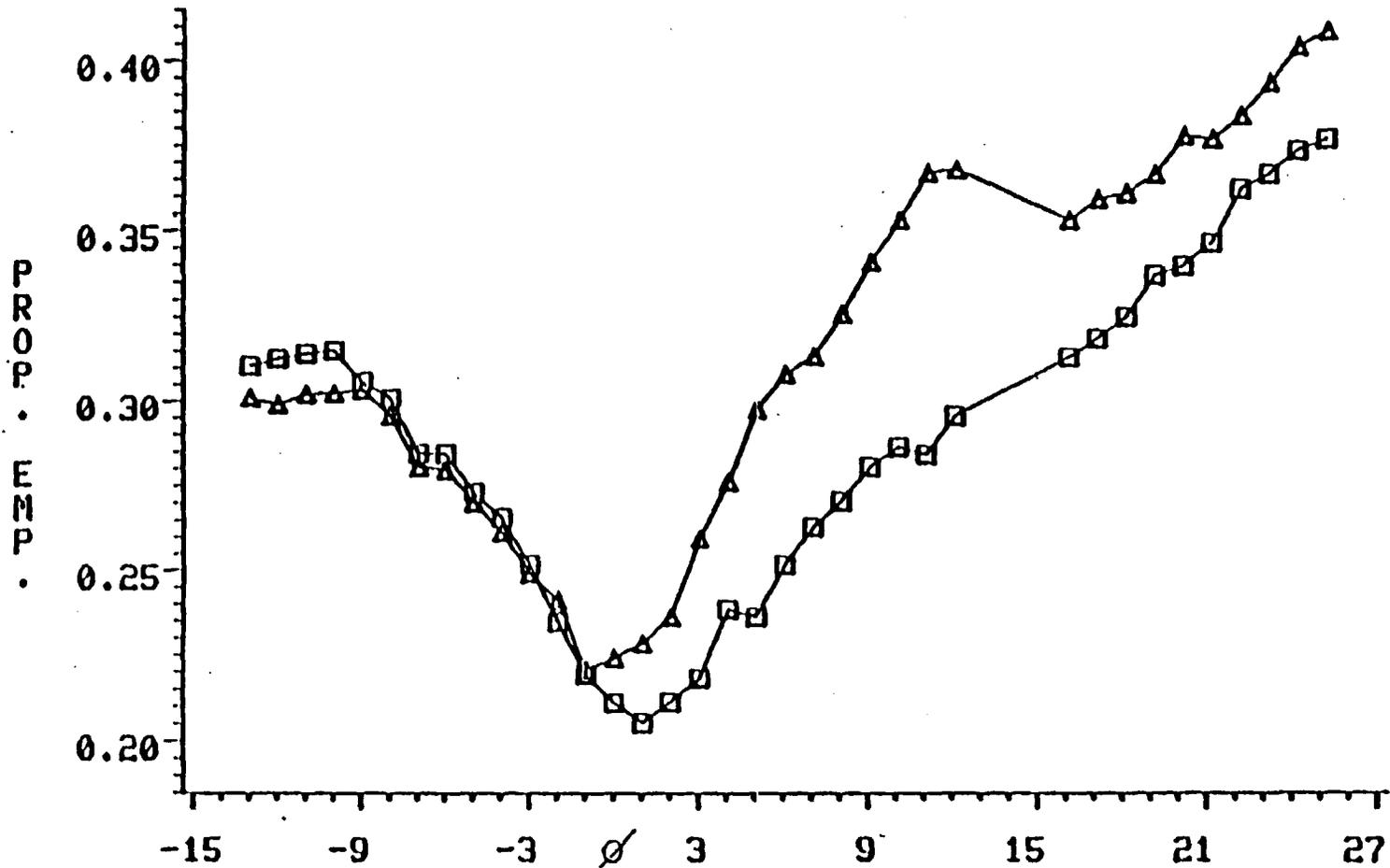
To evaluate the impact of the models on employment, earnings, and food stamp benefits, personal interviews were conducted with registrants at demonstration sites. The interviews were conducted three months and again at six months after application for food stamps. Registrants in both experimental and control groups were interviewed at each site. Impacts were estimated by comparing experimental group and control group outcomes, after applying statistical controls for differences in individual and site characteristics.

In general, the job search requirements increased the intensity with which registrants looked for jobs. Job contacts per week spent not employed rose by about 20 percent. More important, the job search treatments stimulated significant increases in employment and earnings. Generally, a U-shaped pattern characterized the employment trend among registrants over time. Figure 1 shows that the proportion of registrants employed fell to a low point around the date of application and rose gradually over the following months to the levels experienced in the months prior to application for food stamps. Registrants subject to the demonstration job search treatment became employed more quickly than did the control group, however.

The demonstration exerted positive effects on earnings that were significant and robust. Table E-3 presents the estimates of changes in earnings and transfer benefits induced by each demonstration treatment during the Initial and Expanded Demonstrations. (All the estimates are

Figure 1

PROPORTION EMPLOYED AS A FUNCTION OF WEEK



WEEK BEFORE/AFTER F.S. APPLICATION

LEGEND: GROUP □-□-□ Control ▲-▲-▲ Treatment

WEEK 0 IS APPROXIMATE TIME OF FOOD STAMP APPLICATION
PROPORTIONS ARE BASED ON ALL RESPONDENTS

Table E.3: Changes in Earnings and Benefits
Induced by the Demonstrations, By Model

	<u>Initial Stage by Model</u>			<u>Expanded Stage^a</u>			
	<u>Food Stamp Agency Model</u>	<u>Job Club Model</u>	<u>In-Person Registration Model</u>	<u>Applicant Job Search</u>	<u>Job Club</u>	<u>Group Job Search</u>	<u>Job Club/ Workfare</u>
Earnings: 1st Quarter After Application	Effects on Treatment Group Relative to Control Group						
Males	-\$24	\$86	-\$16	-	-	-	-
Females	+70	+14	-10	-	-	-	-
Total	+11	+53	-8	+\$126	+\$76	-\$23	+\$136
Earnings: 2nd Quarter After Application							
Males	-19	+9	+224	+120	+229	+78	+284
Females	+11	+109	+40	+98	-16	+96	+223
Total	+6	+59	+113	+117	+29	+54	+208
Food Stamp Benefits: 2nd Quarter After Application							
Males	-11	-45	-40	-24	+5	-34	-70
Females	0	-40	-70	-18	-28	-33	-60
Total	-4	-41	-53	-20	-13	-33	-59
Total Transfers 2nd Quarter After Application							
Males	-49	-129	-23	-185	+30	-42	-222
Females	25	-52	-151	-96	-56	-61	+12
Total	-17	-93	-62	-111	-31	-60	-117

^aBecause of small differences in the specification of statistical models, the total effect was not always a weighted sum of the effects on males and on females.

Source: See Table 7.3.

based on analyses comparing treatment group outcomes with control group outcomes.) Earnings effects were generally larger during the Expanded Demonstration than during the Initial Demonstration. The average increase in earnings associated with treatment over all models in the Expanded Demonstration was \$202 per registrant. In contrast, the most effective models in the Initial Demonstration (In Person Registration) increased earnings only by \$105.

The larger impacts on earnings observed during the Expanded Demonstration may have resulted from differences in the nature of the economy. The Initial Demonstration took place during a deep recession in which unemployment rates reached nearly 11 percent. During the Expanded Demonstration, an economic boom was taking place that added three million jobs in six months. Job search requirements can raise earnings in either situation, but their impact is likely to be larger during an expansion, because both employment opportunities and employment stability are likely to be greater.

Differences in the effectiveness of sites and models may also explain the Expanded Demonstration's larger impacts. The Job Club/Workfare Model, which induced the largest impacts, operated only during the expanded stage. Its extremely large effects probably reflected not only the intensive nature of the model, but also the administrative skill and experience of San Diego, the only site implementing the model.

The gains resulting from the application of the Applicant Job Search and In-Person Registration Models were also higher than average. One explanation of the higher effects under Applicant Job Search Model is that it required that registrants make job contacts before certification for food stamp benefits while agencies implementing In-Person Registration

mandated that job contacts be made after certification. The Job Club Models induced effects that were similar in the two stages and about average within each stage.

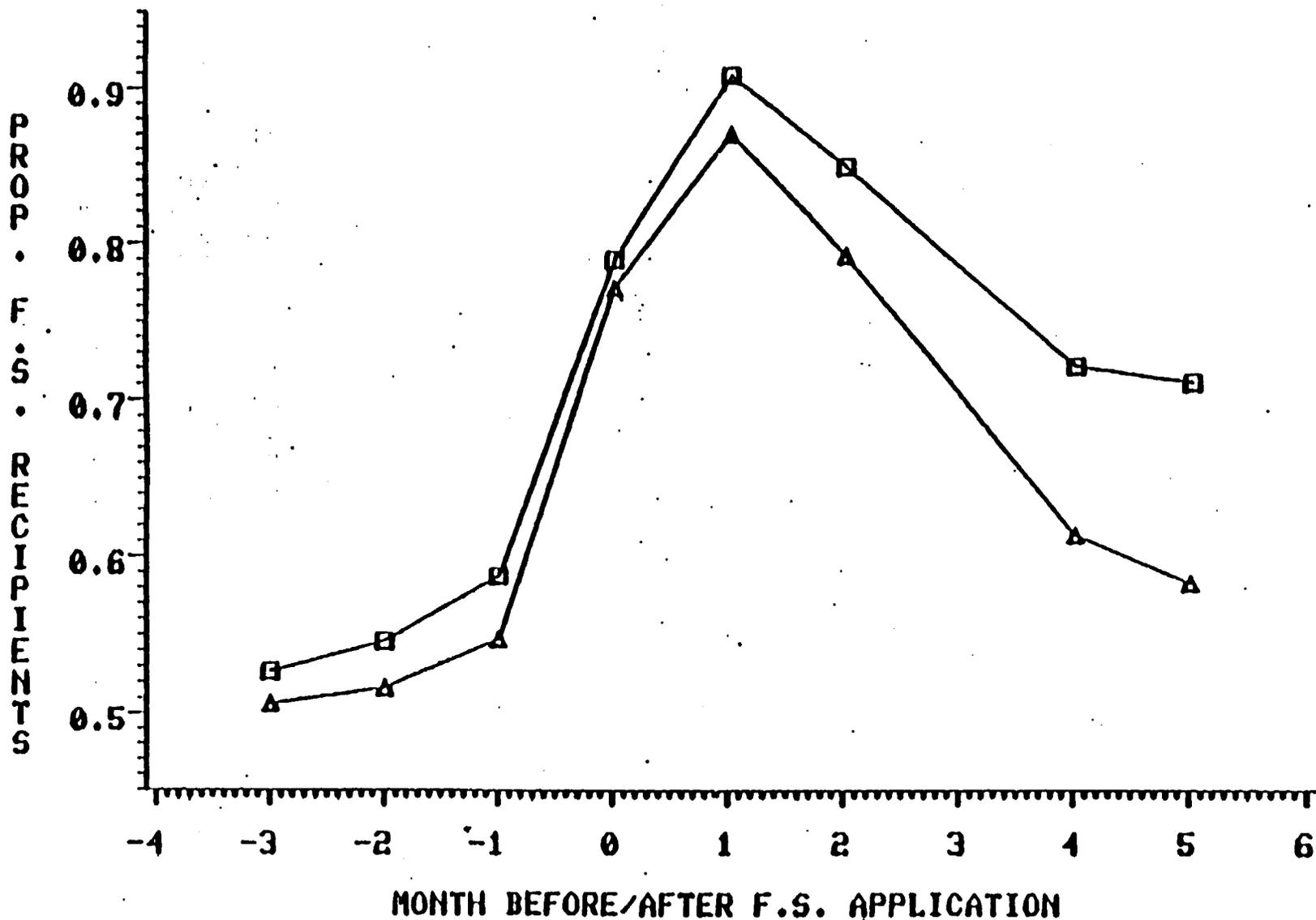
Did the Models Reduce Food Stamp Benefits and Other Transfer Payments?

These positive effects on earnings, combined with large increases in terminations for noncompliance, significantly lowered the proportion of registrants participating in the Food Stamp Program. Figure 2 shows that after the date of application, participation rates declined more sharply among the treatment group than among the control group. The job search treatments raised the proportion denied certification or terminated for noncompliance by about 14 percentage points. Food Stamp Program participation rates fell by slightly more, especially among women registrants. Thus, one can conclude that the program impacts reduced participation among many who would have remained on the food stamp rolls in the absence of the job search requirement.

All the models caused reductions in food stamp benefits and other transfer payments. The size of the reductions were large relative to average benefit levels. During the second quarter after application, the reduction in food stamp benefits for the average registrant assigned to the treatment group was about 15 percent of benefits received by the control group. The job search requirements induced slightly lower percentage reductions in total transfers, which included payments from Unemployment Insurance and public assistance. Of course, these average impacts were the combination of much larger reductions for some registrants and no reduction at all for others.

Figure 2.

PROP. F.S. RECIPIENTS AS A FUNCTION OF MONTH



LEGEND: GROUP □-□-□ Control ▲-▲-▲ Treatment
MONTH 0 IS APPROXIMATE TIME OF FOOD STAMP APPLICATION

Although food stamp benefits and other transfer payments declined in response to the job search treatments, registrants, on average, experienced earnings gains that were substantially higher than these reductions. Thus, the savings in government outlays resulted from improved earnings as well as from applying sanctions against registrants who did not comply with search requirements. The evaluation did not attempt to allocate precisely how much of reductions in food stamp benefits was due to increased earnings and how much was due to increased sanctions for noncompliance.

Did Benefits From the Models Exceed the Costs?

Demonstration estimates of administrative costs per registrant ranged from \$25 to \$119. The variation resulted partly from the intensity of alternative job search procedures and partly from differences in the match between an office's capacity and the actual flow of registrants. High per registrant costs were often the result of staff underutilization in offices with unexpectedly low client flow. The Applicant Job Search and In-Person Registration Models were unequivocally the lowest cost approaches, averaging about \$36-47 per registrant. The costs of Job Clubs and Group Job Search Assistance exhibited a wider range, partly because of differences in the ability of sites to align their staffing levels with the flow of registrants. For example, in Kentucky's Group Job Search Assistance Model actual demonstration outlays divided by the number of registrants reached \$100. However, had Kentucky been able to avoid its excess capacity, its cost would have been only \$25 per registrant.

One can examine costs and benefits from several perspectives. From the taxpayer's point of view, the costs are what the government spends administering the requirements and the benefits are what the government

saves in reduced payments and administrative costs. From the recipient's point of view, benefits are largely the increased earnings, while the costs represent the lost payments from food stamps and other transfer programs. From a social perspective, the costs are the goods and services consumed in administering the requirements while the benefits are the added goods and services produced as a result of the requirements.

In general, the benefits of the work registration and job search requirement exceeded the costs from all three perspectives. Table E-4 shows how the outcomes varied by model. Taxpayers gained from all models except for the Food Stamp Agency Model conducted during the Initial Demonstration. Social benefits exceeded social costs in all models except the Food Stamp Agency Model in the Initial Demonstration. In other words, the resources used in administering the work registration and job search requirements were generally less than the resource gains resulting from the positive effects on the employment and earnings of registrants. Among recipients, earnings increased on average by more than the loss in transfer payments in four of the seven models. Net gains to recipients were by far the highest for the Job Club/Workfare Model. Net benefits to recipients were also substantial in the In-Person Registration Model, the Applicant Job Search Model, and the Job Club Model in the Expanded Demonstration.

The models producing the most favorable outcomes were In-Person Registration, Applicant Job Search, and Job Club/Workfare. Given San Diego's extensive experience with Workfare, coupled with its high priority on rigorous implementation of job search and work requirements, the success of the Job Club/Workfare Model might be attributed to factors specific to San Diego as well as to the attributes of the model. In contrast, the In-Person Registration and Applicant Job Search Models worked effectively

Table E-4: Benefits and Costs By Model For the Expanded and Initial Work Registration and Job Search Demonstration Project

Benefits and Costs	<u>Initial Demonstration</u>			<u>Expanded Demonstration</u>			
	Food Stamp Agency	Job Club	In-Person Registration	Applicant Job Search	Job Club	Group Job Search	Job Club/Workfare
<u>Taxpayers:</u>							
Benefits	\$27	\$153	\$109	\$258	\$75	\$127	\$289
Costs	75	119	47	36	60	25	80
Net Benefits	-48	34	62	222	15	102	209
<u>Recipients:</u>							
Benefits	20	142	161	358	135	73	551
Costs	27	153	109	258	75	127	289
Net Benefits	-7	-11	52	100	60	-54	262
<u>Social:</u>							
Benefits	20	142	161	358	135	73	551
Costs	75	119	47	36	60	25	80
Net Benefits	-55	22	114	322	75	48	471

Note: The benefits cover the period from application to nine months after application. The estimates of third quarter benefits are one-half the benefits observed during the second quarter after application.

Source: See Table 7.2 for costs and benefits in expanded stage. The initial stage costs come from Table 6.3 in the Interim Report. The benefits of the initial stage models were calculated from the earnings and total transfer impacts reported in Table 7.3.

in a wide range of sites. No other model yielded results that were as consistently positive. Thus, net gains from work registration and job search requirements are likely to be most consistent when agencies implement these two types of models.

Taken as a whole, the demonstration results imply that several types of job search and work registration requirements can be implemented effectively in a variety of circumstances. Contrary to the conventional view of policy analysts, agency staff are indeed willing to conduct assessment interviews, provide job search assistance, and sanction those who fail to comply. Based on the evidence from this demonstration, the costs of the requirements are generally less than the benefits, both for taxpayers and recipients.