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# **No Good Cause: How a Food Stamp Loophole Could Become the Next Big Battle in the War on Work**

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# KEY FINDINGS



WORK REQUIREMENT EXEMPTIONS CONTINUE TO **DEPRESS WORKFORCE PARTICIPATION RATES.**



STATES HAVE **STOCKPILED NO-GOOD-CAUSE EXEMPTIONS** WITH A SUSPENDED WORK REQUIREMENT.



THE USE OF THESE EXEMPTIONS COULD BECOME **MUCH WORSE AFTER THE PUBLIC HEALTH EMERGENCY ENDS.**



WITHOUT REFORM, STATES COULD SUSPEND THE FOOD STAMP WORK REQUIREMENT FOR MANY MORE MONTHS AND **PROLONG THE WORKER SHORTAGE.**

## THE BOTTOM LINE:

**LAWMAKERS SHOULD PREVENT STATE AGENCIES FROM WAIVING THE FOOD STAMP WORK REQUIREMENT AND ABUSING NO-GOOD-CAUSE EXEMPTIONS.**

## Background

As the American economy continues to recover from the COVID-19 pandemic, its biggest challenge is a simple one: Too many Americans are still on the sidelines. With millions of open jobs, there are many explanations for America's declining workforce participation rate and national worker shortage. But the debate must begin with the disincentives to work created by massively expanded government programs throughout the past two years.<sup>1</sup>

Some of these work disincentives, such as the federal unemployment bonuses, eviction moratorium, and suspension of student loan payments, have either ended or will end at some point in the future.<sup>2</sup> Others, such as the 25 percent increase in food stamp benefits, are permanent.<sup>3</sup>

Taken together, these policies have become a war on work.

But policymakers looking to fight back should know that there is another challenge looming on the horizon: A massive stockpiling of exemptions from the food stamp work requirement. Without reform, these exemptions will hold back the most powerful work requirement in welfare and keep millions of Americans on the sidelines even longer.

This is the next big battle in the war on work.

## Work requirements are proven to work

Able-bodied adults without dependents (ABAWDs) are individuals between the ages of 18 to 49 with no dependent children.<sup>4</sup> These adults must work, train, or volunteer for at least 20 hours per week in order to receive food stamps.<sup>5</sup> This commonsense policy has proven to lift enrollees out of dependency and into self-sufficiency.<sup>6</sup>

Studies across multiple states have demonstrated how the incomes of welfare recipients triple just two years after the implementation of work requirements in food stamps.<sup>7-8</sup> Unfortunately, in March 2020, the federal government suspended the ABAWD work requirement until the end of the public health emergency, robbing states of this powerful tool.<sup>9</sup>



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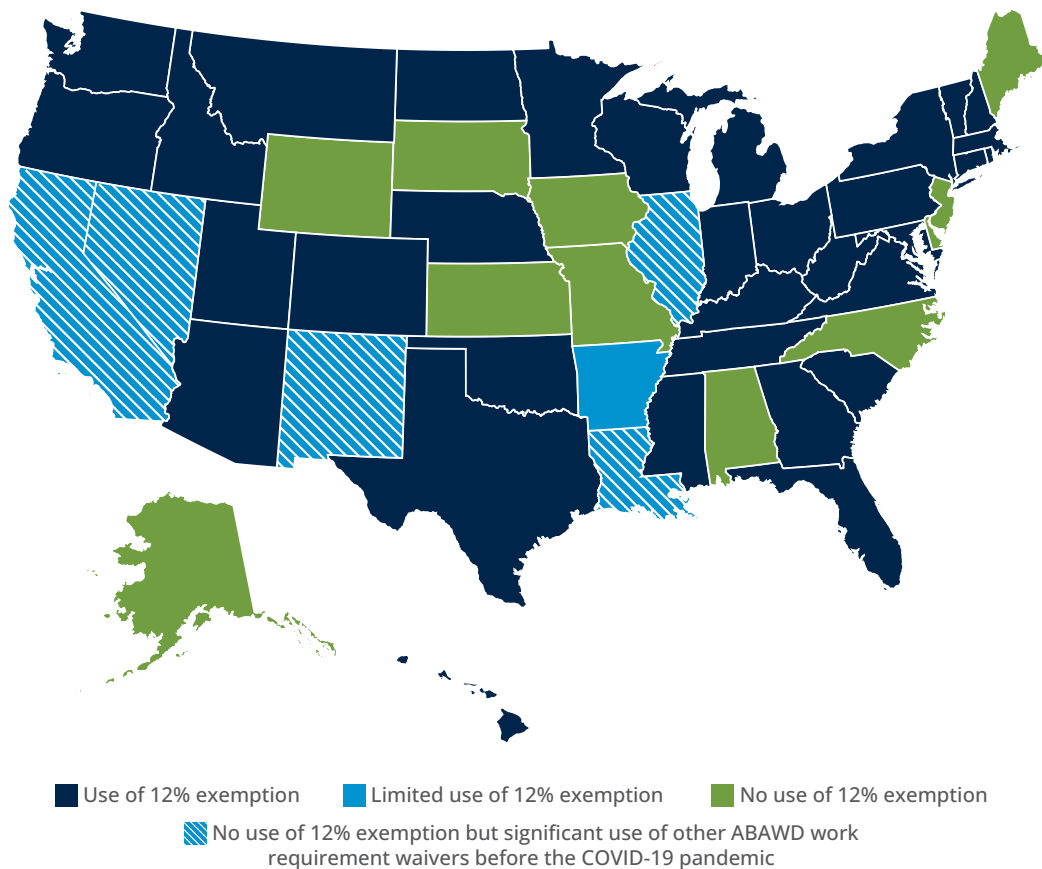


# The no-good-cause exemption loophole

Federal law allows states to exempt up to 12 percent of ABAWDs from the work requirement without providing any reason whatsoever.<sup>10</sup> These are called discretionary exemptions or “no-good-cause” exemptions.

Even before the COVID-19 pandemic, 34 states used this federal loophole to provide able-bodied adults with no-good-cause exemptions from the work requirement despite the numerous exemptions already available.<sup>11</sup>

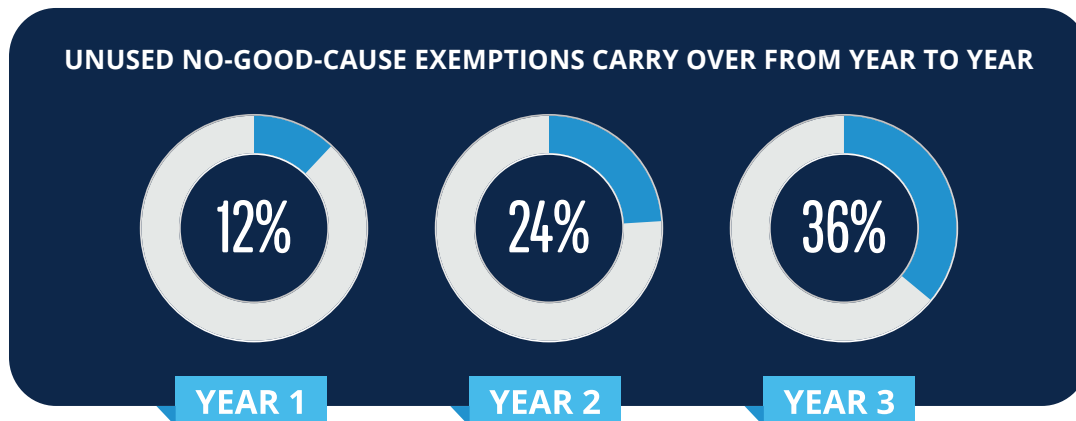
## STATES TAKE ACTION TO REJECT THE 12 PERCENT FOOD STAMP WORK REQUIREMENT EXEMPTION



Source: U.S. Department of Agriculture

And several of the 16 states which did not use this loophole likely did so only because they had received waivers from the federal government to suspend their ABAWD work requirement across the state.<sup>12-13</sup>

Importantly, these no-good-cause exemptions also accumulate and carry over from year to year without limit.<sup>14</sup> In other words, if a state does not use its exemptions for 12 percent of its ABAWD population in one year, it can exempt 24 percent from the work requirement the next year.<sup>15</sup>



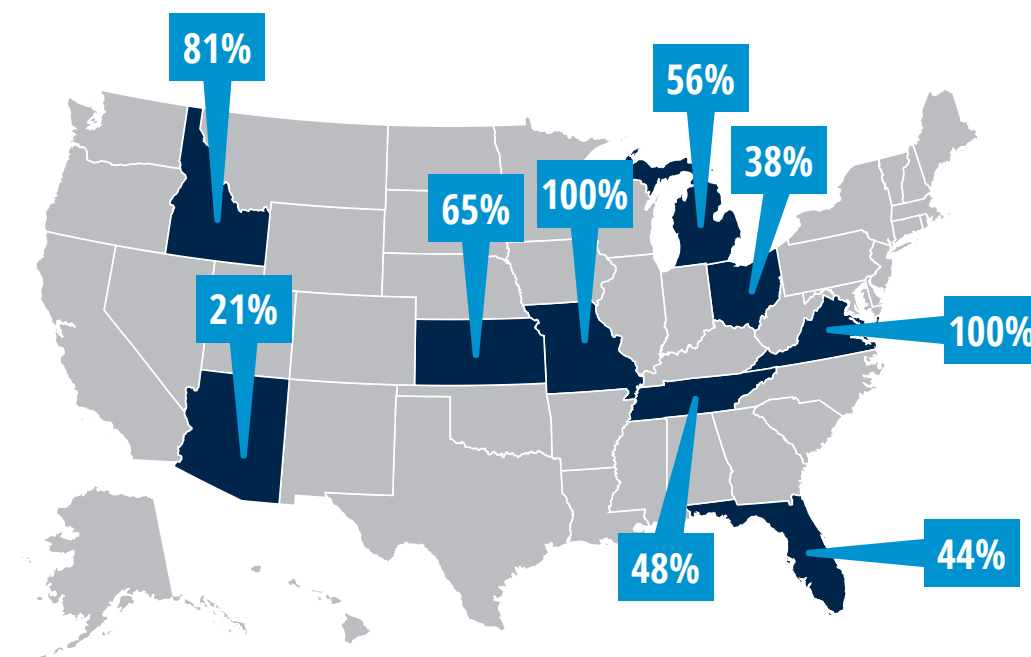
## States are stockpiling no-good-cause exemptions

Even more concerning is how ripe these no-good-cause exemptions will become in the future. Because the federal government suspended the work requirement and states have not generally used their allotment of exemptions, states are sitting on a growing stockpile.

**This means that even after the suspension of the work requirement ends, states will be able to effectively keep the work requirement suspended by using these no-good-cause exemptions.<sup>16</sup>**

In fact, the federal government is actively encouraging states to prepare to do just that.<sup>17</sup>

### PERCENTAGE OF ABAWDs STATES COULD EXEMPT FOR A FULL YEAR AFTER THE PUBLIC HEALTH EMERGENCY ENDS



## The next battle: Stopping no-good-cause exemptions from gutting the work requirement

Whenever the public health emergency is allowed to expire and the suspension of the work requirement ends, states will be required to artificially set the clock back to zero for ABAWDs.<sup>18</sup> In other words, states must treat able-bodied enrollees—individuals who have been enrolled for months or even years and who would normally be required to work after three months on food stamps—as *though they just enrolled in the program*.<sup>19</sup>

States will also likely renew or expand wholesale waivers of the work requirement across wide swaths of their state.<sup>20</sup> The abuse of these waivers—originally meant to only serve economically depressed areas with high unemployment—was prevalent even before the pandemic and states regularly applied them to areas with low unemployment or across an entire state.<sup>21</sup>

Add to these loopholes the enormous stockpiling of no-good-cause exemptions still available for non-waived areas and the outlook is bleak: The food stamp work requirement will effectively be suspended across most of the country even after its formal suspension ends.

For example, there are nearly 60,000 ABAWDs on food stamps in Tennessee.<sup>22</sup> Tennessee has a stockpile of more than 250,000 no-good-cause exemptions.<sup>23</sup> An exemption represents one month of extended eligibility for one ABAWD.<sup>24</sup>



**IN TENNESSEE, THERE ARE NEARLY 60,000 ABAWDs ON FOOD STAMPS AND MORE THAN 250,000 NO-GOOD-CAUSE EXEMPTIONS.**

Even if the ABAWD work requirement comes back into effect on April 1, 2022, and Tennessee does not waive the work requirement in any counties, **Tennessee's state agency could exempt its entire ABAWD population until at least October 1, 2022 with its stockpile of exemptions.**<sup>25</sup> This includes the three months of extended eligibility for every eligible enrollee by setting the clock to zero and 16 months of extended eligibility by using the no-good-cause exemptions.<sup>26</sup>

## Bottom line: Lawmakers should prevent state agencies from waiving the food stamp work requirement and abusing no-good-cause exemptions.

States have simple, commonsense tools to ensure they are maximizing the power of work requirements in food stamps. And state policymakers can act right now, without federal permission.

Even though the federal government suspended the ABAWD work requirement, states still have ways to require able-bodied welfare enrollees to get back to work.<sup>27-28</sup>

State lawmakers should prevent their agencies from waiving the ABAWD work requirement and also stop them from using no-good-cause exemptions. A growing number of states, including Alabama, Arkansas, Delaware, and North Carolina, have largely not used no-good-cause exemptions.<sup>29</sup> These reforms can be done by either executive action or legislation.

## APPENDIX: AVAILABLE NO-GOOD-CAUSE EXEMPTIONS BY STATE

State	Total Projected Available Stockpile (FY 2022)	Projected number of ABAWDs (FY 2022)	How many months a state can keep the work requirement effectively suspended for all ABAWDs <sup>30</sup>	The percentage of ABAWDs which could have their work requirement suspended for a full year
Alabama	315,002	43,665	10.2	80%
Alaska	19,635	9,371	5.1	23%
Arizona	154,548	81,492	4.9	21%
Arkansas	149,817	12,317	15.2	100%
California	851,432	567,221	4.5	17%
Colorado	38,695	22,146	4.7	19%
Connecticut	55,308	130,374	3.4	5%
Delaware	80,447	16,055	8.0	56%
Florida	938,109	238,955 <sup>31</sup>	6.9	44%
Georgia	13,132	102,000	3.1	1%
Hawaii	74,907	17,000	7.4	49%
Idaho	63,606	8,700	10.3	81%
Illinois	23,383	314,690	3.1	1%
Indiana	243,437	36,000	9.8	75%
Iowa	149,691	10,250	17.6	100%
Kansas	76,053	14,366	8.3	59%
Kentucky	199,864	34,357	8.8	65%
Louisiana	12,820	40,000	3.3	4%
Maine	65,755	12,000	8.5	61%
Maryland	50,254	37,120	4.4	15%
Massachusetts	189,850	44,277	7.3	48%
Michigan	605,877	121,067	8.0	56%
Minnesota	59,526	49,700	4.2	13%
Mississippi	209,849	12,995	19.1	100%

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Missouri	273,524	19,500	17.0	100%
Montana	48,262	7,880	9.1	68%
Nebraska	76,647	12,290	9.2	69%
Nevada	57,910	110,262	3.5	6%
New Hampshire	9,208	7,139	4.3	14%
New Jersey	167,042	21,989	10.6	84%
New Mexico	-1,868	75,913	3.0	0%
New York	181,415	303,265	3.6	7%
North Carolina	342,315	133,108	5.6	29%
North Dakota	18,437	5,200	6.5	39%
Ohio	344,039	100,600	6.4	38%
Oklahoma	458,889	76,394	9.0	67%
Oregon	178,519	125,924	4.4	16%
Pennsylvania	169,988	340,068	3.5	6%
Rhode Island	14,508	7,650	4.9	21%
South Carolina	144,180	25,032	8.8	64%
South Dakota	12,722	4,503	5.8	31%
Tennessee	255,403	59,322	7.3	48%
Texas	2,415,120	182,322	16.2	100%
Utah	47,927	1,509	34.8	100%
Vermont	26,880	3,948	9.8	76%
Virginia	462,638	444	19.2	100%
Washington	53,116	28,523	3.6	6%
West Virginia	185,590	28,000	7.9	54%
Wisconsin	115,701	94,086	4.1	12%
Wyoming	38,802	38,000	20.7	100%

Source: Author's calculations based on 2022 state E&T Plans and FNS



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