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3 Simple Steps to Fast-Track the American Comeback

How to Free Millions from
Food Stamps and Save Up to
\$50 Billion over a Decade

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The Obama legacy supersized the welfare state, undermined American self-reliance, stifled economic growth, and encouraged government dependency. Nowhere is this legacy clearer than in food stamps.

The number of people dependent on food stamps hit more than 44 million in 2016.¹ There are now more people on food stamps than the entire population of Canada.² Skyrocketing enrollment has led to massive spending increases, crowding out critical resources for other priorities.³

President Trump has begun reversing this damage through policies aimed to restore the American belief in hard work and self-sufficiency. Unemployment has dropped nearly half a percentage point since President Trump assumed office and the number of new jobs added to the economy has exceeded all projections.⁴⁻⁵

But to become great again, America needs willing workers to fill open jobs.

Employers have more than 6 million open American jobs that need to be filled immediately.⁶

Businesses need workers. Those trapped on welfare need work.

The Trump administration can jumpstart the revival of the American worker in three simple steps, regardless of congressional gridlock.

These actions would free up to 2.5 million people from welfare dependency on government while saving up to \$5 billion a year – or up to \$50 billion over the next decade.⁷

Through administrative action, the following three steps would immediately put the administration on track to revive the American worker:

- Stop waiving work requirements for able-bodied childless adults on food stamps.
- Revise regulations to require work.
- Eliminate illegal work requirement exemptions.

1) Stop waiving work requirements for able-bodied childless adults on food stamps.

Federal law requires that able-bodied childless adults on food stamps work, train, or volunteer for at least 20 hours per week, but most states received approval from the Obama administration to waive those requirements.⁸ Although many states have reversed these Obama-era policies on their own, 33 states still waive these common-sense work requirements in some or all counties.⁹

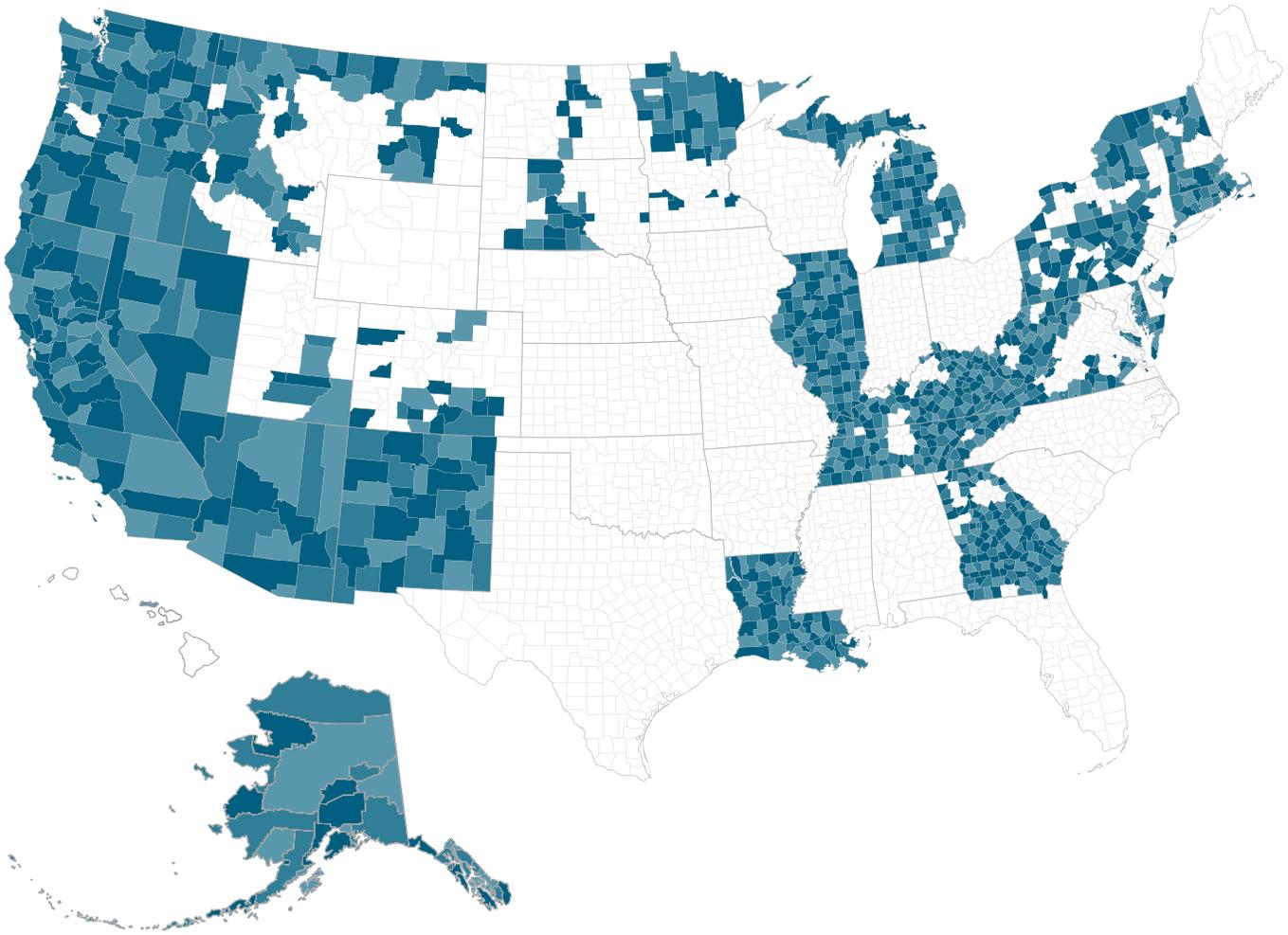
These waivers were intended to provide relief in states with high unemployment or severe job shortages. But in recent years the waiver loophole has been exploited and expanded so that states can waive work requirements even though they have plenty of jobs and record low unemployment. Here are just a few examples:

- California's unemployment rate is at an all-time low of 4.7 percent, but still maintains a statewide waiver that exempts more than 600,000 able-bodied adults from work.¹⁰⁻¹²
- Tennessee has an all-time low unemployment rate of 3.4 percent but still waives the work requirement in 86 of its 95 counties.¹³⁻¹⁴
- Michigan waives the work requirement in 79 of its 83 counties – including in Livingston County, which has an unemployment rate of just 2.7 percent.¹⁵⁻¹⁶
- The Obama administration approved Colorado's request to waive work requirements in Mineral County, among other places.¹⁷ The county's unemployment rate at the time of the approval was 1.4 percent.¹⁸
- More than a third of Americans lives in a county where work requirements are waived, despite record low unemployment.¹⁹

But these waivers are temporary and require approval to be renewed. Federal law also leaves discretion to approve or reject these waivers with the Secretary of the U.S. Department of Agriculture.²⁰ The following waivers are expiring soon:

- August 2017: Minnesota and Ohio
- September 2017: Colorado, New Hampshire, North Dakota, South Dakota, Utah, and Vermont
- November 2017: Hawaii, Louisiana
- December 2017: Arizona, California, Connecticut, Georgia, Idaho, Illinois, Kentucky, Maryland, Massachusetts, Michigan, Montana, Nevada, New Jersey, New York, Oregon, Pennsylvania, Rhode Island, Washington, and West Virginia
- February 2018: New Mexico, Tennessee
- April 2018: Virginia
- December 2018: Alaska

37% OF AMERICANS LIVE IN AN AREA WITH NO WORK REQUIREMENTS.



If the Trump administration does not actively renew waivers in these states – many of which have record low unemployment – up to 2.5 million able-bodied adults would exit food stamps within just a few months, putting them on the first step back to the workforce.²¹ This minor policy change would save taxpayers between \$3.5 billion and \$5 billion annually, or up to \$50 billion over a decade.²²

At a minimum, the Trump administration should reject all waiver requests from states that include counties and areas with unemployment rates below 10 percent.

2) Revise regulations to require work.

The 1996 welfare reform legislation was clear that able-bodied childless adults needed to work, train, or volunteer unless there was a systemic unemployment crisis. There is no unemployment crisis, today, yet states continue to waive these requirements.

Of the more than 1,300 “work-free” counties, towns, cities, and other areas that currently waive the work requirement:

- **Only 28** have unemployment rates **above 10 percent**.²³
- **Nearly 600** have unemployment rates **at or below 5 percent**.²⁴
- **More than 400** have unemployment rates **at or below** what the Federal Reserve classifies as full employment.²⁵⁻²⁶

There is no reason Massachusetts should let able-bodied childless adults in Nantucket County – with an unemployment rate of just 2.6 percent – stay on food stamps without working, training, or volunteering at least 20 hours per week. But past rulemaking by the U.S. Department of Agriculture has expanded the loopholes for states to get waivers, even for areas that have demonstrated that they do not need them.

Those rules allow states with low unemployment rates to continue waiving work requirements so long as unemployment rates are slightly above the national average, the areas have a declining workforce, or if there’s an article stating that there is a lack of jobs in the area.²⁷ States can also combine areas with low unemployment with areas with above-average unemployment in order to waive even more regions.²⁸ Worse yet, these regulations attempt to strip the Secretary of his or her statutory authority to approve or reject waivers.²⁹

The Trump administration should make a regulatory change to restrict waivers to areas that truly have high unemployment rates, as the 1996 law intended, and return statutory authority to the Secretary.

3) Eliminate illegal work requirement exemptions.

Under federal law, states can earn a certain number of exemptions to apply to able-bodied childless adults who are not meeting the work requirement.³⁰

Each year, states earn exemptions for 15 percent of the able-bodied childless adults subject to work requirements.³¹ Each exemption provides one month of benefits to one able-bodied adult.³²

Although federal law caps exemptions as described above, federal rules have allowed states to carry over unused exemptions year after year. By fiscal year 2017, states had collected a whopping 6.4 million exemptions, even though the statutory cap of 15 percent was 1.3 million exemptions.³³⁻³⁴ The value of unused exemptions now totals more than \$1 billion.³⁵

These exemptions allow states to avoid implementing the work requirement as mandated by federal law. Ohio, for example, earned just 75,000 exemptions in 2016.³⁶ But because federal rules allowed it to stockpile unused exemptions, it was able to use nearly 400,000 exemptions last year.³⁷ This carryover policy cost taxpayers more than \$50 million last year in Ohio alone.³⁸

But this carryover policy may go beyond the scope of federal law. In 2016, the Office of Inspector General at the U.S. Department of Agriculture raised concerns about the practice, noting that the auditors “do not agree with FNS’ process of carrying over unused 15 percent exemptions indefinitely.”³⁹

The Trump administration should issue guidance on current law to prohibit states from banking unused carryover exemptions year after year. The current policy is based on an interpretation that can be changed in revised guidance and amended in regulation.

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