



**There has never been a
better time for welfare
reform**

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While the debate over welfare policy in Washington D.C. and in states is ongoing, there is very little debate about the state of the American economy. Economic indicators ranging from near record-low unemployment rate to a record number of jobs and people working show that the United States economy is booming. But despite this unprecedented economy, there remains a record number of able-bodied adults on welfare.

With more than 20 million able-bodied adults on food stamps and 28 million on Medicaid, welfare enrollment among able-bodied adults has hit unprecedented levels.¹⁻² Even more alarming, most of these able-bodied adults do not work at all.³⁻⁴ Much more must be done to get these adults off the sidelines and back to work.

Work is not just good for businesses and the economy. When able-bodied adults on welfare have work requirements, they go back to work in more than 600 different industries and earn twice as much as they did when they were on welfare, more than replacing their previous benefits.⁵⁻⁷

To help people move from dependence to independence, to fill open jobs and help employers, and to keep the U.S. economy growing and thriving, the time for welfare reform is now.

There has never been a better time to get a job

While the 1996 welfare reform law implemented commonsense work requirements for the first time nationwide, those work requirements did not go far enough. The requirements applied only to able-bodied adults receiving cash welfare and to a subset of able-bodied, childless adults on food stamps. Most able-bodied adults on food stamps—including parents and middle-aged adults—are exempt from these requirements, and Medicaid has no work requirement at all.⁸⁻¹¹ Worse yet, states are using loopholes and gimmicks to waive existing work requirements for the vast majority of able-bodied adults who should be subject to them.¹²⁻¹³

These waivers were initially meant for areas with very high unemployment, such as areas with unemployment rates above 10 percent or that otherwise lacked job opportunities. With today's booming economy, there is no reason states to continue waiving work requirements, but there are a lot of reasons to expand them.



Waiver Gimmicks

■ GAMING THE TIMELINE

California starts its waiver in September, the last month of the federal fiscal year. This exploits a regulatory loophole that lets them use unemployment data that dates back to January 2014 – more than 4 years ago.

■ GERRYMANDERING

California combined every county to achieve an average unemployment 20 percent higher than the national average. This leads to many counties receiving a waiver even though they would not independently qualify.

■ For example, San Mateo County's **unemployment rate has not even reached 4%** since September 2014, but work requirements remain waived entirely.

1. Record low unemployment rates

National unemployment levels are at just 3.8 percent, matching 2000 levels as the lowest rates since 1969.¹⁴ The unemployment rate is lower today than when work requirements were first enacted by Republicans and Democrats in 1996.¹⁵ Since then, the number of able-bodied adults on food stamps and Medicaid has exploded, largely because most able-bodied adults are exempt from any work requirement. Since 2000, the number of able-bodied adults on food stamps has tripled, while the number of able-bodied adults on Medicaid has quadrupled.¹⁶⁻¹⁹

This unprecedented level of low unemployment is even more dramatic in many states around the country. At least 14 states—including Kentucky, Maine, and Wisconsin—have record-time low unemployment, with unemployment rates as low as two percent in some states.²⁰⁻²¹

2. Record high number of jobs available

According to the Bureau of Labor Statistics, employers have a record-high 6.7 million open jobs right now.²² These jobs range across industries, including construction, manufacturing, health care, financial services, and more. Although the Bureau of Labor Statistics does not track state-level job openings, analyses of online job postings reveal a similar pattern in the states.²³

In March 2018, employers listed more than 559,000 open jobs online in California alone, while Florida, New York, and Texas each had more than 250,000 open jobs listed online.²⁴ At least 17 states had at least 100,000 online job postings, with several states having more job postings than people even looking for work.²⁵

Even considering the high number of online postings, this understates the level of open jobs around the country, as millions of open jobs are never listed online or aren't captured in the data.²⁶ In North Dakota, for example, nearly 16,000 open jobs are posted online.²⁷ But the Burgan administration recently estimated that the number of open jobs could actually be as high as 25,000, as many companies are hiring multiple people for single job listings.²⁸



**EMPLOYERS HAVE
A RECORD-HIGH**

**6.7
MILLION**

OPEN JOBS RIGHT NOW

3. Work pays like never before

Buoyed by major tax cuts, a strong economy, and a shortage of workers, businesses are paying more than ever to get new employees in the door. Just in the last year, average hourly earnings have increased by 2.7 percent—reaching \$26.92 per hour in May 2018, the highest level since the Bureau of Labor Statistics began tracking earnings.²⁹⁻³⁰ Among entry-level workers in particular, wages have grown by 5.2 percent since last year.³¹

Pay increases at small businesses have also reached record levels in the last year.³² A full 35 percent of small businesses reported increasing compensation for employees during the last three months—a record high.³³

Businesses with lower-skilled workers are also paying much higher wages for new employees. Costco, the nation's second largest retailer in terms of sales, recently raised its starting wage to more than \$14 per hour.³⁴ Some Chick-fil-A franchises are now offering up to \$18 per hour starting wages.³⁵

The availability of so many jobs, and good paying jobs, is reflected in popular opinion. According to a recent survey, two-thirds of Americans believe now is a good time to find a quality job—the highest level since Gallup began tracking the issue.³⁶ That number had never been above 50 percent before President Trump was elected.³⁷



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Employers are desperate for workers

With such a massive number of job openings, there is major competition for workers—driving the increase in compensation and other competition among employers to fill open positions. There is clearly a shortage of workers. At least a third of small businesses have unfilled job openings, the highest rate in 50 years.³⁸

In Elkhart, Indiana, more than 9,500 jobs are going unfilled for lack of workers.³⁹ Along with raising wages, businesses are giving out cash bonuses and other perks in an effort to recruit employees.⁴⁰ The local Kentucky Fried Chicken is paying signing bonuses to new workers and the local McDonald’s was forced to temporarily close because it couldn’t find enough workers to operate.⁴¹

In Florida and Texas, employers cannot find enough construction workers or truck drivers, and in Maine, there is a shortage of snowplow drivers.⁴² In Ohio, General Electric is hiring high school juniors at its plant, paying as much as \$13 per hour to those teens.⁴³ Those jobs can quickly turn into \$45-per-hour careers.⁴⁴ In Pennsylvania, Dunkin Donuts is offering to help pay employees’ car payments, student loans, and day care expenses.⁴⁵

Walmart is now offering to cover the cost of tuition and fees for even its part-time workers taking online courses at select universities.⁴⁶ McDonald’s is now offering its employees up to \$2,500 per year to cover tuition, even if they’re working as few as 15 hours per week.⁴⁷

Cities are even offering cash incentives for people to move there and take jobs with their local employers. Workers moving to Hamilton, Ohio—where nearly 6,000 jobs remain unfilled—can earn a \$5,000 bonus to pay toward student loans.⁴⁸ Grant County, Indiana is offering \$5,000 toward a new home to workers who relocate there.⁴⁹

The best ability is availability

This labor shortage means that there are jobs available for all skills levels. Despite concerns of a skills gap, the reality is that millions of jobs require little specialized education, training, or experience.

In fact, according to the Bureau of Labor Statistics, nearly three-quarters of the job openings that will occur over the next decade require a high school education or less.⁵⁰ Nearly four out of five job openings require no training or less than a month's training on the job, while a whopping 87 percent require no prior experience.⁵¹



NEARLY 75%
OF JOB OPENINGS OVER THE
NEXT DECADE REQUIRE A
HIGH SCHOOL EDUCATION
OR LESS



4 OUT OF 5
OPENINGS REQUIRE NO
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A MONTH OF TRAINING.



85%
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NO PRIOR EXPERIENCE.



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Now is the time for welfare reform

With so many employers desperate for workers—and millions of able-bodied adults on welfare not working at all—now is the best time in history to implement work requirements for all able-bodied adults on welfare.

When work requirements were first adopted in 1996, millions of able-bodied adults moved from welfare to work, spurring rapid economic growth.⁵² According to the U.S. Department of Agriculture, moving 2.4 million able-bodied adults from welfare to work in the late 1990s increased real GDP by 1.6 percentage points.⁵³

Analyses of state-level implementation of the reform have reached similar conclusions. After Kansas implemented these work requirements, able-bodied adults left food stamps in record numbers and went back to work in more than 600 different industries.⁵⁴ Those leaving food stamps saw their incomes more than double, with higher wages more than offsetting the benefits they used to receive.⁵⁵ When Maine implemented the same work requirements, it saw similar impressive results: incomes of former enrollees more than doubled and caseloads declined by 90 percent.⁵⁶ In both states, more workers and higher wages led to overall economic growth.

This is exactly the kind of policy that will supercharge the already-hot economy and make sure businesses have the workers they need to keep growing. This is critical not only for individuals and businesses, but for the economy as a whole. President Trump has been clear in his desire to lead the nation forward with unprecedented sustained GDP growth of three percent or better.⁵⁷ With first-year historic tax cuts and massive reduction in regulatory burden, the first steps toward a growth agenda have put the Trump administration in a good position to make this goal a reality. But it cannot happen with millions of able-bodied adults on the sidelines.

To achieve a sustained rate of three percent GDP growth or better, America's labor force will need to grow by millions of workers. With millions of able-bodied adults on welfare not working, welfare reform can make this goal a reality—it simply requires reforms that move them from welfare to work.

There has never been a better time to move millions of able-bodied adults from welfare to work. Doing so will improve the lives on those trapped in dependency, help employers struggling to fill open jobs, and grow the American economy.

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Appendix 1. Employers have posted 4.7 million open jobs online

STATE	NUMBER OF JOBS POSTED ONLINE	STATE	NUMBER OF JOBS POSTED ONLINE
Alabama	50,756	New Mexico	25,858
Alaska	13,339	New York	298,889
Arizona	93,002	North Carolina	138,373
Arkansas	27,295	North Dakota	15,808
California	559,286	Ohio	176,330
Colorado	122,159	Oklahoma	39,463
Connecticut	65,473	Oregon	72,460
Delaware	16,590	Pennsylvania	209,616
Florida	255,327	Rhode Island	15,115
Georgia	152,060	South Carolina	60,341
Hawaii	21,525	South Dakota	13,339
Idaho	22,712	Tennessee	81,792
Illinois	187,171	Texas	335,321
Indiana	85,023	Utah	52,143
Iowa	57,577	Vermont	11,594
Kansas	36,706	Virginia	147,787
Kentucky	45,544	Washington	143,681
Louisiana	40,239	West Virginia	20,257
Maine	18,683	Wisconsin	102,491
Maryland	95,689	Wyoming	8,281
Massachusetts	141,402		
Michigan	135,857		
Minnesota	135,137		
Mississippi	26,848		
Missouri	88,724		
Montana	18,724		
Nebraska	29,715		
Nevada	43,749		
New Hampshire	23,648		
New Jersey	147,591		

Source: Haver Analytics

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