



New Report Proves Maine's Welfare Reforms Are Working

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Maine Gov. Paul LePage's recent welfare reforms have led to more employment, higher wages, and less dependency, according to a preliminary report published by the Maine Department of Health and Human Services and the Maine Office of Policy and Management.¹

In October 2014, Maine began requiring about 16,000 able-bodied childless adults to work, train, or volunteer on at least a part-time basis in order to continue receiving food stamps. Adults who refused to comply with the new requirements would cycle off after three months of benefits.

Reform Led To Less Dependency

After implementing these reforms, Maine quickly moved thousands of able-bodied adults out of dependency and into self-sufficiency. By January 2015, the number of able-bodied adults on food stamps had dropped to 4,500 and has continued to decline.

These changes drew ire from the Obama administration, especially from Agriculture Secretary Tom Vilsack.² But federal officials missed the huge potential upside of getting more individuals back into the workforce.

Today, just 1,500 able-bodied childless adults rely on Maine's food stamps program. Those still relying on the program also need less assistance overall, as they are working more, with average benefits dropping 13% since the work requirements went into effect. As a result of these changes, taxpayers are now saving between \$30 million and \$40 million each year.

More importantly, Maine's success story goes far beyond taxpayer savings. Maine's Department of Health and Human Services connected with the state's Department of Labor in order to evaluate the impact of the reforms. State officials then tracked employment and wage records for nearly 7,000



able-bodied adults as they cycled off food stamps when the work requirements were first implemented.

Reform Led To Much Higher Income Pulling People Out Of Poverty

The results were impressive. Within a year, these able-bodied adults saw their incomes rise by an average of 114%. That increase came as more able-bodied adults re-entered the labor force, worked more hours, or found jobs with higher wages. Thanks to this higher income, poverty rates have declined and now, working able-bodied adults are earning more than enough on average to bring them above the federal poverty line.

Better still, the higher wages more than offset lost benefits, meaning those leaving welfare were better off than when they were trapped in government dependency. After Maine implemented its reforms, these able-bodied adults saw their incomes go up by a combined \$18 million per year.

Maine's work builds on a first-of-its-kind study released earlier this year by the Foundation for Government Accountability, which found similar reforms in Kansas – more employment, higher incomes, and less poverty.³

Maine's Reform Story Will Only Get Better With More Data

And Maine's welfare reform success story will only get better. This preliminary analysis only includes wages earned in Maine that are subject to the state's unemployment insurance reporting rules. That means it doesn't account for income from most self-employed workers, small farms, members of the military, student workers, and many others who work as independent contractors. It also excludes individuals who found work in other states, including neighboring Massachusetts and New Hampshire. When state officials update this analysis with additional data from the IRS or the Maine Department of Administrative and Financial Services, the success story will only improve.

But the evidence is already in: common-sense welfare work requirements are moving able-bodied adults back into the labor force, increasing incomes, and reducing dependency. States like Maine and Kansas are already leading a second wave of welfare reform. As more states begin to implement similar reforms, more and more success stories will rise to the surface. Congress should learn from these successes and give states better tools to re-emphasize work across the board – not just in food stamps, but in all welfare programs.⁴



SOURCES:

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2. Matt Byrne, "U.S. agriculture secretary critical of LePage's food stamp benefit cuts," Portland Press Herald (2016), <http://www.pressherald.com/2016/03/03/obama-official-criticizes-maine-food-stamp-policy>.
3. Nic Horton et al., "First-of-its-kind study shows the power of work," Forbes, (2016), <http://www.forbes.com/sites/theapothecary/2016/02/19/first-of-its-kind-study-shows-the-power-of-work>.
4. Gov. Sam Brownback and Tarren Bragdon, "Why welfare's failing the poor and what to do today," The Hill (2016), <http://thehill.com/blogs/congress-blog/economy-budget/276700-why-welfares-failing-the-poor-and-what-to-do-today>.

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