



Conference Call Transcript: Work Requirements are Working for Kansas Families

July 31, 2017

Nicholas Horton: Thank you for dialing in on a Monday morning to visit with us. I want to say, just briefly, a lot of you I'm sure are familiar with our previous work on work requirements and the tracking study that we did about childless adults on food stamps. I want to just real quick set the groundwork for this conversation. This is a brand new report. It is also looking at Kansas, but instead of looking at childless adults in food stamps, this study is looking at the impact of work requirements on parents and families in the TANF program. It's the first of its kind - a groundbreaking study never been done before. Just to give you some context on how this is different from our previous work on food stamps or work requirements.

With that, I'll give you an overview of kind of where we're headed. We want to talk a little bit about the specifics of the reform that Kansas implemented, then we want to talk about the innovative tracking method that they used, and then we'll walk through some of the findings before I turn it over to my coauthor Jonathan Ingram. He'll walk through some of the takeaways and what These findings mean for you in your state.

With that, first let's talk about the reform. Essentially what Kansas did is they strengthened their sanctions for able-bodied adults on TANF cash assistance who failed to comply with common sense work requirements. The Brownback administration came in and reversed the pro-dependency policies of the previous Sebelius administration, and what they did is implement a three-month minimum enrollment ban for folks who refused to work and then they increased the penalties for additional infractions. So, after the fourth infraction of failing to comply with the work requirement, enrollees were banned from the program for ten years, and as a result of these reforms, work participation has risen from all-time lows while the rest of the nation is actually experienced the opposite trend, which we'll talk more about shortly.

Then Kansas did something else really cool and innovative. They tracked what happened to these individuals and families who left welfare as a result of these new policy changes. I won't bore you with all the details -- that you can find more information about the mechanics of this tracking study in our paper -- but essentially what Kansas did is they had their welfare agency share data with their Department of Labor, which allowed them to look at former enrollees' employment status, their wages, and much more to see what happened to these folks when they went from dependency to a life of independence and self-sufficiency.

That really brings us to what I think is the most exciting part of this report, which are the results. So, Kansas collected all this data. The welfare agency shared data with the Department of Labor. They gave the data to us, and we did an analysis. What we found is that Kansas families' incomes more than doubled -- increasing by 104% within just one year of leaving welfare. In real dollars, it's 20 million dollars more than what these folks were earning while they were on welfare. Even more incredible than that, this increased income more than offset lost welfare benefits. So, just to break that down, these folks are not only earning more, they're actually better off overall than they were before.

One more really fascinating piece of this ... You know, we hear sometimes from the left in critics of work requirements that, "Yeah, you know, maybe work requirements are helping people get back to work, and that's great and all, but they're not going back to work in really high paying jobs. They're going back to work in sort of entry-level, low-wage positions." The implication often is that, "Well, folks would just be better off if they stayed in welfare forever. We shouldn't really care whether or not are people are working if they're not going back to work in these high paying industries."

What we were able to find in the study is that actually that's not the case. Actually, folks aren't just going back to work in low-wage, entry-level jobs, they're going back to work in over 600 different industries ranging all the way from healthcare to finance to IT, and even better than that, folks that do go back to work in lower paying jobs quickly find better paying work. They don't just stay in those entry-level jobs, but they're able to move up quickly from there and continue to increase their incomes.

That's a quick snapshot of what we looked at in the report, and so, with that, I want to bring in our Vice President of Research Jonathan Ingram. He's going to walk through exactly what these results tell us about welfare policy going forward.

Jonathan Ingram:

Thanks, Nic. I think there are a lot of key takeaways here, but the first and foremost is really an important reminder that the work really matters. There's tendency in the policy world to worry about welfare cliffs or workers who are maybe near the eligibility cutoff and worrying about how welfare discourages work on the margins. But the real concern, as shown here, is that the vast majority of enrollees have no earnings at all. They're not working, and those few that are not working enough. So, really understanding that just getting them onto the path to self-sufficiency is the most important part.

For too long work requirements have really only applied to cash welfare, which is a very small program compared to food stamps and Medicaid and for a very small population within food stamps. But we know that work is critical in helping people escape dependency. We know it's critical to helping them increase their incomes. Working anywhere near a full-time minimum wage job actually lifts most able-bodied adults out of poverty entirely. The work matters -

- it matters a lot. It's past time that work requirements start to expand to other groups.

Which sort of segways into our second major takeaway. Based on these findings, we think the policy makers should move as quickly as possible to strengthen work requirements in as many programs as possible. In spite of clear evidence that work requirements work, several states are still waiving them in food stamps for childless adults -- whether they waive them state-wide or in select counties, they are being waived by several states. But it also means strengthening the sanctions against able-bodied adults who refuse to comply. In TANF, it means following the example of several key states like Arkansas, Maine, Kentucky, and others who are now pushing forward with Medicaid work requirements -- expanding those work requirements into Medicaid for the first time ever.

To make all of this as efficiently as possible, we think that Congress needs to act swiftly to give you all more flexibility to implement these reforms. Currently you'd have to go to Washington with these requests and beg for permission to implement many of these changes. We think that that's not right and that Congress should give you additional flexibility now. But even in the interim, we think that there's a lot of work that you can do to implement similar reforms through the waiver process. States like Kansas, Maine, and more, they're showing that they're willing to tackle reform and help people get back on their feet and increase their incomes. We just think that you all need more tools at your disposal to do that.

Whitney Munro:

Thank you Nic and Jonathan for sharing those promising findings with us this morning. Before we jump into Q&A, I want to summarize the key findings from this research and that's that far too many individuals are trapped in welfare dependency. Work requirements, among other reforms, have been shown to effectively get people off dependency and back to work. Those leaving welfare find employment in over 600 industries and have their income double within a year, which is really good information to have as we move forward.

With that, let's open it up for questions. If you would like to ask the FGA team a question please press star six and then one, and we will get you in the queue. And as people jump into the queue with questions, we did have a couple pre-submitted via email and so we'll start with one of those.

Let's see, the first one is: was the income growth a one-time change or did it continue to climb?

Jonathan Ingram:

That's a really question, Whitney, and I know we talked a little bit at the start of the call about how incomes more than double within the first year, but the story doesn't end there. Incomes continued to climb quarter after quarter, year after year, and so by the end of the study period we actually saw incomes had more than tripled from the baseline. It isn't just a one-time change, it is a life-changing change. As they go back to work, as Nic said, even if they went back to work in a

low paying job, they often quickly found employment in a higher paying job. It's not sort of this one-time bump and you're done, it's getting them back onto the path to self-sufficiency and letting them ... and really rise from there.

Whitney Munro: Excellent, thank you. It looks like we have Robert Jones in the queue with a question.

Robert Jones: Hey guys. How are you doing? Thank you very much for the information -- I sure do appreciate it. I like what I'm hearing. The question I have is: How is this program dealing with children zero to five ... We have a big problem with helping these children really get ready for Kindergarten, and if we put the parents into work, which is a good thing, how do we handle the kids that are zero to five? What are some of the programs that states are doing?

Jonathan Ingram: Thank you for the question. That's actually a really good question. This puts some added context in the food stamp program, parents with children under five are exempt from the work registration requirements altogether. And in the TANF program in Kansas, parents with young children are also exempt from the work requirements. That said, they have implemented a couple programs to really help out with child care subsidy and things like that. For parents who have young children who aren't school age yet, but want to get back into the workforce ... and they've actually neared the work requirements in that child care subsidy program as well to make sure that people who are using that are also being moved back to work as quickly as they can.

Whitney Munro: Excellent, thank you. It looks like we have another question from a caller in Pennsylvania.

PA Caller: Hey. Just curious if we can utilize this data to bring it into our state ... Analyze cost-savings, particularly the work requirements toward Medicaid?

Jonathan Ingram: That's another great question. I would say yes, definitely. So this actually isn't the, as Nic said at the start, this isn't the first study of this kind. This is just sort of the first look at parents who are on welfare. We've also done some work looking at childless adults who are on welfare who had also be subject to something like a Medicaid work requirement. I think the fact that we now have so many tens of thousands of data points on this really should allow an organization doing a fiscal note to do that kind of analysis to show what happens, what kind of savings that state would see, what kind of savings tax payers overall would see, have the implement work requirements.

Whitney Munro: Excellent, thank you. Just a reminder, if you have a question, please press star six and then one and that will get you in the queue. We have had a couple people ask us how many individuals or families this study actually tracked?

Jonathan Ingram: Thanks, Whitney. In this particular study, we tracked a little over 6,000 families. That represents about 17,000 people overall. We tracked them for up to four

years after they were removed from the program. Because TANF is such a smaller program than food stamps or Medicaid, obviously the study population is a little smaller. Nationally, there's only about a million able-bodied adults who are on TANF today. We studied about 6,000 families, a little over 17,000 people to see what happened, and ultimately the results were pretty great as we covered earlier. Incomes more than doubled. They went back to work in more than 600 different industries, and ultimately the families were better off of welfare than they were when they were stuck on it.

Whitney Munro: Thank you very much. We have one more pre-submitted question, and I think it will be important for everyone on the call to hear. Based on the research and these findings, what can individuals on the phone do now to build on these reforms back in their state?

Nicholas Horton: Yeah, I think we've already touched on pieces of this, but just to reiterate ... Look, I think there's a lot of evidence here that work requirements are a very effective way in helping people get back into independence, and so I think one place that can happen is within your TANF program -- to make sure that your TANF program is helping people not just stay in dependency forever by helping people get back on their feet, but I think much more broadly than that there's a lot of implications here for the Medicaid program, as Jonathan mentioned. There's a lot of implications here for ... If you're not already enforcing existing work requirements in food stamps, your state has the option to waive those, and unfortunately that's still happening in a lot of places, so that's a good first step for states to take.

Also, within food stamps, looking at expanding those work requirements beyond just the childless adults, but also the able-bodied parents that are in those programs because we have the evidence to show that folks are better off, and you have a foundation now to make the case for putting these work requirements in and helping those families get back into self-sufficiency, not just to get them off of welfare, but also because we know that they're going to be better off on net.

Whitney Munro: Thank you, Nic. It looks like we have another caller from Wyoming with a question.

Rep. Jones: Yeah, this is Representative Jones from District 4 of North Dakota. I'm just curious what percentage of people are we talking about that you've got back into the workforce? You might have addressed that, but I missed it somewhere. And my other question is how much resistance are you seeing from people in the program when they're first being told they're going to have to go back to work, and does that resistance stay strong or does it reduce once they get onto work? Does it seem to work well for them? Thank you.

Jonathan Ingram: Sure. I'll just start with sort of two points, and then I'll let Nic chime in if he has any additional thoughts. So, we looked at sort of two separate groups, right? One: What is happening to the people who actually comply with the work

requirements stay on the program? And we saw that the work participation rate greatly increased. Nationally, the work participation rate was declining, but in Kansas, after this reform, it actually grew from historic lows, if now to almost historic highs. But the primary focus of this study was looking at what happens to the people who are removed from the program because they refused to work. Of them, we saw within a year about 70% of them found work. Their incomes more than doubled on average for that entire group who was removed just within that first year, and they continued to climb quarter after quarter, year after year.

So, each quarter more and more people went back to work. Each quarter the wages went up and up to the point where overall these individuals were better off after leaving the program ... after being removed from the program than they were when they were trapped in the program.

Whitney Munro: Fantastic. Again, if you have a question please dial star six and then one and you'll be put in the queue. We do have one more caller in the queue right now.

Senator Hardy: Hi, this is Senator Hardy from Salina, Kansas. I was curious if there was a mechanism in place to connect the welfare recipients with potential jobs in the market?

Jonathan Ingram: That's a great question. There are a lot of job training and job placement, work search programs, et cetera, the state is currently using in Kansas as people come into the program to get them connected into whatever jobs are available as quickly as possible -- get them back into the workforce. But one interesting thing that sort of came out of this and some prior research that we talked about earlier with childless adults is the state now actually can see what industries are hiring and where, so they can actively tell people. They'll look ... It looks like a couple counties over manufacturing is really hiring people right now or retail is booming in the country you're currently in, which helps people really prepare for the types of jobs that are available 'case before it was really all about handing out a card with benefits on it and not really following up whereas now they're able to take a much more work-focused look and say, "Here's where people are finding jobs now. Given your skillset, here's some suggestions that you might want to follow."

Whitney Munro: Thanks everyone. With that, we're going to go ahead and conclude our call today. Thank you so much for your time on a busy Monday. If you have any additional questions about the research or you'd like more information, please feel free to contact Nic at nicholas@thefga.org or Jonathan at jingram@thefga.org. Thank you so much for joining us and have a great rest of your week.