



Welfare reform is moving Mississippians back to work

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KEY FINDINGS

AFTER MISSISSIPPI IMPLEMENTED FOOD STAMP WORK REQUIREMENTS:

1

ABLE-BODIED ADULT
ENROLLMENT DROPPED
BY 72 PERCENT.



2

ABLE-BODIED ADULTS WENT BACK
TO WORK IN MORE THAN 700
DIVERSE INDUSTRIES.



3

INCOMES MORE THAN DOUBLED
AFTER LEAVING WELFARE, MORE
THAN OFFSETTING LOST BENEFITS.



4

TAXPAYERS ARE SAVING \$93
MILLION PER YEAR.



5

WORK IS GENERATING MILLIONS IN NEW TAX REVENUE.



BOTTOM LINE:

WORK REQUIREMENTS ARE WORKING IN MISSISSIPPI.

The landscape: Record-high dependency even as the economy improved

In 2015, Mississippi's economy was beginning to gain steam. Coming off the heels of the Great Recession, the state's unemployment rate was down to nearly six percent, there were nearly 1.2 million workers in the economy (a near-record high), and 41,000 jobs sat open in the state.¹⁻³ Many of these open jobs required little education, training, or experience.

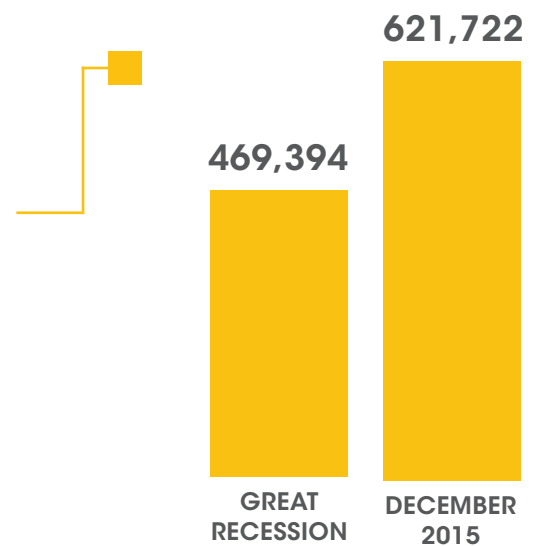
However, something else was happening in Mississippi at the same time: a dependency crisis.

Food stamp enrollment had soared to nearly 622,000—32 percent higher than enrollment during the Great Recession, with able-bodied adults making up one of the fastest-growing groups.⁴ By December 2015, nearly one in four Mississippi households were on food stamps.⁵⁻⁷

Employers were desperate for workers, while food stamp enrollment remained at record highs and able-bodied adults stagnated on the program.

It was a recipe for disaster if nothing changed. But it was also an opportunity for statewide, life-changing reform.

FOOD STAMP ENROLLMENT CONTINUED TO GROW, EVEN AFTER THE GREAT RECESSION ENDED



Source: U.S. Department of Agriculture

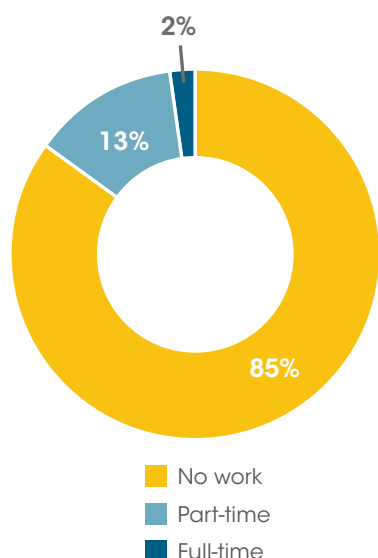
The opportunity: Welfare reform

Federal law requires able-bodied adults without dependents to work, train, or volunteer at least 20 hours per week in order to maintain their food stamp eligibility.⁸ These adults have been determined by states to be physically and mentally fit for work.⁹ If they fail to meet this requirement for three or more months, they face removal from the program until they come back into compliance.¹⁰

However, some states have waived this requirement in some or all jurisdictions.¹¹⁻¹² In 2015, Mississippi was waiving work requirements statewide. Something needed to change—not only was the economy starting to take off while enrollment continued to sit at unsustainable levels, but able-bodied adults were stagnating on welfare.

In fact, just two percent of able-bodied, childless enrollees were engaged in full-time employment.¹³ A staggering 85 percent of these able-bodied adults were not working at all.¹⁴

**85 PERCENT OF
ABLE-BODIED,
CHILDLESS ADULTS
ON FOOD STAMPS
WERE NOT WORKING
AT ALL**



Source: U.S. Department of Agriculture

The reform: Work requirements

Recognizing the need for change in Mississippi's welfare system, Governor Phil Bryant ended the state's waiver and restored work requirements, effective January 2016. Able-bodied, childless adults who met the requirement were allowed to stay on the program, but those who failed to meet the commonsense standard began to cycle off the program at the end of the first quarter of 2016.

After the work requirement was implemented, the Bryant administration launched an initiative to track those leaving food stamps as a result of the reform. The Mississippi Department of Human Services partnered with the Mississippi Department of Employment Security, the National Strategic Planning and Analysis Research Center at Mississippi State University, and the Foundation for Government Accountability to track wages for tens of thousands of able-bodied adults and the industries they entered in the 18 months after leaving welfare.

The results, highlighted in this report for the first time, were clear: welfare reform is working.

The results: Dependency plummeted, incomes soared, and taxpayers saved

Mississippi saw immediate results from its commonsense welfare reform. The number of able-bodied adults dependent on food stamps plummeted. Those able-bodied adults found work in hundreds of diverse industries, touching virtually every corner of the state's economy. Wages for those leaving welfare nearly doubled in the first year and have continued to grow. And fewer able-bodied adults on the program has resulted in taxpayer savings of nearly \$93 million per year, while more workers and higher wages are increasing state tax revenues.

1. ABLE-BODIED ADULT ENROLLMENT DROPPED BY 72 PERCENT

After work requirements were restored, the number of able-bodied, childless adults on food stamps began to drop immediately. Within just three months, enrollment among that population had been cut nearly in half.¹⁵ As more able-bodied adults cycled out of the program, enrollment continued to decline. By October 2018, the number of able-bodied, childless adults on the program had dropped by 72 percent.¹⁶

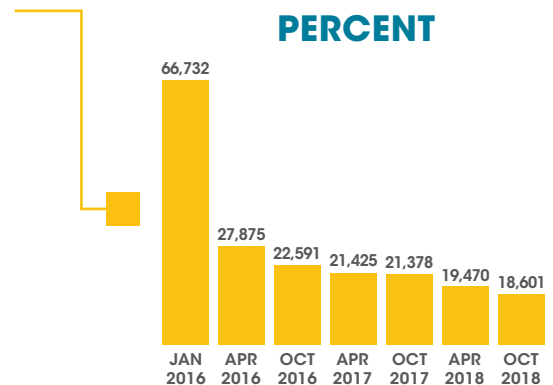
While these results are remarkable, they are not unprecedented; other states have witnessed similar enrollment declines after implementing work requirements, ranging from 70 percent in Arkansas to over 94 percent in Florida.¹⁷⁻²⁰

Able-bodied adults are also cycling out of the program more quickly with the work requirement in place. Since 2016, the average amount of time able-bodied Mississippians spent on food stamps has dropped by 60 percent.²¹

Getting able-bodied adults back into the labor force as quickly as possible is critical to returning them to a path of self-sufficiency. Research shows that re-entering the workforce becomes harder for able-bodied adults the longer they spend on welfare and the longer they spend not working.²²⁻²³ The Mississippi data reinforces this evidence, as those leaving welfare found work sooner and saw faster wage growth the less time they spent on the program.²⁴

Mississippi has proven once again that work requirements are key to reducing dependency and helping move able-bodied adults from welfare to work.

ENROLLMENT AMONG ABLE-BODIED, CHILDLESS ADULTS DROPPED BY 72 PERCENT



Source: Mississippi Department of Human Services

**ABLE-BODIED ADULTS
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ECONOMY**



2. ABLE-BODIED ADULTS WENT BACK TO WORK IN MORE THAN 700 DIVERSE INDUSTRIES

Opponents of work requirements often peddle a false narrative that able-bodied adults leaving welfare can only expect to find work in low-wage, low-skill positions in industries like fast food or big-box retail and cannot expect to keep those jobs even if they find them.²⁵ This mindset is built on the condescending premise that individuals on welfare have no skills or value to offer potential employers. It is based on the false assumption that people working low-wage jobs do not deserve the respect and dignity that comes from all work. It is based on the idea that working in a low-wage job is a static, permanent condition, rather than the first step onto the path to a better life.

Mississippi just proved that it also happens to be untrue: Those leaving welfare as a result of work requirements quickly found employment in hundreds of diverse industries, touching virtually every corner of the state's economy.

Able-bodied adults leaving food stamps as a result of the work requirement found work in 716 diverse industries, touching virtually every corner of the state's economy.²⁶ These adults found work in sectors as diverse as health care, information technology, manufacturing, construction, and more.²⁷

Even better, those who initially found work in low-wage industries like fast food, big-box retail, or temp agencies quickly moved up and out, using that first job as a stepping stone. Most of those who found jobs in fast food, big-box retail, or temp agencies in the quarter after leaving welfare had moved out of those industries within six months.²⁸ Just 23 percent are still working in that industry today.²⁹

Individuals initially working in these industries soon went on to find employment in nearly 450 other industries.³⁰ Those industries often had significantly higher wages, helping individuals move on and up in their careers.³¹

3. INCOMES MORE THAN DOUBLED AFTER LEAVING WELFARE, MORE THAN OFFSETTING LOST BENEFITS

As more able-bodied adults moved from welfare to work, their incomes skyrocketed. These adults saw their wages grow by an average of 64 percent within three months of leaving welfare.³²

After a year, incomes had nearly doubled, increasing by a whopping total of 98 percent.³³ Incomes continued to rise in later quarters, reaching a 121 percent increase 18 months after leaving food stamps.³⁴

The story gets even better: Not only did wages more than double, this new income more than offset lost food stamp benefits, leaving individuals financially better off than when they were dependent on welfare.³⁵

Mississippi's experience adds to a growing body of research that shows able-bodied adults are better off overall financially after work requirements are put in place.³⁶⁻³⁹

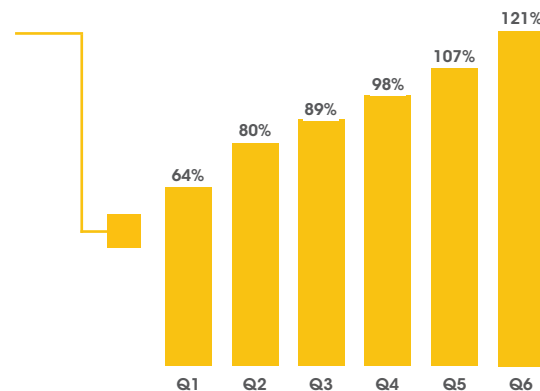
4. TAXPAYERS ARE SAVING \$93 MILLION PER YEAR

Thanks to work requirements, taxpayers are saving tens of millions of dollars, protecting resources for the truly needy and other core priorities. When the work requirement went into effect, taxpayers were spending an estimated \$10.7 million per month on food stamps for able-bodied, childless adults—roughly \$129 million per year.⁴⁰ By October 2018, that spending had dropped to less than \$3 million per month—or \$36 million per year.⁴¹

Now that these individuals have transitioned out of dependency, taxpayers are saving an estimated \$93 million per year, freeing up resources for the truly needy and other core priorities.⁴²

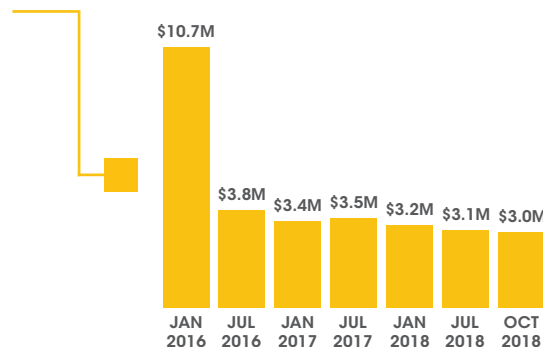
These numbers do not even account for other financial benefits to the state including new tax revenue from these able-bodied adults returning to work, reduced administrative costs for the state, and increased economic activity, in addition to other intangible benefits of work.

INCOMES MORE THAN DOUBLED WITHIN 18 MONTHS OF LEAVING WELFARE



Source: Authors' calculations

TAXPAYERS ARE SAVING NEARLY \$8 MILLION PER MONTH



Source: Authors' calculations

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After welfare
reform, state
tax revenues
from former
welfare
enrollees rose
by \$1.2 million
per year.
”

5. WORK IS GENERATING MILLIONS IN NEW TAX REVENUE

Mississippi's commonsense welfare reform has left the state budget better off as well. While the federal budget reaps most of the benefits from reduced food stamp enrollment, more Mississippi workers means more Mississippi taxpayers.

In total, after welfare reform, Mississippi saw state tax revenues from former welfare enrollees rise by an estimated \$1.2 million per year.

Not only are more able-bodied adult Mississippians off of welfare, freeing up limited food stamp resources for the truly needy and reaping the vast benefits that come from work, but they are also now contributing and paying into the system so even more resources are available for those who truly need help, for infrastructure, for education, and for other vital services.



REAL WORLD IMPACT

ALICIA



Alicia, who lives in the Jackson metro area, is one of many Mississippians who has benefited directly from welfare reform. Within a year of leaving food stamps, she was making \$53,000 working at a local hospital. Her income continued to climb, reaching \$59,000 within 18 months, more than double the median earnings in her area.

RYAN



Ryan lives in central Mississippi. After work requirements were implemented, he quickly found work at a temp agency. He used that temporary job as a stepping stone to a permanent position in the manufacturing industry, earning \$58,000 a year after leaving welfare. Ryan's income has continued to climb, reaching \$72,000 after 18 months off welfare, nearly triple the median earnings for his county.

JESSICA



Jessica lives in northeastern Mississippi. While on food stamps, she was not working at all. But after work requirements were implemented, Jessica quickly found work with a tire manufacturer. Within a year of leaving food stamps, her income had skyrocketed to \$59,000, more than double the median earnings for her county.

BENJAMIN



Benjamin lives in central Mississippi. Before welfare reform, he was not working at all. But after work requirements were implemented, he found work at a tire dealership, earning \$26,000 per year. He quickly transitioned out of that job and into the steel industry. Within a year of regaining his independence, Benjamin had increased his income to nearly \$50,000 per year—more than double the median earnings in his county.

Stories represent actual Mississippians and reflect their real-life situations. Names and pictures have been fictionalized.

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**Mississippi's
experience
proves that
commonsense
welfare reform
can help boost
the economy.**
”

The new landscape: Open jobs and record-low unemployment

Today, Mississippi is continuing to reap the benefits of welfare reform. The state's economy is red hot, with 56,000 open jobs.⁴³ Over the next decade, Mississippi employers are expected to create more than 137,000 job openings each year.⁴⁴

By December 2018, the state's unemployment rate fell below 4.7 percent, a record low.⁴⁵ Although the unemployment rate has slightly ticked up in 2019, that appears to be exclusively the result of pulling more individuals into the labor force.⁴⁶⁻⁴⁷ Average hourly earnings have hit a new record high.⁴⁸ Employers are desperate for workers, with many offering signing bonuses for well-paying jobs like truck drivers, nurses, automotive technicians, and more.

Unfortunately, despite the success of work requirements in Mississippi and beyond, many states are lagging behind: 33 states and the District of Columbia still waive these commonsense work requirements in some or all areas, despite a nationwide labor shortage.⁴⁹ States have exploited loopholes and gimmicks created by the Clinton administration and widened by the Obama administration, trapping millions of able-bodied adults in dependency and robbing them of better lives.⁵⁰⁻⁵¹

Mississippi's experience proves that commonsense welfare reform can help boost the economy, provide new workers for businesses that desperately need them, free up limited resources for the truly needy, and create new taxpayers. Other states should learn from this success and roll back these waivers altogether while the Trump administration works on closing the loopholes, putting future generations on the path to prosperity.⁵²

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