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IN THIS ISSUE:

- The True Impact of Work Requirements
- Eligible Applicants at Risk of Losing Food Stamp Benefits in Two States
- Mortality Risk Highest for Low-Income African American Men
- Income Mobility Declines
- Majority of Working Class Will be Non-White by 2032
- Fact Sheets Available for Every State Showing Impact of the Safety Net
- State Child Support Enforcement News
- Also of Note

Report Evaluates the True Impact of Work Requirements, Finds They Do Not Reduce Poverty

The Center for Budget and Policy Priorities has reviewed multiple studies on the effects of work requirements on recipients of public benefits. The review

looks at individuals subject to work requirements and compares them to individuals not subject to the work requirements, assessing how they fared over time, including whether they worked steadily and had incomes that lifted them above the poverty line. The authors also looked at outcomes for recipients with significant employment barriers, including mental and physical health issues. They question the assumption that public assistance recipients will work only if they are required to do so, an assumption that is inherent in work requirement policies and persists despite substantial evidence to the contrary. The authors suggest that strong safety net programs to assist families when they confront barriers to employment would be better policy toward alleviating poverty.

The report makes six key findings:

- Programs that imposed work requirements on welfare recipients had modest, statistically significant increases in employment early on among recipients subject to the requirements, but those increases faded over time. **Within five years, employment among recipients *not* subject to work requirements was the same as or higher than employment among recipients subject to work requirements in nearly all of the programs evaluated.**

- **Stable employment among recipients subject to work requirements proved to be the exception, not the norm.** This appeared to be in part because work requirements led recipients to enter the labor market sooner than they otherwise would have done, and so increases in employment were often short-lived.
- **Most recipients who had significant barriers to employment never found employment, even after participating in programs otherwise deemed “successful.”** Few welfare employment programs have created alternative pathways to work for recipients with significant personal or family challenges, such as physical or mental health conditions, who make up a larger share of the public assistance caseload than is true for the general population.
- **Over the long term, the most successful programs supported individuals in efforts to improve their education or build their skills, rather than simply requiring them to work or find a job.** Participation in post-secondary education and training programs can significantly improve long-term employment trajectories, but studies have often looked only at short-term results, which favor “work-first” strategies.
- **The vast majority of individuals subject to work requirements remained in poverty, and some became poorer.** Although recipients were more likely to be employed in the first two years after becoming subject to work requirements, their earnings were not sufficient to lift them out of poverty — and in some programs, the share of families living in deep poverty increased.
- **Voluntary employment programs can significantly increase earnings and employment for very disadvantaged individuals without the negative consequences associated with mandatory work requirements.** The neediest individuals with the greatest personal challenges or other barriers to employment are most likely to be sanctioned for noncompliance with work requirements, leaving them with no assistance to meet their basic needs, and with little or no access to the services they need to help them improve their circumstances.

The report, *Work Requirements Don't Cut Poverty, Evidence Shows*, is available at: <http://www.cbpp.org/research/poverty-and-inequality/work-requirements-dont-cut-poverty-evidence-shows>

Eligible Applicants at Risk of Losing Food Stamps in Two States

Caseworkers falsifying emergency food stamp applications in New Mexico and a governor’s threat to stop administering the food stamp program in Maine have put families in need of emergency food at risk.

In **New Mexico**, an investigation by the Office of Inspector General for the New Mexico Human Services Department has found possible fraud by caseworkers that has rendered some food stamp (SNAP) applicants ineligible for benefits. The

investigation looked at three months of SNAP emergency food applications and found 206 that appear to have been falsified by adding income to alter applications after interviews with applicants in order to deny the emergency aid and avoid a “late expedite” designation, which could result in penalties from the caseworker’s superiors. Federal law mandates that people receive benefits within seven days of the filing of their application if they make less than \$150 in gross monthly income and have less than \$100 in liquid assets.

Roughly 460,000 people receive food stamps in New Mexico. In 2013, 56 percent qualified for expedited or emergency food stamps, according to federal data. In 2014, it dropped to 47 percent. The percentage of people who were eligible for benefits but did not get them, however, increased from 2 percent in 2013 to 10 percent in 2014.

<http://www.npr.org/2016/07/05/484778728/new-mexico-defrauds-the-poor-out-of-food-stamps-whistleblowers-say>

In **Maine**, Governor Paul LePage has threatened to stop administering the state’s food stamp program (SNAP), putting almost 200,000 Maine residents at risk of losing food stamp benefits. The governor’s threat comes in reaction to his failure to gain federal approval of a plan to ban food stamp recipients from purchasing candy or sugary drinks. The federal USDA requested more information before approving the state ban, and the governor’s threat to either receive approval or stop administering the program is in response to this request. No state has ever refused to administer the food stamp program.

<http://www.pressherald.com/2016/06/22/federal-agency-says-it-cant-run-maines-food-stamp-program-if-state-refuses-to-do-so/>

Mortality Risk Highest for Low-Income African American Men

A recent study published in *JAMA Internal Medicine* looked at the effect of race, gender, and socioeconomic status on mortality. The researchers examined a subset of data from the larger Healthy Aging in Neighborhoods of Diversity across the Life Span (HANDLS) study. Key findings include:

- African American men with incomes below the designated poverty status of 125% of the US federal poverty guidelines had the lowest overall survival of any group. These African American men had a 2.66-times higher risk of mortality compared with African American men living above the poverty line.
- In contrast, white men below the poverty status had approximately the same mortality risk as those above it, and African American and white women living below the poverty line had an increased mortality risk, but the risk was similar for both.

The authors suggest that the marginalization of African American males accounts for the higher mortality risk, triggering cascading negative outcomes in education, employment, and in interactions with the criminal justice system. The resulting poverty is itself a “virulent” health risk factor for African American men. Recommendations include the revision of poverty thresholds to allow more eligibility for programs that could improve quality of life, health, and equal opportunity, and taking premature mortality that is driven by poverty into account as a first step to address the vulnerability of poor African American men.

The study description is available to subscribers at www.jamainternalmedicine.com.

Income Mobility Declines

A recent working paper on income mobility from the Washington Center for Equitable Growth uses data from the Survey of Income and Program Participation (SIPP) linked to administrative earnings records to examine lifetime earnings mobility between 1981 and 2008 and looks at trends in lifetime earnings mobility for education subgroups. Among the report’s findings:

- There is evidence of declining mobility in every subgroup, including college-educated workers and women. Though increasing through much of the 20th century, intragenerational mobility has been declining since the early 1980s across a variety of rank-based measures.
- Increasing income inequality over the study period has meant that it is harder to move from one rung on the income ladder to a higher rung, because the rungs are spread farther apart.
- Men and workers with no college degree are both starting and ending their career at lower ranks in the income distribution than in the past. On average, men and workers with at most a high school degree experienced a decline in rank over their working life.
- For men and less-educated workers, declines in mobility are largely attributable to the declining or stagnant rank in the earnings distribution over a working lifetime.
- The aspect of income inequality that is due to rapid growth in top incomes may contribute to declining mobility because the same absolute change in earnings moves one up fewer ranks now than in the past.

The study, *The Decline in Lifetime Earnings Mobility in the U.S.: Evidence from Survey-Linked Administrative Data*, is available at

http://cdn.equitablegrowth.org/wp-content/uploads/2016/05/02160305/carr_wiemers_2016_earnings-mobility.pdf

Majority of Working Class Will be Non-White by 2032

A report from the Economic Policy Institute, *People of Color Will be a Majority of the American Working Class in 2032: What this Means for the Effort to Grow Wages and Reduce Inequality*, looks at the transition of the majority of

the working class (workers without a college degree) from white to minority populations. People of color will become a majority of the American working class in 2032. This estimate is based on projections from the US Bureau of Labor Statistics and trends in college completion and predicts a transition that is 11 years sooner than the Census Bureau projection for the overall US population, which becomes “majority-minority” in 2043. The report discusses the economic, social, and political implications of this shift. A brief summary of the report’s key findings includes:

- By 2043, Latinos will be 26.6 percent of the working-age population while African Americans will be 13.4 percent. These groups are also the least likely to have a four-year college degree. In 2013, 13 percent of Latinos and 21.2 percent of African Americans in the labor force had a bachelor’s degree, compared with 36.7 percent of non-Hispanic whites.
- Workers who will be in the 25-34 age cohort are projected to make the earliest transition to majority-minority. These workers are currently 18- to 27-years old and for them, the projected transition year is 2021.
- In 2013, the working class constituted nearly two-thirds (66.1 percent) of the civilian labor force between the ages of 18 and 64, which means that people with less than a bachelor’s degree supplied most of the labor and generated much of the demand needed to drive economic growth.
- As the working class transitions to being majority people of color, class inequality and racial inequality will likely become more indistinguishable.
- Wages for all workers—regardless of gender, race, or ethnicity—have failed to rise at the same rate as productivity.

The report’s author points out that because of this demographic shift, it is important to address structural and policy changes that can advance greater equality, expand opportunity, and yield widespread benefits to the economy. This includes empowering workers to secure gainful employment, bargain for higher wages, and achieve racial and gender pay equity; closing gaps in student achievement and access to college; protecting voting rights; and enacting immigration and criminal justice reform.

The report is available at <http://www.epi.org/publication/the-changing-demographics-of-americas-working-class/>.

Fact Sheets Available for Every State Showing Impact of the Safety Net

In another recent online resource from the Center on Budget and Policy Priorities, state fact sheets summarize the impact of the safety net on poverty rates for each state. The fact sheets estimate the impact of federal and state programs on the number of individuals in poverty and the reduction in poverty from safety net programs for all ages and for children. They also estimate the impact of individual state and federal programs, including Social Security, SNAP (food stamps), the Earned Income Tax Credit and the Child Tax Credit, Supplemental Security Income and housing assistance. The fact sheets are

available at <http://www.cbpp.org/research/poverty-and-inequality/impact-of-the-safety-net-state-fact-sheets>.

State News

- **Ohio** counties are participating in a program operated by a for-profit corporation to locate noncustodial parents through prison data. The program accesses prison and jail data to allow counties to find people who have been ordered to pay child support and are incarcerated. Counties pay the company a usage fee, depending on how many child support cases require continued monitoring while incarcerated.
- **Alaska** Governor Bill Walker is presiding over state budget cuts that will affect the state's child support enforcement program. Funding proposals in the state budget but vetoed by the governor will result in the reduction of the Child Support Services Division by a half million dollars, and the closing of the division's Juneau and Wasilla field offices.
- In **Colorado**, individuals with unpaid child support obligations (as well as other debts) have a reprieve from being reported to the credit agencies due to an upgrade to the state's computer system that will last until 2017. The upgrade has been preventing the state from reporting debt since June 2015. Anyone who incurs new debt during the reporting blackout but pays the debt before the upgrade is complete will avoid a mark on their credit history.
- The state of **Kansas** has been notified by the US Department of Health and Human Services that it must pay back \$11.9 million in federal funds because of overpayments to the state for administrative costs associated with the collection of child support on behalf of public assistance recipients. The companies responsible for the overpayments are private contractors, which have increasingly been relied on by the state to collect child support.

Of Note

- The most recent Child Support Report from the federal Office of Child Support Enforcement (OCSE) highlights the 5th anniversary of the Supreme Court *Turner v. Rogers* decision that reiterated that parents cannot be incarcerated for failure to pay child support simply because they are experiencing poverty. OCSE points out that the opinion also suggested that there could be a situation (for example, when a government attorney is present at a hearing) in which the court may need to appoint counsel for the defendant, and that a court must have procedural safeguards in place before finding an ability to pay. These safeguards include an express finding by a judge, on the record, that the parent has the ability to pay. Without the safeguards, no parent can be incarcerated for nonpayment of child support. The court recognized in the decision that 70 percent of child support arrears are owed by parents with either no reported income or with an annual income of \$10,000 or less.

- A three-part series in the Pacific Standard Magazine (psmag.com) explores the current state of child support enforcement for low-income families. The first, *Not Just a Deadbeat Dad*, describes child support enforcement demonstration programs that provide support services with a goal of increasing child support payments and the barriers to the success of these programs. *Wisconsin's Grand Child Support Experiment* describes an early experiment in Wisconsin that passed through all child support to the parent whether or not they were on welfare and disregarded the payment in the calculation of welfare benefits, finding that parents were more likely to pay child support under these conditions and that the policy resulted in little cost to the state. In *Child Support's \$115 Billion Problem*, the impact of child support debt on parents who cannot pay it is described, including the association of high debt burdens with reductions in formal earnings and child support payments. This article ends with a quote from Jacquelyn Boggess (Executive Director of CFFPP): "I think it's important to say that what we have is two poor parents who may be struggling to take care of their children. Pretending that one of the parents has money does not provide money to the child."
- A fact sheet on child support debt in Louisiana is available on the Center for Family Policy and Practice website (cffpp.org) that provides a brief overview of the child support policies and racial disparities in the treatment of child support payments in the state. Because African American families are more likely to receive cash welfare (TANF) benefits, they are also less likely to benefit from child support payments made on their behalf. This is because the state retains the payment as reimbursement for TANF benefits and does not allow for a pass through of any part of a child support payment to the family. The fact sheet calls for a change in federal law to pass all child support payments on to families on TANF, eliminate the requirement that TANF recipients assign their right to child support payments over to the state, and track and report on the race, ethnicity, gender and income of parents in the state child support system.