

## **Making “Welfare Reform” Great Again: Five Recommendations for President-Elect Donald J. Trump**

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Congratulations on a hard-fought campaign and your election to be our nation’s next president. You have set forth an ambitious agenda and I want to help make your presidency successful in my area of expertise – welfare reform. So that you understand where I am coming from, I am a conservative with extensive experience in this field, having worked in the White House for President Reagan and President George H.W. Bush, as well as various conservative think tanks.

Most conservatives claim that the 1996 welfare reform law, and the creation of the Temporary Assistance for Needy Families (TANF) block grant, was an “unprecedented success” and that it should be used as a model for reforming the rest of the safety net. I argue that TANF is a massive policy failure and should not be held out as an example of “conservatism.” I favor an alternative, conservative approach based on a model developed in the Reagan Administration, which provided states flexibility, but had strong accountability provisions to ensure that states actually help needy families. This model was continued by President Bush and President Clinton until 1996 when TANF replaced it with a blank check to states. TANF has become a form of revenue sharing – welfare for state politicians’ wish lists rather than needy families. It is time for conservatives to develop an alternative approach to welfare reform – one that adequately protects our nation’s neediest families and gives them real opportunities to achieve self-sufficiency.

The nation’s anti-poverty policies are important not only because of the human element, but also because federal and state governments spend about \$1 trillion on more than 80 means-tested programs, yet poverty remains. In a June 3, 2016, radio address, Speaker Ryan said:

For years – decades now – Washington has spent trillions of dollars on dozens of programs to fight poverty. But we have barely moved the needle. The war on poverty is a stalemate at best.<sup>2</sup>

Speaker Ryan is wrong to say that we have “barely moved the needle,” as we have made substantial progress in reducing material poverty. The “official” poverty measure is a misleading indicator because it ignores the impact of the many non-cash programs (such as food stamps – now called SNAP – and Medicaid) and refundable tax credits (such as the Earned Income Tax Credit) that have been created or expanded since the War on Poverty began and today account for about 90 percent of all means-tested spending. Nevertheless, he is right to be concerned, because there are very real problems that should be addressed, such as the complexity of the welfare system and its effects on work incentives, marriage, and other important outcomes. There are other problems he ignores, however, particularly as they relate to access to needed benefits for the nation’s poorest families; access not just to basic assistance, but also to work activities and support services that can help these families move toward self-sufficiency.

To help ensure your success in the fight against poverty, I offer five recommendations for you to consider.

**#1) Do not rush to pass a broad anti-poverty reform package and, more importantly, do not rely on Speaker Ryan’s “A Better Way” proposal without carefully examining the policy details.**

On June 7, 2016, Speaker Ryan released the “Poverty, Opportunity, and Upward Mobility” report as part of a series of reports under the rubric of *A Better Way*.<sup>3</sup> Unfortunately, there were no bold new ideas or policy specifics; the report was a mere 35 pages, relying on colorful charts, rather than informed analysis. It presented a misleading and distorted picture of our nation’s efforts to reduce poverty. Indeed, this characterization is too mild. The report reflects little understanding of the data and research surrounding the welfare system, is highly partisan and polarizing, and presents vague policy options. (I wrote extensively about the report’s problems in a recent paper, “Speaker Ryan’s ‘Poverty, Opportunity, and Upward Mobility Report’: The Need for ‘A *Much* Better Way’.”<sup>4</sup>)

In contrast, President Reagan’s 1986 *Up from Dependency* report on welfare reform was and remains the most comprehensive description of the welfare system and its effects.<sup>5</sup> It was nearly 2,000 pages long; consisting of a main report and detailed supporting documents describing the extent of the welfare system, its anti-poverty effectiveness, and the research surrounding its effects on welfare dependency, work, marriage, and other important outcomes. These supporting documents were not conservative talking points, but a fair and balanced description of the data, the programs, and what the research said about them. President Reagan based his policy recommendations on a detailed and careful assessment of the welfare system, with input from think tanks and scholars, federal and state program administrators representing dozens of means-tested programs, community leaders, and nearly half the nation’s governors. In contrast, Speaker Ryan’s report was based on “listening sessions, hearings, and collaboration across the entire [House Republican] conference.” Members of Congress and their staffs deal with dozens of issues; they do not have the expertise to develop detailed policy proposals; the lack of depth is the most obvious shortcoming of *A Better Way* poverty report.

It is important to get the details of policies right – convene a working group made up of key political appointees and/or outside experts (academics, practitioners, and others) to study the issues and in particular to examine the implementation of TANF. In the remainder of this paper, I will outline just some of TANF’s problems and I will illustrate many of them using examples from Wisconsin (home of Speaker Ryan), Georgia (home to House Budget Committee Chairman Tom Price), and Texas (home to House Ways and Means Chairman Kevin Brady). Notably, Chairman Price and Chairman Brady are two of the key authors of the *A Better Way* poverty report. The examples illustrate why TANF is not a model for reforming other safety net programs.

**#2) Encourage state flexibility, but ensure accountability; above all – reject block grants.**

Speaker Ryan has on many occasions held out TANF and block grants generally as a model for safety net programs. For example, writing in 2013 as Chairman of the House Budget Committee he said:

This budget ... gives states flexibility so they can tailor programs like Medicaid and food stamps to their people's needs. It encourages states to get people off the welfare rolls and onto payrolls.<sup>6</sup>

In a 2016 speech, he reiterated this message:

I'd combine a lot of them [welfare programs] and send that money back to the states for better poverty-fighting solutions. Require everyone who can to work. Let states and communities try different ideas. And then test the results.<sup>7</sup>

I am a proponent of state experimentation, but unlike TANF, such experimentation should be subject to strict accountability controls and include provisions for rigorous evaluation, as was the case under President Reagan's 1986 welfare reform initiative. We should not give states a blank check and we should ensure that they have the resources to do the job. The issue of resources need not be about more money, but it should ensure that states don't treat dollars intended for the poor as a giant slush fund, as they have under TANF.<sup>8</sup> The TANF experience is clear – block grants are bad public policy.

When TANF replaced the Aid to Families with Dependent Children (AFDC) program in 1996, it extended the mission of the program from providing basic assistance and work activities and supports to *needy* families to include reducing “out-of-wedlock pregnancies” and promoting “the formation and maintenance of two-parent families” regardless of economic need. This, along with the excessive flexibility of the block grant, allowed states to shift money from core welfare reform purposes to fund a wide range of activities, such as college scholarships for single adults and childless married couples, prekindergarten, child welfare, and other activities that might have only a very loose connection to these new purposes. In many cases, these benefits and services went to families with incomes well above the poverty line. These activities may be worthwhile in their own right, but because TANF is block grant with fixed funding, funding them through TANF means substantially less money is available for core welfare reform purposes for the most vulnerable families. In FY 2014, just 26 percent of TANF and state maintenance-of-effort (MOE) funds were used to provide basic assistance and just 7 percent funded work-related activities, despite the fact that the number of poor families with children was higher than in 1996.<sup>9</sup>

It is troubling that states have diverted so much TANF funding to fill budget holes, but it is even more troubling when such decisions simply supplant existing state spending. Supplantation is the practice of using federal funds to replace state spending on a program or activity; since TANF's inception, states have used tens of billions of dollars meant for needy families to supplant their own state expenditures. For example:

- Wisconsin uses federal TANF funds to supplant state expenditures for a state refundable Earned Income Tax Credit. Jon Peacock of the Wisconsin Budget Project notes, “That shell game uses TANF funds to free up state funds [general purpose revenue] (GPR) to use for other purposes, such as the proposed income tax cuts.”<sup>10</sup> You might ask Speaker Ryan how using federal money meant for needy families to fund a tax cut is consistent with his vision of a safety net program particularly since the number of poor families

with children in Wisconsin increased 28 percent between 1996 and 2014.<sup>11</sup> Is this really “a better way”?

- Texas uses a considerable share of its TANF funds to supplant state expenditures on child protection and foster care services. In FY 2014, Texas used just 20 percent of its TANF/MOE funds on core welfare reform activities – basic assistance, work activities, and child care.<sup>12</sup> You might ask Representative Brady how using federal money meant for needy families to fill a budget hole is consistent with his vision of a safety net program particularly since the number of poor families with children in Texas also increased by 28 percent between 1996 and 2014.<sup>13</sup> Is this really “a better way”?

When TANF replaced AFDC, it also required states to continue to invest state dollars in the program, based on their historic spending. This is known as a maintenance-of-effort (MOE) requirement. A recent phenomenon is the tendency for some states to count the spending of third-party, non-governmental sources, such as food banks, toward their state MOE requirement, essentially rewarding them for spending outside groups would have undertaken in the absence of TANF. These expenditures must meet a TANF purpose, but otherwise can count as a donation that is considered MOE. Like supplantation, this simply frees up state dollars and does nothing to help poor families. For example:

- Georgia counted third-party, non-governmental funds to the tune of \$99 million or 57 percent of the state’s MOE contribution.<sup>14</sup> When the House Ways and Means Committee tried to prohibit this practice, Representative Price made the argument that it somehow promotes civil society and collaboration with non-profit organizations. Prohibiting this practice would not prevent such collaborations – but it would require the state to pay its own way. This is particularly important since the cash assistance safety net has collapsed in Georgia. Between 1996 and 2014, the number of poor families with children in Georgia rose nearly 60 percent, from 161,500 to 257,800, while its AFDC/TANF caseload plummeted by nearly 88 percent – from 131,900 to 16,000.<sup>15</sup> Is this really “a better way”?

TANF gave states considerable flexibility and they misused it. As Ron Haskins, the primary Ways and Means Committee staff person responsible for the 1996 law, recently observed regarding TANF’s record, “States did not uphold their end of the bargain. So, why do something like this again?”<sup>16</sup>

An alternative approach to giving states flexibility is to return to President Reagan’s model. In 1987, President Reagan started encouraging states to use existing authority to conduct welfare reform experiments – through waivers of AFDC’s rigid rules (and, to a lesser extent, food stamp and Medicaid rules due to more limited waiver authorities for those programs). This approach was continued by President Bush and President Clinton. When the 1996 law passed, many states simply continued these policies – they didn’t need TANF to enact “welfare reform” because they had already done it through waivers. This process did not provide a fixed level of funding, like block grants. Instead, it relied on an approach that would provide a real counterfactual using the “gold standard” of evaluation – random assignment – for both cost neutrality and evidence-based learning.<sup>17</sup> The findings from random assignment experiments are considered the most credible,

because the experimental and control groups are alike and subject to the same external conditions, with the only difference being the intervention itself. Any difference in outcomes between the groups can be attributed to the intervention – welfare reform – itself. Thus, policymakers could have confidence in whether the state reforms actually reduced welfare dependency and poverty by increasing self-sufficiency. And, the experience of the control group could be used to ensure cost-neutrality, as the budgetary effects of any programmatic changes would be measured by examining the experimental-control group differences in costs.

President Reagan’s approach provided rigorous evidence, including many examples of state experiments that increased employment and earnings, and also reduced welfare dependency and poverty.<sup>18</sup> TANF ended this approach to welfare reform and now there is virtually no credible evidence about the effects of state welfare reform efforts. While the waiver process could have been improved, particularly if the goal was to provide nationally-relevant policy information,<sup>19</sup> anyone serious about extending more state flexibility to other safety net programs should compare the “TANF model” to the “Reagan model.”

### **#3) Make your focus reducing welfare dependency by *reducing poverty* – simply cutting welfare caseloads is not real welfare reform.**

TANF’s block grant structure, with its fixed funding and excessive state flexibility, has resulted in a sharp reduction in spending on cash assistance and work activities. As a result, the cash assistance safety net has been seriously weakened. In 1995, for every 100 families with children in poverty, 76 received cash assistance; this is often referred to as the TANF-to-poverty ratio. By 2014, this ratio fell to 23.<sup>20</sup> And, this is just a national average. In some states, the collapse of the safety net is more serious.

- Between 1995 and 2014, the TANF-to-poverty ratio fell: from 96 to 26 in Wisconsin; from 47 to less than 5 in Texas; and from 98 to 6 in Georgia.<sup>21</sup>
- In the three states that represent the main authors and supporters of Speaker Ryan’s *A Better Way* poverty report, the number of poor families with children increased 18 percent between 1995 and 2014, from 883,781 to 1,040,882, while the AFDC/TANF caseload fell an astounding 85 percent, from 477,390 to 72,610.<sup>22</sup>

This isn’t “welfare reform”; this isn’t success; this is *Truly a National Failure (TANF)*. It is most surely not “a better way.”

In a recent book, *\$2 a Day: Living on Almost Nothing in America*, Kathryn Edin and Luke Shaefer describe the demise of the cash assistance safety net.<sup>23</sup> Using national survey data, they report a sharp increase in the number households with children living on less than \$2 in *cash income* per person, per day – or “extreme poverty” – between 1996 and 2011. They highlight many other forms of data that yield the same conclusion. Then they supplement this with in-depth interview data collected over a number of years, in sites across the country: Chicago, Cleveland, a midsize city in the Appalachian region and small rural villages in the Mississippi-Delta. Their interviews focused on families who lived on cash incomes of no more than \$2 per person, per day for parts of the year. Their research suggests a sharp increase in extreme poverty

caused, at least in part, by the collapse of the cash assistance safety net as a result of the 1996 law. As Edin explains:

TANF is virtually dead in all of these places. It's absolutely striking that every one of our families is categorically eligible for TANF, and none of them are receiving it. For most, it doesn't even enter their minds to receive it. This was the most shocking thing of all, in a way. Prior to welfare reform, the large majority of poor people got something from the AFDC system [Aid to Families with Dependent Children, the old name of welfare] during the course of the year.

Now the fraction who get anything from TANF is very small, just over a quarter. It's really a shadow of itself. We argue that it's dead, and where it's really dead is in the imaginations and thought processes of the poor. This is not seen as a fallback. In most cases, it doesn't occur to people to apply. We saw this again and again in site after site. There are only a million adults left on the TANF rolls in the United States, and half of them are in just two states: California and New York. Many other states barely have functioning TANF systems anymore.<sup>24</sup>

While the 1996 welfare reform cut caseloads, it also increased the depth of poverty for millions of families. Between 1996 and 2014, spending on cash assistance declined by about \$22 billion, from over \$30 billion to just over \$8 billion (in 2014 dollars).<sup>25</sup> It is true that total spending on means-tested programs has increased since the 1996 law, but these increases have generally not helped the neediest families – those with incomes low enough to qualify for TANF cash assistance. Robert Moffitt of Johns Hopkins University has documented a decades-long shift in spending on means-tested program away from the very poor (those with incomes below 50 percent of the federal poverty line) to those with incomes as much as 200 percent above the poverty line.<sup>26</sup> He observes, “You would think that the government would offer the most support to those who have the lowest incomes and provide less help to those with higher incomes. But that is not the case.”<sup>27</sup>

It is time to reexamine the block grant structure and the excessive state flexibility TANF provides, so that “welfare reform” reduces not just caseloads, but poverty as well.

**#4) Emphasize work and work requirements, but make the requirements realistic, reasonable, and based on what research, rather than conservative ideologues, say about what works best.**

Speaker Ryan believes the 1996 welfare reform and its work requirements have been an “unprecedented success.” In this regard, he remarked:

In 1996, we created a work requirement for welfare. But that was just one program. We have to fix all the others now.<sup>28</sup>

The suggestion that the creation of the TANF block grant created a “work requirement” and “fixed” a welfare program is, by any objective analysis, wrong. While the law sent a symbolic message about the importance of work requirements, TANF's work requirements are among the

most notable examples of misguided conservative policymaking – they are unreasonable, dysfunctional, and are not about work. Their main function has been to impose barriers and cut caseloads through a process known as “bureaucratic disentitlement.” Even with sharply reduced caseloads, states have resorted to loopholes and gimmicks to satisfy federal work requirements that are unreasonable. Such gimmickry does nothing to help the poor get connected to work opportunities.

To give you an idea about the extent of such gimmickry, it is noteworthy that in FY 2015, an estimated 1 million families are likely to have been subject to TANF’s work requirements. Of these, about 400,000 were in what I call “gimmick cases”; these are cases that are manipulated in a way to artificially inflate work rates. The two largest gimmicks are: 1) paying token benefits (e.g., \$10 a month) to families with a full-time worker that otherwise would not be on welfare (because hours in employment count toward the TANF’s work rate); and 2) creatively using funding streams to shift families to what are called “solely state funded” programs where work requirements don’t apply. In contrast, in an average month in FY 2014 (the last year for which data are available), less than 100,000 (about 1-2 percent of poor families with children) were in a true TANF work activity like work experience, community service, vocational education, or other educational activity.<sup>29</sup>

In many states, like Georgia and Texas, work requirements are largely irrelevant, because the states don’t use TANF to fund cash assistance anymore – they don’t need gimmicks. In Georgia, in FY 2014, there were 257,788 poor families with children, but only about 15,000 received TANF cash assistance and only about 3,000 had an adult that was required to participate.<sup>30</sup> In Texas, in FY 2014, there were 707,093 poor families with children, but only about 37,000 received TANF cash assistance only about 10,000 had an adult that was required to participate.<sup>31</sup> When only 1-2 percent of poor families with children are subject to work requirements, it isn’t hard for a state to meet those requirements. TANF expects 130 hours of participation a month in exchange for a small grant – about \$280 in both states for a family of three.<sup>32</sup> That is asking these families to value their time at about \$2 an hour – it’s no wonder the rolls have shrunk. Work requirements should be designed to help families become self-sufficient – TANF’s are used as a tool to hassle families off assistance (or keep them from coming on).

TANF’s work requirements have clearly failed, yet Speaker Ryan and other conservatives want to extend them to other safety net programs. In this regard, you might want to ask Speaker Ryan, if TANF is such a success, why has Wisconsin failed to meet TANF’s work requirements for three consecutive years (FY 2012-FY 2014) and is now facing millions of dollars in penalties.<sup>33</sup> Unlike most states, Wisconsin has not availed itself of many of TANF’s loopholes, but if history is any guide, it too may succumb to such gimmicks to avoid further penalties. This does nothing to help the poor become self-sufficient.

An example of how some conservatives want to expand work requirements is the “Welfare Reform and Upward Mobility Act,” introduced by Representative Jim Jordan (R-OH) in the House (H.R. 5360) and Senator Mike Lee (R-UT) in the Senate (S. 3047). One of the Act’s stated purposes is to “help individuals receiving assistance under means-tested welfare programs obtain self-sufficiency.” Instead of addressing TANF’s structural problems and dysfunctional work requirements, however, it creates a Rube-Goldberg-like set of bureaucratic rules for three

overlapping, but uncoordinated, work requirements – two for TANF and one for SNAP adults with children. Each work requirement has its own target population, rules on what activities count and the hours of participation for an individual to count, work rate targets and how they are measured, sanction policies for individuals, and penalties for states. A more rational approach would have been to create *a single work requirement* with the same set of rules for both programs.

Beyond the Act's needless complexity, its new work requirements ignore the implementation failures of TANF and set new, unrealistic targets for states to achieve – 75 percent for the second TANF requirement and 80 percent for the SNAP requirement. (Both new requirements are extended to currently excluded groups, such as a single parent caring for a disabled family member, and the new TANF requirement goes so far as to include single mothers with infants and disabled parents.) By way of comparison, the first 20 years of the TANF experience suggest that states would have placed about 10 to 15 percent of those required to participate under this bill in the same types of activities as it proposes. To expect states to reach these targets, particularly with respect to SNAP's much larger caseload, without additional resources in the matter of a few years is unrealistic.<sup>34</sup> The most likely result is that states will face large penalties for failing to meet these standards and they in turn will push families off the rolls without providing the help they need. Setting up states and needy families to fail helps no one; thus, my critique of this misguided effort is titled, "The Welfare Reform and Upward Mobility Act: A Conservative Plan to Eviscerate the Safety Net."<sup>35</sup>

TANF set the conservative case for work requirements back 20 years; we now have to start over. We should move slowly and cautiously, evaluating a variety of approaches, and built based on evidence. That's the approach we took under President Reagan and that's the approach that will yield the best results.

**#5) Rely on common sense.** As a candidate, you often referred to yourself as a "common-sense conservative." Sadly, such common-sense is lacking in Washington and nowhere is it more obvious than in conservative reform proposals to the safety net. Indeed, I wrote a paper on this very topic – "The Need for Common-Sense Conservative Welfare Reform: Ten Questions for House Speaker Paul Ryan."<sup>36</sup> Here are the 10 questions I posed to the Speaker about TANF (and any welfare reform proposal):

1. Does it make sense to have work requirements that don't work and that states regularly game?
2. Does it make sense to have a funding structure for a safety net program that is unresponsive to changes in economic and demographic circumstances?
3. Does it make sense to give states so much flexibility they can count virtually any expenditure as "reasonably calculated" to achieve a TANF purpose?
4. Does it make sense to permit states to use TANF to supplant existing state expenditures and use it as a giant slush fund?
5. Does it make sense to replace a simple and effective federal-state matching approach with an ineffective, Rube Goldberg-like financing scheme?
6. Does it make sense to give states so much flexibility they can duplicate the benefits and services of dozens of other low-income programs with virtually no accountability?

7. Does it make sense to provide funding for safety net programs that have either no income limit or that permit states to set very high income limits?
8. Does it make sense to impose rules that are ineffective and/or needlessly complicated?
9. Does it make sense to ignore evidence-based research?
10. Does it make sense to use TANF as a model for reforming other welfare programs?

The answer to questions 1-9 should be “NO” and thus TANF should not be a model for reforming other welfare programs.

### **Conclusion: It’s Time to Drain the Swamp**

Ron Haskins, an architect of 1996 welfare reform law, described my paper *TANF is Broken! It’s Time to Reform “Welfare Reform”* as follows: “Germanis’ criticisms are reasonable and well supported by evidence. Congress and the administration would be well advised to carefully consider ways TANF could be reformed to minimize the game playing that many states now use to avoid spending TANF dollars on core TANF purposes and to avoid the federal work requirement.”<sup>37</sup> Thus far, Speaker Ryan and conservatives have taken a different path – they want to build on the TANF model.

Speaker Ryan’s anti-poverty agenda may provide short-term political victories and most certainly will provide short-term savings. But, the types of reforms he has proposed in the past, particularly those built around block grants and the TANF model will undoubtedly exacerbate poverty. In the long-run, when the political fortunes change, any legacy you hope to leave in this area will be dismantled and replaced with expansive liberal policies. A better solution is to rely on President Reagan’s evidence-based approach, one that enjoyed bipartisan support and one that offers real solutions.

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<sup>1</sup> The views in this document reflect my own as a citizen and do not reflect the views of any organization I am now or have ever been affiliated with. By way of background, I consider myself a conservative and have worked on welfare issues for the Heritage Foundation, the American Enterprise Institute, and the White House under both President Reagan and President George H.W. Bush. This paper assumes the reader has a basic understanding of the TANF program, but for those readers who want more context and background, see Peter Germanis, *TANF is Broken! It's Time to Reform "Welfare Reform" (And Fix the Problems, Not Treat their Symptoms)*, July 25, 2015 draft, available at: <http://mlwiseman.com/wp-content/uploads/2013/09/TANF-is-Broken.072515.pdf>.

<sup>2</sup> Speaker Paul Ryan, "Weekly Republican Address: This is a Better Way," June 3, 2016, available at: <http://www.speaker.gov/press-release/a-better-way>.

<sup>3</sup> "Poverty, Opportunity, and Upward Mobility," in *A Better Way: Our Vision for a Confident America*, June 7, 2016, available at: <http://abetterway.speaker.gov/assets/pdf/ABetterWay-Poverty-PolicyPaper.pdf>.

<sup>4</sup> Peter Germanis, "Speaker Ryan's 'Poverty, Opportunity, and Upward Mobility Report: The Need for 'A Much Better Way'," August 17, 2016, available at: [http://mlwiseman.com/wp-content/uploads/2016/05/The-Need-for-a-Much-Better-Way.Final\\_.pdf](http://mlwiseman.com/wp-content/uploads/2016/05/The-Need-for-a-Much-Better-Way.Final_.pdf).

<sup>5</sup> Executive Office of the President, *Up from Dependency: A New National Public Assistance Strategy. Report to the President*, December 1986, available at: [https://archive.org/details/ERIC\\_ED316587](https://archive.org/details/ERIC_ED316587).

<sup>6</sup> Paul Ryan, "The GOP Plan to Balance the Budget by 2023," *The Wall Street Journal*, March 12, 2013, available at: <http://www.wsj.com/articles/SB10001424127887323826704578353902612840488>.

<sup>7</sup> Speaker Paul Ryan, "#ConfidentAmerica: Full Text of Speaker Ryan's Remarks at the Library of Congress," December 3, 2015, available at: <http://www.speaker.gov/press-release/full-text-speaker-ryans-remarks-library-congress>.

<sup>8</sup> The failure to adjust the block grant for inflation and other economic and demographic conditions does mean that all states have had to do more with less. The financing structure of TANF is highly problematic, as discussed in more detail in "Funding and Flexibility: How Congress Shot Itself in the Foot," in Peter Germanis, *TANF is Broken! It's Time to Reform "Welfare Reform" (And Fix the Problems, Not Treat their Symptoms)*, July 25, 2015 draft, available at: <http://mlwiseman.com/wp-content/uploads/2013/09/TANF-is-Broken.072515.pdf>.

<sup>9</sup> Administration for Children and Families, Office of Family Assistance, TANF Financial Data – FY 2014," July 7, 2015 available at: <http://www.acf.hhs.gov/programs/ofa/resource/tanf-financial-data-fy-2014> and Ife Floyd, LaDonna Pavetti, and Liz Schott, "TANF Continues to Weaken as a Safety Net," October 27, 2015, available at: <http://www.cbpp.org/research/family-income-support/tanf-continues-to-weaken-as-a-safety-net>.

<sup>10</sup> Jon Peacock, Wisconsin Budget Project, "Funding for Low-Income Families Siphoned off for Other Uses," April 29, 2013, available at: <http://www.wisconsinbudgetproject.org/>.

<sup>11</sup> See detailed data tables at: Ife Floyd, LaDonna Pavetti, and Liz Schott, "TANF Continues to Weaken as a Safety Net," October 27, 2015, available at: <http://www.cbpp.org/research/family-income-support/tanf-continues-to-weaken-as-a-safety-net>.

<sup>12</sup> Administration for Children and Families, Office of Family Assistance, TANF Financial Data – FY 2014," July 7, 2015 available at: <http://www.acf.hhs.gov/programs/ofa/resource/tanf-financial-data-fy-2014>.

<sup>13</sup> Administration for Children and Families, Office of Family Assistance, TANF Financial Data – FY 2014," July 7, 2015 available at: <http://www.acf.hhs.gov/programs/ofa/resource/tanf-financial-data-fy-2014>.

<sup>14</sup> Melissa Johnson, "Pending TANF Changes Could Send Georgia Budget Writers Scrambling," Georgia Budget & Policy Institute, August 21, 2015, available at: <https://gbpi.org/2015/pending-tanf-changes-could-send-georgia-budget-writers-scrambling/>.

<sup>15</sup> See detailed data tables at: Ife Floyd, LaDonna Pavetti, and Liz Schott, "TANF Continues to Weaken as a Safety Net," Center on Budget and Policy Priorities, October 27, 2015, available at: <http://www.cbpp.org/research/family-income-support/tanf-continues-to-weaken-as-a-safety-net>.

<sup>16</sup> Eduardo Porter, "The Republican Party's Strategy to Ignore Poverty," *The New York Times*, October 27, 2015, available at: <http://www.nytimes.com/2015/10/28/business/economy/a-strategy-to-ignore-poverty.html>.

<sup>17</sup> See Judith M. Gueron and Howard Rolston, *Fighting for Reliable Evidence* (New York, NY: Russell Sage Foundation, June 2013) and Michael E. Fishman and Daniel H. Weinberg, "The Role of Evaluation in State Welfare Reform Waiver Demonstrations," in *Evaluating Welfare and Training Programs*, edited by Charles Manski and Irv Garfinkel, (Harvard University Press, January 1992), pp. 115-142.

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- <sup>18</sup> Jeffrey Grogger, Lynn A. Karoly, and Jacob Alex Klerman, *Consequences of Welfare Reform: A Research Synthesis* (Santa Monica, CA: July 2002), [http://www.acf.hhs.gov/programs/opre/welfare\\_employ/res\\_synthsis/reports/consequences\\_of\\_wr/rand\\_report.pdf](http://www.acf.hhs.gov/programs/opre/welfare_employ/res_synthsis/reports/consequences_of_wr/rand_report.pdf).
- <sup>19</sup> For a discussion of some of these issues, see Michael L. Wiseman and Mark Greenberg, “Fixing Welfare Waiver Policy,” *Public Welfare*, Winter 1995, pp. 10-17. These are two separate articles, but share the same title.
- <sup>20</sup> Ife Floyd, LaDonna Pavetti, and Liz Schott, “TANF Continues to Weaken as a Safety Net,” Center on Budget and Policy Priorities, October 27, 2015, available at: <http://www.cbpp.org/research/family-income-support/tanf-continues-to-weaken-as-a-safety-net>.
- <sup>21</sup> Ife Floyd, LaDonna Pavetti, and Liz Schott, “TANF Continues to Weaken as a Safety Net,” Center on Budget and Policy Priorities, October 27, 2015, available at: <http://www.cbpp.org/research/family-income-support/tanf-continues-to-weaken-as-a-safety-net>.
- <sup>22</sup> See detailed data at: Ife Floyd, LaDonna Pavetti, and Liz Schott, “TANF Continues to Weaken as a Safety Net,” Center on Budget and Policy Priorities, October 27, 2015, available at: <http://www.cbpp.org/research/family-income-support/tanf-continues-to-weaken-as-a-safety-net>.
- <sup>23</sup> Kathryn J. Edin and H. Luke Shaefer, *\$2.00 a Day: Living on Almost Nothing in America* (New York: Houghton Mifflin Harcourt, 2015).
- <sup>24</sup> See Kathryn Edin in Dylan Matthews, “Selling plasma to survive: how over a million American families live on \$2 per day,” Vox.com, September 2, 2015, available at: <http://www.vox.com/2015/9/2/9248801/extreme-poverty-2-dollars>.
- <sup>25</sup> U.S. Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation, *Welfare Indicators and Risk Factors: Fourteenth Report to Congress*, August 22, 2016.
- <sup>26</sup> “U.S. Welfare Spending Up – But Help for the Neediest Down,” Press Release, May 6, 2014, available at: <http://releases.jhu.edu/2014/05/06/u-s-welfare-spending-up-but-help-for-the-neediest-down/>.
- <sup>27</sup> *Ibid.*
- <sup>28</sup> Speaker Paul Ryan, “#ConfidentAmerica: Full Text of Speaker Ryan’s Remarks at the Library of Congress,” December 3, 2015, available at: <http://www.speaker.gov/press-release/full-text-speaker-ryans-remarks-library-congress>.
- <sup>29</sup> For a discussion of these data and gimmicks, see Peter Germanis, “The Failure of TANF Work Requirements: A Much Needed Tutorial for the Heritage Foundation and the American Enterprise Institute,” August 12, 2016, available at: <http://mlwiseman.com/wp-content/uploads/2016/05/The-Failure-of-TANF-Work-Requirements-1.pdf>.
- <sup>30</sup> Ife Floyd, LaDonna Pavetti, and Liz Schott, “TANF Continues to Weaken as a Safety Net,” Center on Budget and Policy Priorities, October 27, 2015, available at: <http://www.cbpp.org/research/family-income-support/tanf-continues-to-weaken-as-a-safety-net>; and U.S. Department of Health and Human Services, Administration for Children and Families, Office of Family Assistance, “Work Participation Rates – Fiscal Year 2014,” Table 4A, July 26, 2016, available at: <http://www.acf.hhs.gov/ofa/resource/work-participation-rates-fiscal-year-2014>.
- <sup>31</sup> Ife Floyd, LaDonna Pavetti, and Liz Schott, “TANF Continues to Weaken as a Safety Net,” Center on Budget and Policy Priorities, October 27, 2015, available at: <http://www.cbpp.org/research/family-income-support/tanf-continues-to-weaken-as-a-safety-net>; and U.S. Department of Health and Human Services, Administration for Children and Families, Office of Family Assistance, “Work Participation Rates – Fiscal Year 2014,” Table 4A, July 26, 2016, available at: <http://www.acf.hhs.gov/ofa/resource/work-participation-rates-fiscal-year-2014>.
- <sup>32</sup> Elissa Cohen, Sarah Minton, Megan Thompson, Elizabeth Crowe, and Linda Giannarelli, *Welfare Rules Databook: State TANF Policies as of July 2015* (Washington, D.C.: The Urban Institute, September 2016), Table II.A.4, available at: [http://wrd.urban.org/wrd/data/databooks/2015%20Welfare%20Rules%20Databook%20\(Final%2009%2026%2016\).pdf](http://wrd.urban.org/wrd/data/databooks/2015%20Welfare%20Rules%20Databook%20(Final%2009%2026%2016).pdf).
- <sup>33</sup> For Wisconsin, the maximum first year penalty is approximately \$15.7 million. The maximum penalty increases by 2 percentage points for each subsequent year of noncompliance, though the total cannot exceed 21 percent of the state’s block grant.
- <sup>34</sup> SNAP does have a 50-50 match rate for employment-related activities, but given that any savings in SNAP benefits are federal dollars, it is doubtful that states will expend significant new state funds to draw down the federal match for work activities.
- <sup>35</sup> Peter Germanis, *The Welfare Reform and Upward Mobility Act: A Conservative Plan to Eviscerate the Safety Net.* November 27, 2016; see: <http://mlwiseman.com/?portfolio=peter-the-citizen>.

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<sup>36</sup> Peter Germanis, “The Need for Common Sense Conservative Welfare Reform: Ten Questions for House Speaker Paul Ryan,” January 6, 2016, available at: <http://mlwiseman.com/wp-content/uploads/2015/11/Germanis2016Need.pdf>.

<sup>37</sup> Ron Haskins, “TANF at Age 20: Work Still Works,” *Journal of Policy Analysis and Management*, Winter 2015, available at: <http://mlwiseman.com/wp-content/uploads/2015/11/Haskins2015Age.pdf>.