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Work Requirements are Working for Kansas Families

How welfare reform increases incomes and improves lives

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Executive Summary

After taking office in 2011, Kansas Governor Sam Brownback implemented some of the boldest welfare reforms in the nation in an effort to reduce dependency and help struggling families get back on their feet. These reforms include commonsense work requirements, smarter sanction policies, lower time limits, and stronger child support provisions, to name a few. Overall, these reforms have led to more employment, higher incomes, and less dependency.

One of the first changes Governor Brownback implemented was stronger sanctions for able-bodied adults who receive cash assistance but refuse to work, search for work, or participate in job training. Kansas also implemented an innovative tracking system to monitor employment for more than 6,000 families who left cash assistance as a result of these changes.

In short, parents who left dependency re-entered the labor force and found work in more than 600 different industries. These families have seen their incomes steadily rise, more than doubling within the first year. This increase in income more than offset lost cash welfare benefits, leaving them better off than they were before, providing a boost to the local economy and additional state tax revenue that can be dedicated to critical priorities.

The overwhelmingly positive result of Kansas' welfare reform presents important lessons for policymakers in other states and in Washington D.C. Work requirements are an essential tool to help struggling individuals and families get back on their feet. Policymakers everywhere who are serious about reducing dependency should follow Kansas' lead.

Background: What is TANF?

America's welfare programs were created to provide short-term, temporary help to individuals and families in need. But for far too many, welfare became a permanent way of life. Facing rising long-term dependency and the challenges that come with it, states began testing policies that promote work and keep families intact.[1-3]

Those state-level reforms eventually led to a bipartisan federal overhaul in 1996 (as part of welfare reform) that replaced the failing Aid to Families with Dependent Children (AFDC) entitlement program with a new Temporary Aid to Needy Families (TANF) block grant. The nation's largest cash assistance program was recalibrated towards new goals – encouraging employment, keeping families together, and reducing dependency.

To these ends, TANF capped the amount of time people could receive cash assistance at five years and implemented commonsense work requirements. These restrictions were designed to preserve limited resources for the truly needy and propel individuals back to independence as quickly as possible.

Under TANF work requirements, able-bodied adults are generally required to work, search for work, or participate in job training in order to receive cash welfare. Unfortunately, states are given significant leeway to define what counts as work and what penalties enrollees face if they refuse to meet the requirements. States have frequently used this leeway and other loopholes in federal law to undermine the fundamental goals of the program. As a result, work requirement standards – and even those who are considered to be "work eligible" – vary greatly by state.

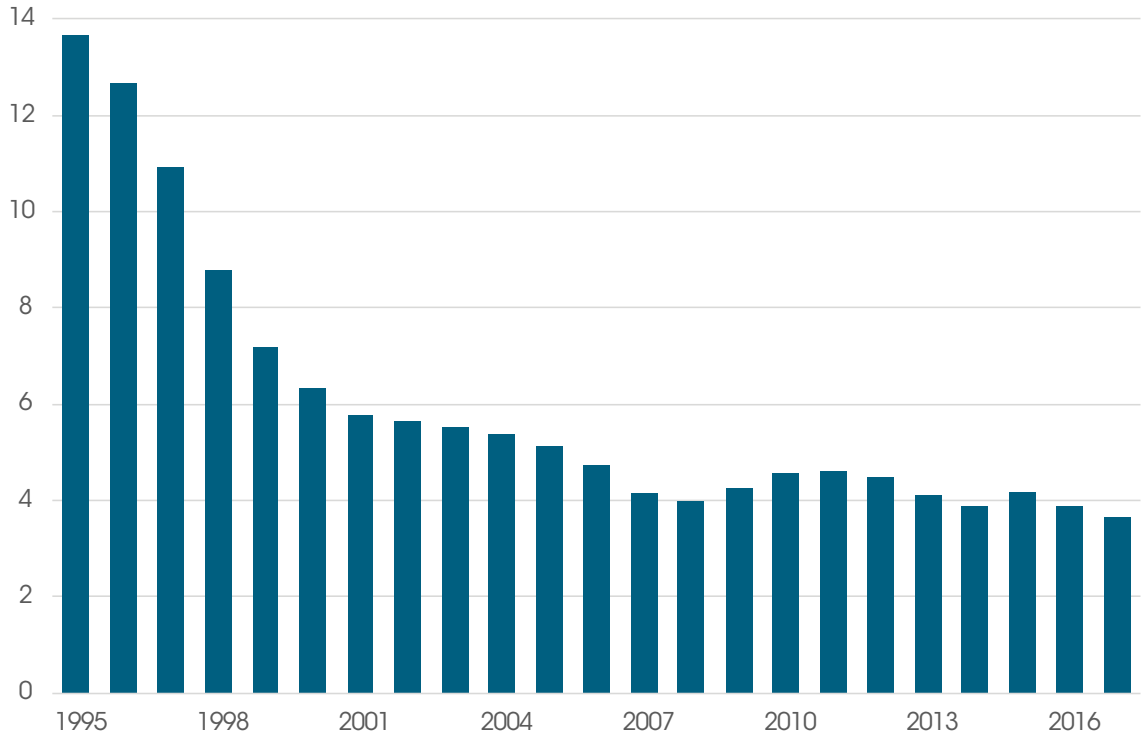
But even without uniform requirements, the restructuring of TANF has made significant progress towards accomplishing its goal of transforming an open-ended welfare entitlement into a temporary safety net.

In 1995, just a year before reform, more than 13.4 million individuals were dependent on welfare cash assistance.[4] But by 2000, enrollment had been cut in half, with just 6.3 million individuals dependent still on cash assistance.[5] Today, enrollment stands at just 3.7 million individuals.[6]

This represents a staggering 73 percent drop in dependency since the year before welfare reform was enacted with enrollment now reaching historic lows not seen since 1962.[7] Just 1 million of TANF's enrollees are able-bodied adults – nearly half of whom live in California.[8]

CASH WELFARE ENROLLMENT HAS DROPPED BY 73 PERCENT SINCE 1995

Enrollment in AFDC or TANF by year, in millions



A comprehensive analysis by the Congressional Research Service concluded that welfare reform not only reduced reliance on cash welfare but also reduced childhood poverty.[9] Better still, the work-first welfare reforms of the 1990s moved millions of welfare recipients into the labor force which in turn spurred greater economic growth.[10] Without a doubt, welfare reform has been wildly successful.

The Reform: Kansas Implements New TANF Sanctions

In the years immediately following federal welfare reform, Kansas' welfare story mostly mirrored what was happening elsewhere around the country. By 2000, enrollment in Kansas' cash welfare program had dropped by more than 60 percent.[11-12] The number of able-bodied adults dependent on cash assistance had dropped by nearly two-thirds.[13-14]

But then the trend began to reverse. Between 2000 and 2011, Kansas' cash welfare enrollment rose by nearly 22 percent compared to a 27 percent decline nationally.[15-16] Worse yet, while the number of able-bodied adults on cash welfare dropped by nearly a third nationally over that same time period, it increased by more than 42 percent in Kansas.[17-18] What changed?

Then-governor Kathleen Sebelius – who would go on to push for massive welfare expansions in the Obama administration – eased sanctions for able-bodied adults on TANF who refused to work, train, or search for employment, among other changes.[19-20] Under the new policy, there was no minimum sanction period, allowing able-bodied adults to resume receiving benefits within days or weeks of removal.[21] This created a revolving door where individuals could obtain a job, enroll in TANF, and then quit their job until their next eligibility review. As a result, the work participation rate plummeted and enrollment soared.[22]

When Gov. Sam Brownback took office, he had his work cut out for him. Thankfully, he did not shy away from the challenges facing the state but relentlessly pursued welfare reforms that have improved Kansans' lives.

One of Brownback's first major acts was to strengthen sanctions. Under his leadership, Kansas implemented a three-month minimum enrollment ban on individuals who refused to meet the work requirement.[23] The ban was extended to six months and one year for individuals who refused to meet the requirements a second or third time, respectively.[24] Individuals who refused to meet the requirement a fourth time were banned from the program for 10 years.[25]

Since these reforms took effect, compliance with work requirements has climbed from historic lows.[26-27] The percentage of able-bodied adults on the program who are employed has also risen.[28-29] Meanwhile, the opposite trends were occurring both nationally and in the region with fewer able-bodied adults on welfare working.

While there remains more work to be done to ensure as many families as possible move back onto the path of self-sufficiency through employment, Kansas has made incredible progress in just a few short years.

The Innovation: Tracking Kansans' Success

As part of their initiative to help Kansans back into self-sufficiency, the Brownback administration put in place an innovative, first-of-its-kind tracking system for families leaving TANF as a result of the new sanctions. The Kansas Department for Children and Families began sharing data with the Kansas Department of Labor, allowing the agencies to match each adult leaving TANF with quarterly employment information, including employment status, wages, and employer industries. The agencies combined this data with existing administrative records on enrollment dates, enrollment duration, average monthly benefits, and other demographic information. This data should be considered the lower bound on income growth, as it only includes wages reported to the Kansas Department of Labor. Income that was earned in neighboring states or as independent contractors could not be captured in the tracking system. Data from neighboring states or tax returns would likely show an even larger improvement in earnings.

This data-driven approach allowed the state to track what happened to able-bodied adults who were removed from the program for refusing to meet commonsense work requirements. This new data system provided the state with new tools to measure success, at both the individual and program level.

The Result: Kansans Thrive After Leaving Welfare

As part of the analysis, Kansas tracked more than 6,000 families – representing more than 17,000 individuals – for up to four years after being removed from TANF under the new sanctions. Overall, families returning to independence are earning more, finding new employment in hundreds of diverse industries, and are ultimately better off than they were on welfare.

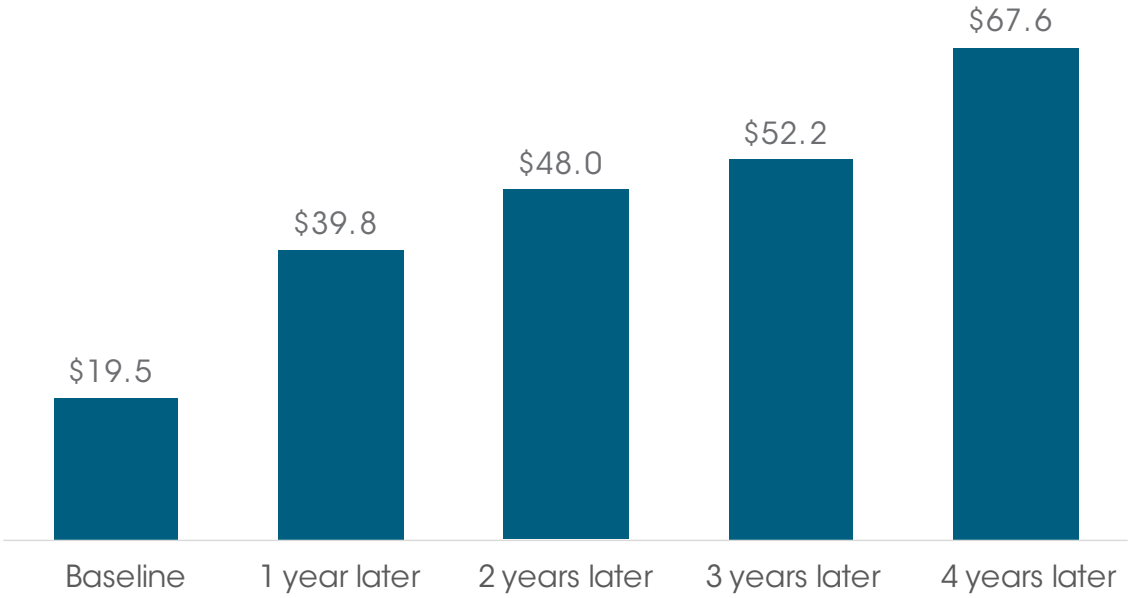
1. Kansans' incomes more than doubled

Kansas families who left welfare under the new sanctions saw their earnings more than double, increasing by an average of 104 percent within just one year.[30] In total, this is $20 million more than they were earning while dependent on welfare.[31]

Incomes continued to climb each year for those removed, eventually more than tripling – increasing by 247 percent within four years.[32] Over that same period, these families saw an estimated $48 million increase in wages.[33]

KANSAS FAMILIES ARE EARNING $48 MILLION MORE PER YEAR SINCE LEAVING WELFARE

Combined annual wages for families leaving TANF after work requirement sanctions, in millions

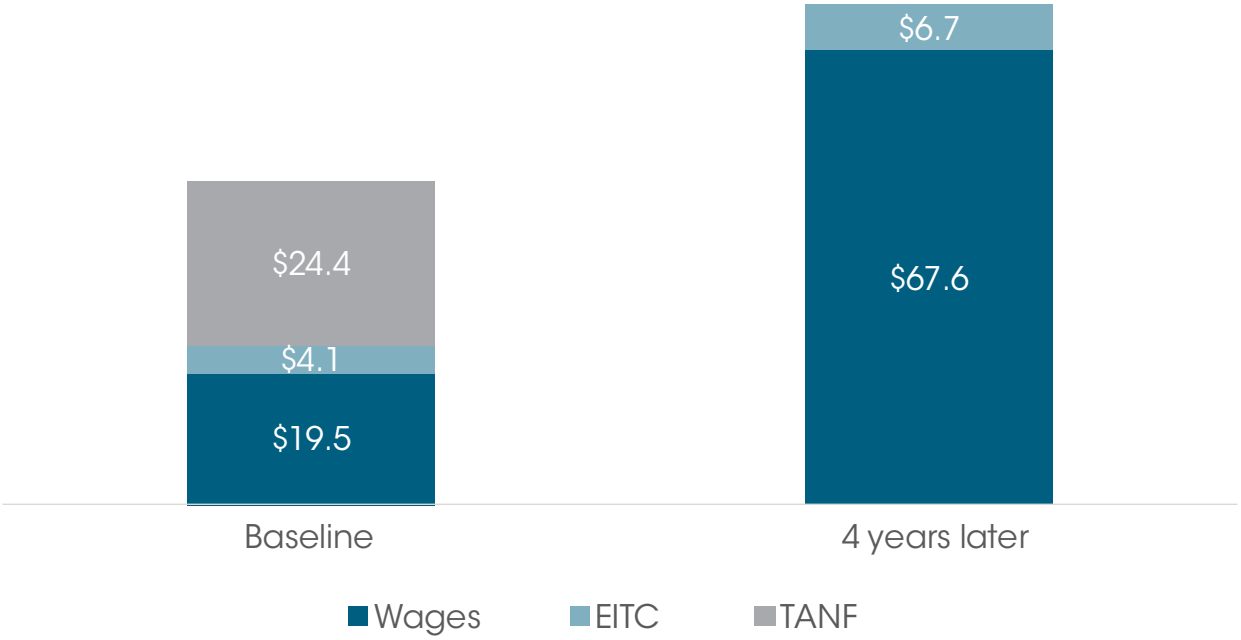


2. Families are better off than they were before

Kansans who regained their independence not only saw higher wages – they are also better off on net than when they were on welfare. Higher earnings and additional earned income tax credits more than offset the value of welfare benefits these families lost. That means these families are now earning more than their previous earnings and benefits combined, giving a boost to local economies and providing additional income tax revenues for other critical state priorities. Within four years, higher wages and additional earned income tax credits provided more than $26 million in higher income than these families were earning and collecting in welfare benefits before.

HIGHER INCOME MORE THAN OFFSET LOST WELFARE BENEFITS

Combined annual wages, EITC, and TANF benefits for families leaving TANF after work requirement sanctions, in millions



3. Job gains were diverse

Work provides more than just a paycheck. Work provides dignity, self-worth, the opportunity for earned success, and even happiness – something a plastic EBT card will never provide. Nevertheless, critics of work requirements frequently suggest that enrollees who leave welfare are only able to find low-wage, entry-level employment. The implication is that these individuals would be better off trapped in a lifetime of dependency.

But data from the Kansas Department of Labor shows that these claims are unfounded. Able-bodied adults removed from TANF found employment in more than 600 different industries, ranging from health care to finance to information technology. Even better, those who did find initial employment in entry-level jobs – such as those in food service, retail, or temp agencies – quickly found longer-term, higher-paying jobs. Nearly half of those leaving welfare found these jobs within three months of removal, with employment rates continuing to rise each month thereafter.

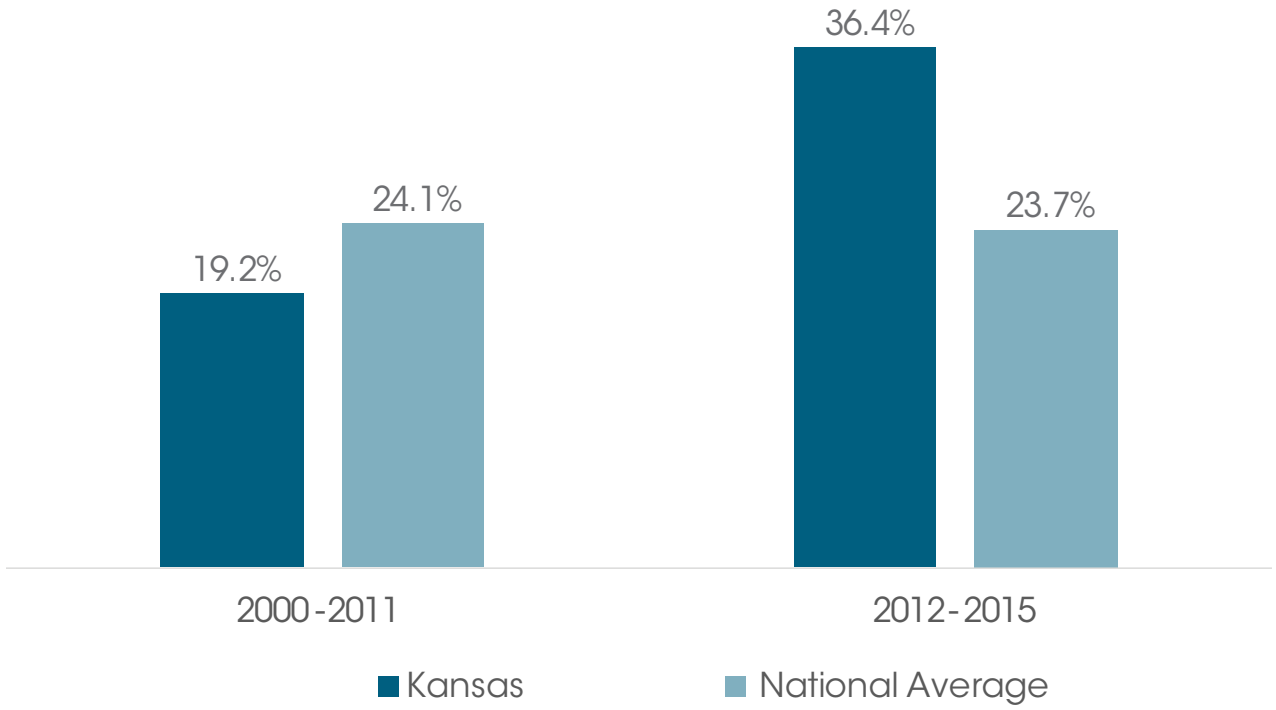
4. TANF is better equipped to help the truly needy

In addition to the impressive progress made by newly-independent families post-reform, Kansas is also now enjoying a healthier TANF program that can better manage resources for the truly needy.

For starters, a higher percentage of adults in TANF are now working. From 2000-2011, Kansas' TANF work participation rate averaged a measly 19.2 percent.[34] Over that same period, the national work participation rate hovered around 24.1 percent.[35] But since the sanctions changes were implemented, Kansas' work participation rate has climbed to 36.4 percent while the national rate has dropped slightly to 23.8 percent. [36-37]

ENROLLEES ARE MORE LIKELY TO BE WORKING IN KANSAS SINCE THE POLICY CHANGE

Average employment rates for adult TANF enrollees

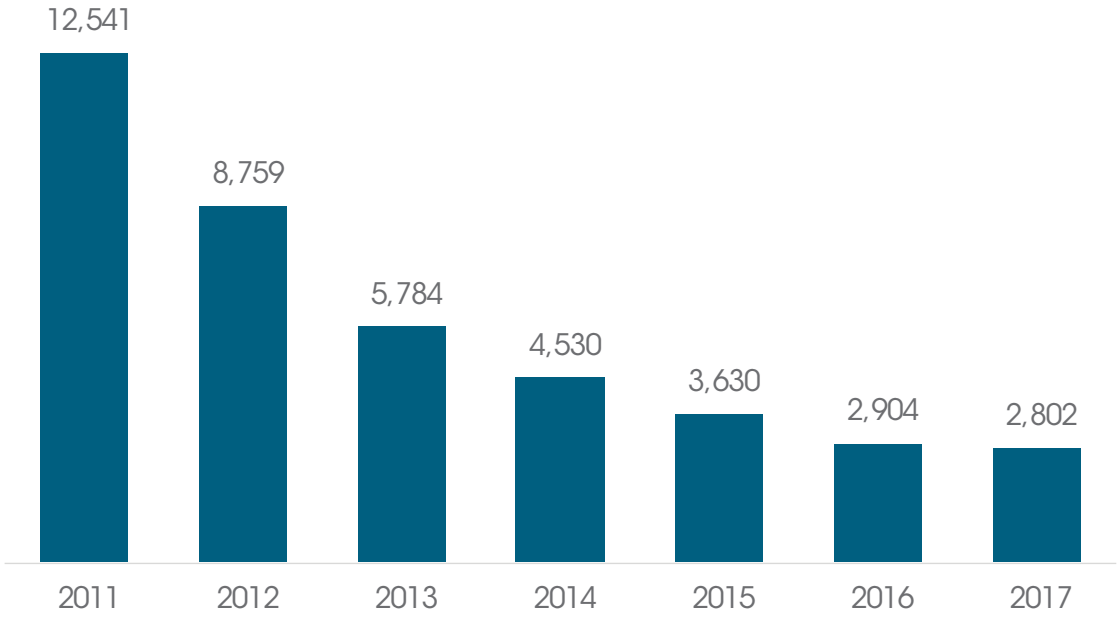


After a decade of little progress, the number of able-bodied adults dependent on cash assistance has finally started to decline again. The number of able-bodied Kansan adults on TANF has dropped by nearly 78 percent.[38-39] Nationally, adult enrollment has declined by only 14 percent during this same time.[40-41]

It is worth noting that Kansas was implementing other meaningful welfare reforms during this same time, so stronger sanction policies cannot be credited for the full decline. But Kansas' new emphasis on work certainly played a large part. Thanks to a combination of reforms, the number of Kansas dependent on cash assistance is now at an all-time low.[42-43]

ABLE-BODIED ADULT ENROLLMENT HAS DROPPED BY 78 PERCENT IN KANSAS

Adult enrollment in TANF by year



Lessons learned from Kansas' welfare reform

These latest findings from Kansas build on previous analyses on the impact of work-focused policies on welfare programs. In 2016, the Foundation for Government Accountability published a study about the impact of work requirements on able-bodied childless adults collecting food stamps.[44] After tracking employment for nearly 41,000 able-bodied adults for more than a year after leaving food stamps, able-bodied adults who left food stamps went back to work in record numbers, saw their incomes more than double, and were better off than they were before.[45] The number of able-bodied adults dependent on welfare also plummeted and the amount of time those adults spent on the program was cut in half.[46]

Soon thereafter, Maine conducted its own analysis of nearly 7,000 able-bodied adults leaving food stamps as a result of the work requirement, finding similar results: more work, higher incomes, and less dependency.[47] Similar results were found after Maine tracked nearly 2,000 TANF enrollees leaving the program after the state began enforcing time limits.[48]

This body of research – combined with this latest analysis – presents important takeaways for policymakers in Washington D.C. and state capitols around the country.

1. Work matters – for everyone

For years, policymakers have expressed concern about enrollees who are near the eligibility cutoff for welfare and the discouraging effect this can have on their motivation to better themselves. But this body of research highlights a more fundamental problem: few enrollees on welfare are working at all, meaning few individuals are on the margin of eligibility.

The result is that any welfare cliff that exists likely has minimal impact on discouraging work. Instead, the real problem with the welfare trap is that the vast majority of enrollees have no earnings at all. Fortunately, the solution to this problem is clear – work requirements.

The research is clear and consistent: once able-bodied adults leave welfare, they re-enter the workforce and their wages skyrocket.

Higher incomes, better lives, and more opportunity – these are the standards by which government should measure the success of its welfare programs. Work requirements are an incredibly effective tool for meeting these metrics.

These findings are critical not just for childless adults on food stamps or low-income parents on cash assistance but for all able-bodied adults on any welfare program.

2. States should strengthen work requirements

Although Kansas, Maine, and other states have illustrated the power work requirements, several states are still waiving commonsense rules that require able-bodied childless adults to work, train, or volunteer on a part-time basis.[49] These Obama-era waivers keep productive workers trapped in dependency and out of the workforce, which not only hurts them but does damage to the economy at large and siphons away limited resources that could otherwise go to fund services for the truly needy.

States should let these waivers expire and the Trump administration should reverse federal rules that allow states like Rhode Island to continue waiving work requirements despite a statewide unemployment rate of 3.6 percent.[50-51] This would bring states back in line with federal law and help hundreds of thousands of able-bodied adults regain their independence, increase their incomes, and create better lives for themselves than welfare ever could.

States should also follow the lead of Arkansas, Maine, and Wisconsin, all of which are moving to implement commonsense work requirements in Medicaid.[52-54]

Wisconsin in particular is also seeking to expand work requirements in food stamps to able-bodied adults with school-age children, ensuring consistency across programs and bringing work back to the forefront.[55] The Trump administration should quickly approve these requests and encourage other states to implement similar reforms.

Finally, state policymakers should strengthen sanctions across all welfare programs for able-bodied adults who refuse to work, ensuring these sanctions are strong enough to help as many families regain their independence as possible.

3. Congress should expand work requirements to all welfare programs

While states like Kansas have done the hard work to prove that work requirements are critical to moving people out of dependency, state policymakers are hamstrung by federal rules. Current rules prohibit states from expanding work requirements to other welfare programs – such as Medicaid – without first seeking special permission. Even in programs with work requirements, like TANF and food stamps, federal rules restrict who the rules can apply to and thereby hinder states from making the programs as effective as possible.

As the debate over welfare reform heats up in Washington, Congress should learn from state-led welfare reform initiatives and empower state policymakers to incorporate work requirements for able-bodied adults in as many welfare programs as possible. In so doing, they will be giving millions of American families the hand up they desperately need.

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