

# **The Case for *Evidence-Based* Public Assistance Reform: A Response to Matt Weidinger**

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In “The Case for Public Assistance Reform,” Matt Weidinger of the American Enterprise Institute (AEI) reviews welfare reform legislation (HB3) being considered in Kentucky, offering comments and recommendations.<sup>2</sup> His remarks focus on the legislation’s reorientation of spending under the Temporary Assistance for Needy Families (TANF) program:

HB3 would reorient Kentucky’s use of funds under the Transitional Assistance Program (TAP), which is Kentucky’s Temporary Assistance for Needy Families (TANF) program. In future years, funding under the program would be divided 25 percent for childcare; 25 percent for work, education, and training programs; 25 percent for work supports and supportive services; 15 percent for basic assistance; 5 percent for nonrecurrent short-term benefits; and 5 percent for program maintenance.

Weidinger expresses support for this approach, stating:

In my view, the retargeting of TANF funds in HB3 is appropriate when viewed in this spirit – by reorienting the program in the direction of how to best promote the long-run well-being of low-income families. That requires work, and it is appropriate for state legislators to expect more – including of the officials who operate these important programs – when promoting and supporting work.

While public assistance programs certainly can and should do more to promote work, reforms should be based on evidence from rigorous evaluations if the goal is “to promote the long-run well-being of low-income families.” Unfortunately, Weidinger’s support for HB3’s arbitrary and formulaic approach to “welfare reform” is not based on evidence, but rather highly selective and misleading facts, and it lacks any meaningful assessment of the research evidence surrounding work requirements and other policies to promote work.

This response addresses some of the points made by Weidinger; it is not intended to be a comprehensive critique of TANF or HB3. Each statement is followed by a “PC Response” – short for “Peter the Citizen.”

## **Reorienting TANF Cash Assistance**

**Weidinger:** “Kentucky currently uses a majority of its TANF funds for basic assistance – that is, welfare checks. In fact, Kentucky was the only state that in 2018 devoted the majority of its TANF funds (65.8 percent) to basic assistance. Across the US in 2018 only 21.4 percent of all federal and state Maintenance of Effort (MOE) spending was devoted to basic assistance. Kentucky’s current focus of its TANF funds on basic assistance is out of sync with current spending in other states and long-term trends.”

**PC Response:** Before TANF, most states (including Kentucky) spent about 70 percent to 80 percent of their AFDC (Aid to Families with Dependent Children) and related program funds on cash assistance. As Weidinger notes, that figure is now down to 21.4 percent at the national level, which for some reason he now views as an appropriate target.

There is no basis for such a conclusion; the amount of spending on basic assistance should be based on the level of need, not what state politicians across the nation have decided to spend under what has effectively become a form of revenue sharing. To put Kentucky's TANF spending into perspective, consider the fact that the number of families with children in deep poverty (i.e., with incomes below 50 percent of the poverty line) in Kentucky *rose* between 1996 and 2017, from 47,820 to 56,855 (19 percent); meanwhile, the average monthly AFDC/TANF caseload fell from 72,538 to 21,923 (70 percent).<sup>3</sup> Given that TANF's first purpose is to "provide assistance to needy families so that children can be care for in their own homes or in the homes of relatives," the real problem is not the percent of TANF funds spent on assistance, but rather TANF's failure to provide an adequate safety net for very poor families.

Weidinger should not interpret the 21.4 percent of spending on cash assistance as somehow reflecting an ideal level, but rather the fact that in many states TANF has become a slush fund used by state politicians to supplant existing state expenditures or otherwise fill budget holes. And, if 21 percent were the goal, does Weidinger believe states like Arkansas, Indiana, and Texas that spend just 5 percent of their funds on basic assistance should do more, particularly since the number of families in deep poverty has risen sharply between 1996 and 2017 in each of these states – from 25,410 to 30,376 in Arkansas, from 25,012 to 46,461 in Indiana, and from 218,637 to 254,670 in Texas?<sup>4</sup>

**Weidinger:** "Since the national welfare reforms in the 1990s, most other states have moved away from using the bulk of TANF funds for welfare checks and greater shares toward other purposes including promoting and supporting work. Except for a brief period during and immediately after the recession of 2007–09, spending on work supports and other programs such as child welfare have become an increasing part of overall TANF spending."

**PC Response:** The fact that states have diverted funding from cash assistance to "other purposes" should be considered along with two other facts: 1) the total amount devoted to the program is declining due to the failure to adjust the block grant (and basic MOE requirement) for inflation; and 2) a significant portion of funding diverted to "other purposes" reflects the supplantation of existing state spending.

In fact, a cursory examination of TANF spending suggests that states have supplanted tens of billions of dollars since the "program's" inception. For example, according to the Wisconsin Budget Project "a significant portion of the federal funding for ... assistance is being siphoned off for use elsewhere in the budget, to the detriment of the Wisconsin Works (W-2) program and child care subsidies for low-income working families."<sup>5</sup> Georgia was ordered by the court to improve its child abuse and neglect system, but rather than raise its own funds to pay for these improvements, Georgia used over half of its block grant on foster care and related services.<sup>6</sup> Louisiana used TANF funds to supplant state spending on child welfare services, early education, and financial aid for college students.<sup>7</sup> In Arizona, most of the federal TANF money

pays for other state services, notably foster care and adoption assistance, but uses only a small percentage of its funds for cash assistance and work activities. As State Representative John Kavanagh, chairman of the Arizona House Appropriations Committee explained, “Yes, we divert – divert is a bad word. It helps the state.”<sup>8</sup> There are many other examples from many other states.

**Weidinger:** “...Kentucky’s share of program funds devoted to basic assistance has grown in recent years from 40 percent in 2011 to 65.8 percent in 2018.”

**PC Response:** Kentucky *appears* to have a data reporting problem and the statistics Weidinger cites may have errors – either the caseload or, more likely, the expenditures. In FY 2011, the state reported basic assistance expenditures of \$105.2 million, or as Weidinger notes, about 40 percent of total funds used, and had an average monthly caseload of 30,920 in FY 2011. Based on official data, the average monthly caseload declined to 19,716 by FY 2018, but reported expenditures on basic assistance rose to \$172.1 million. In other words, the caseload declined by 36 percent, but expenditures on basic assistance grew by 64 percent. Meanwhile, Kentucky’s maximum grant for a family of three has remained the same in nominal terms since 1996 – \$262 per month for a family of three with no earnings.

In FY 2018 the average payment per family of \$250. This suggests its basic assistance payments should have only been \$59.2 million ( $19,716 * \$250 * 12$ ). This would represent a much smaller percentage of expenditures than the 65.8 percent cited by Weidinger. Regardless of the actual numbers, however, basing policy on a percentage of funding rather than need and other factors is not an evidence-based approach to policymaking.

**Weidinger:** “HB3 would thus move Kentucky more in the direction of the rest of country – targeting the majority of TAP funds toward work supports and other services that assist parents in finding, retaining, and moving up in jobs.”

**PC Response:** While HB3 would direct the majority of funding toward work activities and work supports, the same cannot be said of the “rest of the country.” Indeed, no state comes close to spending 75 percent of its TANF funds on work activities, work supports, and child care, as mandated by HB3. Nor, would such an approach be appropriate if it comes at the expense of maintaining even a very modest cash assistance safety net, as in Kentucky.

The real problem with the “rest of the country” is that many states treat TANF as a slush fund, using it to supplant existing state spending or otherwise fill budget holes. This is what Weidinger should focus on. As Ron Haskins, the primary staff person responsible for the 1996 law (and Weidinger’s colleague at the time) recently observed reflecting on this point, “States did not uphold their end of the bargain. So, why do something like this again?”<sup>9</sup>

**Weidinger:** “As Ron Haskins of the Brookings Institution and I review in an upcoming chapter on TANF in the 2019 *Annals of the American Academy of Political and Social Science*, the work focus applied as part of national welfare reform in the 1990s saw unprecedented improvements in employment and earnings among low-income single parents and record declines in child poverty and receipt of welfare checks.”

**PC Response:** Weidinger suggests that TANF *caused* “unprecedented” impacts related to welfare receipt, employment and earnings, and child poverty. His assessment, however, is based on a simplistic examination of trends in the immediate aftermath of the 1996 law, a weak basis for making causal claims. The following is just a *very brief* list of problems with this approach.

- The outcomes Weidinger refers to could be affected by a range of factors in the 1990s, including the strong economy and the expansion in programs and policies designed to “make work pay,” among other factors.
- Random assignment evaluations of state welfare reforms tested during this same period in dozens of states showed small to modest impacts – indeed, none came close to showing the kinds of effects one might claim based on a simplistic examination in data trends.
- Weidinger ignores distributional effects – the employment gains and reductions in poverty pale in comparison to the caseload decline, particularly in the long run. So, even if one believes TANF helped some families, it is important to examine the circumstances of the much larger number that may have been left behind.
- Even if TANF were somehow responsible to positive impacts Weidinger refers to, he doesn’t explain the causal factor. While TANF sent a strong message about work requirements and time limits, neither of these provisions has been implemented as intended. Indeed, most states had a zero percent or near-zero percent work participation rate target because of the caseload reduction credit. What states did have was a massive windfall in federal funds because the block grant was based on funding levels when caseloads were at historic highs. If TANF led to improved outcomes in the short run, the main reason may have been the added federal funding to support child care, work supports, and financial incentives for work. So, instead of celebrating the continued decline in federal support for TANF (in inflation-adjusted dollars), as Weidinger often does, he should champion more funding. (Note: more funding is not a real solution unless the block grant structure giving states unlimited flexibility is also addressed.)

These are just a few of the reasons to be skeptical about TANF’s putative “success”; a more detailed critique of the Haskins/Weidinger chapter in the 2019 *Annals of the American Academy of Political and Social Science* is forthcoming.

**Weidinger:** “As the nonpartisan Congressional Research Service (CRS) has noted, a key logic for promoting work in social policy programs ‘is to increase the programs’ anti-poverty effectiveness, since the benefits provided through most social assistance programs alone are not sufficient to raise a family above poverty. Income from work is typically the only way for a family to escape poverty.’ CRS goes on to note that in 2015, ‘Overall, 13.5% of all persons were officially in poverty. However, for those in families without a worker and who also lacked work-related benefits, 9 in 10 (90.8%) were classified as poor.’”

**PC Response:** Few would dispute the fact that work is an important way out of poverty – there is no need to imply that this might be a partisan issue. The real policy issues surrounding welfare reform should be about the level of assistance for those who can’t work and providing the services and incentives for those who can work in the most effective manner. Contrary to the conservative talking points advanced by Weidinger, TANF has failed in both respects, and this is

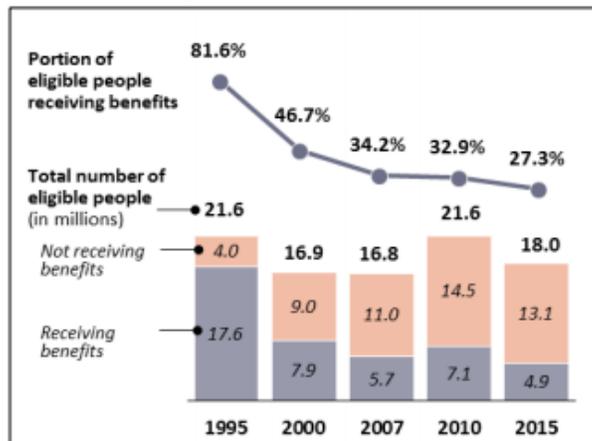
where it is important to note a different set of conclusions by the “nonpartisan Congressional Research Service.”

**CRS on TANF and poverty.** The CRS has several reports showing that TANF has become less effective in reducing poverty.<sup>10</sup> In terms of its role as a safety net, Gene Falk explains that the decline in the caseload is primarily due to a drop take-up rate of benefits among eligible families, not because a large number of needy families escaped poverty and no longer needed benefits.

The cash assistance caseload decline has been seen as one of the prime indicators that TANF made progress in achieving the goal of ending the dependence of needy families on government benefits. However, most of the caseload decline has resulted from a decline in the rate at which people eligible for assistance actually receive benefits, rather than a decline in the population in need. In 2015, 18.0 million people were eligible for TANF assistance, but 4.9 million (27%) received it.<sup>11</sup>

This is depicted in CRS Figure 1 below. It is also worth noting that much of this “bureaucratic disentanglement” (my term, not CRS’) occurred during TANF’s supposed golden era up through 2000.

**Figure 1. Number of People Eligible for and Receiving Cash Assistance, Selected Years**

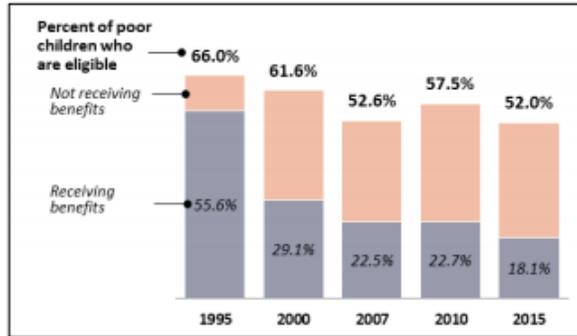


**Source:** Congressional Research Service (CRS) analysis based on estimates from the TRIM3 micro-simulation model.

**Notes:** Includes people in state-funded public assistance programs who are eligible for TANF, but excludes families receiving relatively small TANF-funded earnings supplements outside of regular TANF programs.

Similarly, CRS Figure 2 shows a sharp decline in the percent of poor children who are eligible and receiving cash assistance. Between 1995 and 2015, the share of poor children receiving benefits fell from 55.6 percent to 18.1 percent.

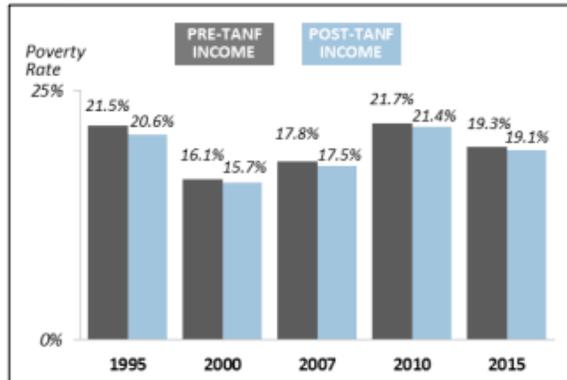
**Figure 2. Percent of Poor Children Eligible for and Receiving Cash Assistance, Selected Years**



**Source:** Congressional Research Service (CRS) analysis based on estimates from the TRIM3 microsimulation.

And, CRS Figure 3 shows that in 1995, AFDC reduced the poverty rate by 0.9 percentage points (from 21.5 percent to 20.6 percent), but in 2015 TANF reduced it by just 0.2 percentage points (from 19.3 percent to 19.1 percent).

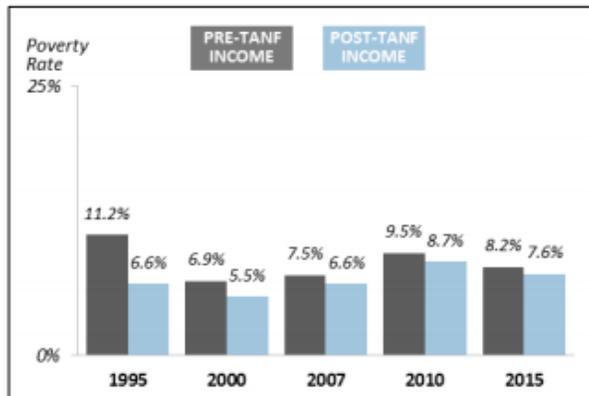
**Figure 3. Child Poverty Rates Based on Pre- and Post-Family Assistance Income, Selected Years**



**Source:** Congressional Research Service (CRS) analysis based on estimates from the TRIM3 microsimulation

Of course, the poverty *rate* is not a particularly useful measure for purposes of assessing TANF’s impact. CRS Figure 4 also examines TANF’s effect on the deep poverty rate (where poverty is based on income below 50 percent of the poverty thresholds). AFDC reduced the deep poverty rate by 4.6 percentage points in 1995, from 11.2 percent to 6.6 percent, but TANF reduced it just 0.6 percentage points in 2015, from 8.2 percent to 7.6 percent.

**Figure 4. Child Deep Poverty Rates Based on Pre-Assistance and Post-Assistance Income, Selected Years**



Source: Congressional Research Service (CRS) analysis based on estimates from the TRIM3 microsimulation

Indeed, if one reads the papers produced by the CRS carefully, one might well conclude that TANF was more about caseload reduction than reducing poverty (if not in intent, then in practice). Gene Falk’s conclusion is as follows:

The drop in the share of TANF-eligible individuals who receive benefits raises the question of whether a goal of TANF should be caseload reduction per se, regardless of whether or not the size of the population in need is growing. TANF was to be “temporary and provisional,” however the data indicate that TANF is increasingly forgone or otherwise not received by those eligible for it, even among the poorest of families. Other means-tested programs that have grown in terms of spending and recipients (e.g., the Earned Income Tax Credit, the Supplemental Nutrition Assistance Program, and Medicaid) do not provide ongoing cash assistance to families to meet basic needs.<sup>12</sup>

**CRS on TANF and Work Requirements.** The main goal of welfare-to-work programs should be to promote self-sufficiency, but TANF’s work requirements have mainly been used as a tool of bureaucratic disenfranchisement. They are unreasonable for recipients, unrealistic for states, and are not based on evidence. Their main effect (along with the block grant structure) has been to push needy families off the rolls (or discourage them from coming on), as evidenced by the sharp drop in the take-up rate among eligible families. Since its inception, TANF has only engaged about 10 to 15 percent of those subject to work requirements in a work activity other than “unsubsidized employment” for enough hours to count in the rate.<sup>13</sup> Instead, states have relied on misguided provisions like the caseload reduction credit and/or a variety of “loopholes” to meet their work requirements.<sup>14</sup>

And, Gene Falk of the non-partisan CRS observes:

The 50% and 90% targets are aspirational, rather than evidence-based. They were not selected based on success rates of past programs in moving recipients from assistance to work. They call for higher participation rates than what evaluated pre-1996 programs achieved, including the most successful of those programs. Even so, the standard has

mostly been met, though usually by means other than engaging recipients in activities. That is, states might be “hitting the target, but missing the point.”<sup>15</sup>

Even Ron Haskins, Weidinger’s one-time colleague and considered the “architect” of welfare reform acknowledges that TANF’s work requirements have “major problems”:

The straightforward approach of using the TANF work requirements as a model for work requirements in other welfare programs because of their perceived “great success,” as many Republicans want to do, is flawed because the TANF work requirements have major problems.

...Examining these problems with the TANF work requirement leaves little doubt that the TANF approach to requiring work has not proven to be an effective way to help welfare recipients prepare for or find unsubsidized work. New attempts to strengthen the work requirement in TANF and other means-tested programs should learn from, but not follow, the TANF example. In fact, if TANF work requirements are any example, we must find and test new ways to help welfare recipients enter employment. This conclusion is especially important because the unprecedented decline in the TANF caseload has meant that there are now many more families living in poverty, and even deep poverty (below half the poverty level), that do not receive a cash benefit.<sup>16</sup>

**Weidinger:** “TANF is not alone in promoting this movement toward work. In recent decades, the nation has created or expanded a series of benefits that supplement wages for low-income families, including significant expansions in the earned income tax credit and the creation and repeated expansions of the refundable child tax credit. Other key means-tested benefits (including Supplemental Nutrition Assistance Program and Medicaid) remain available as parents enter work and even as they progress up the economic ladder. Combined, these benefits have been designed and expanded in a series of laws supported by Republicans and Democrats alike to ‘make work pay.’”

**PC Response:** Weidinger is right that the expansion in various benefit programs to supplement wages has done much to “make work pay.” Indeed, in many states – including Kentucky – the amount of assistance provided to a single parent with two children working full-time at the minimum wage exceeds the amount of aid provided to a similar family with no earnings. This is largely due to the fact that the EITC and child tax credit provide far more in aid than TANF, as well as the fact that such families would remain eligible for SNAP and Medicaid.

TANF’s ability to promote work is limited, however. Nationally, only 25 percent of families with incomes low enough to qualify for benefits actually receive them. One reason is that states have diverted funding to other purposes. Another is likely due to the unreasonableness of its work requirements. In Kentucky, for example, a single parent with two children must participate in work activities for 87 to 130 hours a month to receive a payment of \$262 – effectively meaning they must value their time at \$2 to \$3 an hour. As a result, many families have chosen not to participate and while this may lead some to work more to offset the loss in benefits, many others are just pushed deeper into poverty and rely on other programs that do little to promote work beyond providing direct assistance to supplement earnings.

**Weidinger:** “In my view, the retargeting of TANF funds in HB3 is appropriate when viewed in this spirit – by reorienting the program in the direction of how to best promote the long-run well-being of low-income families. That requires work, and it is appropriate for state legislators to expect more -- including of the officials who operate these important programs – when promoting and supporting work.”

**PC Response:** Weidinger has provided zero evidence to show that simply “retargeting” TANF funds would “promote the long-run well-being of low-income families.” Most of the random assignment experiments of welfare-to-work programs produced most effects. The results of these programs are not generalizable to TANF because of TANF’s minimum hourly requirements and restrictions on countable work activities. A careful examination of the implementation of TANF’s work requirements gives no reason for one to believe they “promote the long-term well-being of low-income families.”

In reviewing a report on training programs by the Council of Economic Advisers (CEA) Weidinger himself expresses skepticism about the impact of such programs:

But a new White House Council of Economic Advisers (CEA) report doesn’t offer much encouragement for those looking to government to successfully retrain workers. As the authors of the report note, many of the federal government’s 40-plus employment and training programs that gather evidence necessary for rigorous evaluation have not produced significant wage or employment gains for their participants.<sup>17</sup>

Given this assessment, on what basis should one believe HB3’s retargeting of funding would have better results?

In addition, Weidinger ignores the fact that in Kentucky most of the families receiving TANF cash assistance are not expected to work. In FY 2018, only 4,144 of Kentucky’s average monthly caseload of 19,722 families included a work-eligible individual. This means nearly 80 percent of the families receiving assistance are not expected to work. How does retargeting funding promote their long-term well-being if the amount allocated to basic assistance falls to just 15 percent?

**Weidinger:** “That retargeting also is consistent with ongoing reform efforts on the federal level.”

**PC Response:** This is a gross exaggeration. There are no serious proposals that would limit TANF spending on basic assistance to as little as 15 percent. There have been proposals to establish a minimum floor on certain core activities. For example, one bill Weidinger has written favorably about is the Jobs and Opportunity with Benefits and Services (JOBS) for Success Act, which would require states to spend at least 25 percent of their federal JOBS grants and state maintenance-of-effort (MOE) funds on “core” activities – basic assistance, work programs, and non-recurrent short-term benefits. There is nothing that would preclude a state from spending all of its funds on basic assistance, much less limiting it to 15 percent.

TANF could be improved substantially if states were required to spend all of their funds on the activities listed in HB3, but creating arbitrary and inflexible limits on particular activities is inconsistent with promoting the long-term well-being of needy families and evidence-based policymaking.

**Weidinger:** “Like Kentucky, in recent years many other states have been able to satisfy TANF’s main work activity requirement without a strong ongoing focus on promoting work and other activities among adults receiving benefits. Various procedural gimmicks and loopholes – for example, claiming ‘credit’ for past caseload declines or ‘excess’ state spending (often by third parties) and offering ‘token’ welfare checks to current workers so they can be counted toward state work requirements – have undermined the need for states to engage a significant share of current recipients in work and pro-work activities to satisfy the TANF work requirements.”

**PC Response:** In recent years? States have exploited TANF’s misguided provisions and loopholes from the beginning. The caseload reduction credit and counting unsubsidized employment as a work activity (vs. making full-time employment an exemption) allowed most states to meet its work requirements without meaningfully engaging families. For those states that still needed help in TANF’s first decade, there were loopholes like separate state programs, creating child-only cases, broad activity definitions, and (for some states) the continuation of 1115 waivers. When Congress tried to close these loopholes and recalibrate the caseload reduction credit in the Deficit Reduction Act of 2005, new loopholes emerged – token payments, solely state funded programs, and the “excess MOE” provision of the caseload reduction credit. As Douglas Besharov and I noted, *writing for the American Enterprise Institute in 2004*, “the structure of the TANF block grant would enable states to avoid *all* additional participation requirements...”<sup>18</sup> Indeed, this has been the case and will continue to be true unless the block grant structure is reconsidered.

For a more detailed discussion of the failure of TANF’s work requirements, see:

“The Failure of TANF Work Requirements: A *Much Needed* Tutorial for the Heritage Foundation and the American Enterprise Institute,” August 12, 2016, available at: <https://mlwiseman.com/wp-content/uploads/2016/05/The-Failure-of-TANF-Work-Requirements-1.pdf>.

“Expanding Work Requirements in Non-Cash Welfare Programs: TANF is NOT a Model, but a Cautionary Tale,” October 22, 2018, available at: <https://mlwiseman.com/wp-content/uploads/2018/10/TANF-No-Model.pdf>.

**Weidinger:** “For a number of years, over half of adults on the TANF caseload nationwide have recorded zero hours of work or training in an average month.”

**PC Response:** Not “for a number of years” – from the beginning! In 2000, 60 percent of TANF adults subject to work requirements and has fluctuated between 55 and 60 percent throughout most of TANF’s history. It has recently declined to about 40 percent due to increased reliance of “token payments” to artificially inflate the work rate – not because TANF has become more effective in engaging families in work activities.

Notably, Robert Doar, now president of AEI, ran a “model” TANF program in New York. (Doar’s bio states: “Before joining the Bloomberg administration, he was commissioner of social services for the state of New York, where he helped to make the state a model for the implementation of welfare reform.”) In FY 2005, the national average of “TANF adults” with zero hours was 56.6 percent. What was New York’s percentage of TANF adults with zero hours under Doar’s leadership? It was 66.1 percent! Does Weidinger consider Doar’s tenure a failure?

**Weidinger:** “About half of the states also are like Kentucky in avoiding the separate and higher work requirement for two-parent families by using only state funds to provide benefits to those families.”

**PC Response:** TANF’s two-parent work requirements are unrealistic and are met only by gaming them. In particular, the loophole of choice for states has been the separate state program (prior to FY 2007) and the solely state funded program thereafter. As an author of the 1996 law creating these requirements, Weidinger should provide the reasoning behind the two-parent work requirement, given that there was no empirical evidence that it was realistic or would improve the well-being of families.

**Weidinger:** “Recognizing these current program flaws, federal legislators have crafted TANF reauthorization legislation that would have the effect of raising the share of current adult recipients expected to engage in constructive activities and holding the program more accountable for longer-term success in helping recipients enter, remain, and advance in work. The US House Ways and Means Committee approved such legislation in May 2018. While the last Congress ended without enactment of those changes, the ongoing series of short-term extensions of TANF will someday come to an end. And some version of such outcome-focused changes – which have support on both sides of the aisle – is likely to be made a part of the TANF program in the future. Thus the proposed changes reflected in HB3 would bring Kentucky’s TANF program more in line not only with the program’s history and current operation in other states but also with its likely future direction.”

**PC Response:** There is nothing in HB3 that is consistent with either TANF’s history or its likely future direction. In terms of the history, TANF has been a blank check to states with no meaningful accountability, allowing states to use TANF funds for anything that even remotely reflects one of its four purposes. In contrast, HB3 would restrict TANF expenditures under a limited and rigid formula.

HB3 also does not reflect the “future direction,” at least not if Weidinger is referring to the various versions of the JOBS for Success Act. The May 2018 version of this legislation would have replaced TANF’s participation requirements with a requirement for achieving certain employment-related outcomes. It was passed out of the Ways and Means Committee along party lines (i.e., with no bipartisan support), but was never acted upon by the full House because *conservative* ideologues opposed it, arguing that it was too weak on work. In the weeks leading up to the vote in the House Ways and Means Committee, they circulated a paper, “Bipartisan Efforts to Undermine Work Requirements,” which stated:

In July 2012, the Obama Department of Health and Human Services issued a proposal to allow states to apply for waivers to the mandatory work requirements contained in the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), a bill widely regarded as a seminal conservative achievement. The JOBS for Success Act, a bill introduced May 17<sup>th</sup> in the Ways and Means Committee and scheduled to be marked up on May 23<sup>rd</sup>, takes a similar approach, significantly vitiating the mandatory work requirements instituted by PRWORA. **Conservatives should oppose the proposal until provisions that weaken work requirements are removed from the legislation.**<sup>19</sup>  
[Emphasis in original text.]

A subsequent version introduced by senior Republicans in the House and Senate in 2019 was considerably different – with much stricter work requirements for both recipients and states and a much more limited focus on employment outcomes as an accountability measure. Neither version bears any resemblance to HB3 and indeed would likely push states to game the new requirements through a solely state funded program, leaving TANF to become an even bigger slush fund than it already is. Such gaming would make it even less likely that states spend their TANF funds on the kinds of activities that are the focus of HB3. For more detail on these bills and how states are likely to game them, see:

“The JOBS for Success Act: A Noble but Futile Attempt to Reform ‘Welfare Reform’,” June 16, 2018, available at: <https://mlwiseman.com/wp-content/uploads/2016/05/The-JOBS-for-Success-Act.pdf>.

“TANF is Broken! Is Congress Fixing the Problems – or Just ‘Kicking the Can Down the Road’? A Response to Senator Steve Daines,” January 1, 2019, available at: <https://mlwiseman.com/wp-content/uploads/2019/01/Daines.Response.pdf>.

Weidinger also seems to endorse “outcome-focused changes – which have support on both sides of the aisle.” There is no evidence that an “outcome-focused” approach would improve the effectiveness of state TANF programs or whether such an approach can be implemented in the near future given the data challenges and the absence of an empirical base to design such an approach. And, the degree of support for such an approach is not a given, as the May 2018 version of the JOBS for Success Act was torpedoed by conservatives.

Unfortunately, TANF replaced a far superior evidence-based welfare reform model. In 1987, the Reagan Administration began 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. This process relied on a real counterfactual using the “gold standard” of evaluation – random assignment.<sup>20</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. Thus, any difference in outcomes between the groups can be attributed to the intervention – welfare reform – itself. If Weidinger is serious about improving the TANF program’s effectiveness at helping low-income parents go to work, then this is the model that should be emulated.

**Weidinger:** “A few caveats are in order as your consideration continues. We know from experience that some adults will not comply with strengthened work and activity requirements and that the provision of appropriate services and supports are needed to help many adults make the transition to work. The rising share of spending on such services and supports expressed in HB3 (including significant shares for education and training, supportive services, and childcare) suggests an awareness of that basic fact of implementation.”

**PC Response:** Work programs do require more resources, yet this has never stopped Weidinger and his colleagues at AEI from endorsing work requirement proposals like those in the last farm bill or state Medicaid proposals that fall woefully short in this regard. And, while states should spend more money on welfare-to-work programs, a simplistic and formulaic approach that is likely to decimate the safety net is not the answer.

**Weidinger:** “In addition, we know that program needs can vary from year to year as economic and other conditions fluctuate. The percentages in HB3 are both precise and add to 100 percent – with no flexibility included for changing economic conditions. Thus, as this legislation continues to be developed you may wish to add some tolerance to funding for each category or allow for the final 10 or 15 percent of program funds each year to target one or more categories as needed based on unexpected circumstances.”

**PC Response:** Weidinger is right to recognize the inflexibility of HB3, but he his proposed “tolerance” level for “unexpected circumstances” is too narrow.

### **Improving Work Requirements for Able-Bodied Adults on SNAP and Medicaid**

**Weidinger:** “The next two sections of HB3 suggest that ‘able-bodied working age adult’ should engage in work or other ‘community engagement’ in exchange for SNAP and Medicaid benefits, so they may eventually work their way off these benefits through increased earnings and employer-provided benefits. The provisions include a number of appropriate exceptions, including for those caring for young children (from the SNAP requirement) or pregnant women and others (from the Medicaid requirement).

As a general matter, it should be the goal of all means-tested government programs to help individuals work and support themselves without the need of benefits provided by other taxpayers. For the reasons described above, promoting work as part of means-tested benefit programs is a prerequisite for improved earnings and exits from poverty.”

**PC Response:** Weidinger provides no policy details and no credible evidence about work requirements, particularly for programs that have not had them and for populations that have been exempt. Even where they have been test, there is virtually no credible evidence that they have any significant impact on “exits from poverty.”

**Weidinger:** “And as we saw with TANF, such work requirements have been shown to result in higher incomes, alongside less benefit take-up, when applied.”

**PC Response:** “As we saw”? Again, as noted before, Weidinger provides absolutely no credible evidence that TANF’s work requirements resulted in “higher incomes.” And, if anything, data on the reduced “take-up” rate suggest that TANF has done little to promote self-sufficiency, but rather has been used as a tool of bureaucratic disenfranchisement. See CRS Figure 1 above.

**Weidinger:** “It makes particular sense for TANF, SNAP, and Medicaid benefits to be pulling in the same pro-work direction, since TANF families typically access this set of benefits, and other low-income families not on TANF commonly receive SNAP and Medicaid benefits concurrently. Promoting work for able-bodied adults in all three programs also sends a single, consistent message to recipients and would-be recipients that the goal of these programs is the same: to assist while they transition to work and jobs that provide higher earnings and other important benefits including health coverage.”

**PC Response:** While it is reasonable to have a debate about work requirements, Weidinger and his colleagues at AEI (and many other conservatives) ignore the basics of evidence-based policymaking by promoting work requirement approaches that have little or no empirical support. A much better approach for expanding work requirements was recently outlined in a debate between Heather Hahn of the Urban Institute and Ron Haskins – “Do work requirements work?”<sup>21</sup> Both agreed that it was important to go slow, begin with modest and realistic work requirements, provide funding to implement work requirements, and carefully evaluate both implementation and outcomes. This is a responsible approach for moving ahead and would base expansions on evidence.

**Weidinger:** “The application of similar policies elsewhere suggests a significant number of current recipients may decide against continuing to receive benefits if they come with work or activity requirements. For example, the Heritage Foundation reported that after Maine instituted a similar activity requirement for SNAP benefits for able-bodied adults, the number of such recipients dropped sharply:

In the first three months after Maine’s work policy went into effect, its ABAWD [able-bodied adults without dependents] caseload plummeted by nearly 80 percent, falling from 13,332 recipients in December 2014 to 2,678 in March 2015. This rapid drop in welfare dependence has a historical precedent: When work requirements were established in the Aid to Families with Dependent Children (AFDC) program under President Bill Clinton in the 1990s, nationwide caseloads dropped by a similar amount, albeit over a few years rather than a few months.”

**PC Response:** Given the speed of the decline and the absence of other causal factors, it is undoubtedly true that the SNAP work requirement led to the caseload decline; there is no evidence to suggest that this led to greater employment, earnings, or otherwise improved the lives of participants, as this policy has never been rigorously evaluated. However, the absence of significant employment gains in Maine (and Kansas) suggests that the most of those affected are simply worse off.<sup>22</sup>

**Weidinger:** “As the Heritage Foundation noted, significant unreported work by former benefit recipients may be one reason for the declines in benefit receipt, which was a dynamic seen in the wake of welfare reform as well.”

**PC Response:** The Heritage Foundation report made this claim without providing any evidence to support the statement.

**Weidinger:** “Last year, the Centers for Medicare and Medicaid Services (CMS) issued policy guidance to assist states in their efforts to engage able-bodied adult recipients with work and community service requirements under section 1115 of the Social Security Act. Since then, many states, including Kentucky, have pursued or received approval for Medicaid work requirement waivers.”

**PC Response:** “Since then,” Kentucky voters have rejected the governor who supported Medicaid work requirements.

**Weidinger:** “Some may argue that promoting work and expecting programs to assist vulnerable adults find and maintain work is a partisan exercise. However, it is worth reviewing a current example to the contrary from the Unemployment Insurance (UI) program.

Bipartisan concern about the high exhaustion rate for UI claimants receiving up to 26 weeks of 7 benefits led Congress to codify in the 2018 Bipartisan Budget Act the Reemployment Services and Eligibility Assessment (RESEA) program. The RESEA program targets UI recipients likely to exhaust benefits with work search assessments, labor market and career information, reemployment planning, and referrals to other services and training specifically designed to help them get back to work.

A study of prior interventions like these in Nevada found significant improvements in earnings, employment, and taxpayer savings:

- *A \$2,988 (18 percent) increase in wage earnings per claimant during the first 18 months following random assignment (\$19,585 for the REA group versus \$16,597 for the control group);*
- *A 4 percentage point increase in their employment rate—that is, percentage having positive wages—18 months after random assignment (approximately 52 percent of the REA group earned wages versus 48 percent of the control group); and*
- *A \$999 (9 percent) decrease in UI benefits per claimant during the 20–26 months after random assignment (\$10,102 for the REA group versus \$11,101 for the control group). The net savings to the UI system, taking into account the program cost (\$234), was \$765 per claimant.*

These outcomes are noteworthy for government interventions and represent a 400 percent return on investment in terms of reemployment service costs and resulting savings from reduced UI benefit duration.”

**PC Response:** Weidinger seems to believe that positive findings from a single study for a single program are a basis for advancing work requirements across a wide range of programs and populations without any regard to policy details. The following are just a few of the problems with this kind of reasoning.

- The UI program is very different than means-tested programs like TANF, SNAP, and Medicaid in terms of the amount and duration of benefits, the conditions of participation (in both the program as a whole and under the mandatory work program), and the amount of funding available for the work program. For example:
  - In the Nevada treatment group claimants were eligible for an average of \$300 a week compared to \$250 a month for TANF in Kentucky.<sup>23</sup>
  - While the Nevada study doesn't indicate the required hours of participation, they most certainly are not the 87 to 130 hours a month that may be expected of TANF families with a work-eligible individual (at least if the state wants to count them in the work participation rate) for an average TANF benefit that is just one-fifth the size of the UI benefit.
  - The Nevada intervention cost \$234 per claimant; the typical cost of TANF-related programs is considerably higher. For example, the average cost per participant for employment-related services in two often cited studies of successful programs was \$3,289 in Riverside and \$4,204 in Portland (in 2018 dollars).<sup>24</sup>
- The characteristics of the population of served by UI are very different than those receiving means-tested benefits. For example, in the Nevada treatment group, 58 percent were men, over 40 percent had some college or a college degree, 40 percent were age 45 or older, and 42 percent were “high skill” workers.<sup>25</sup> In TANF, 15 percent were men, fewer than 10 percent had an education beyond high school, and 10 percent were age 45 and older.<sup>26</sup>

These are just a few of the differences that must be considered in making generalizations about program effects. Then, there is the problem of basing conclusions on a single study.

- The findings are based on results in a single state in the immediate aftermath of the Great Recession may not be generalizable to other settings operating under different economic conditions. Notably, other evaluations of a *similar* programmatic approach found mixed effects.<sup>27</sup> It is important to have multiple replications before drawing firm conclusions about the effectiveness of mandatory work programs.
- While random assignment is the strongest evaluation approach for an intervention like the REA program, it is not without drawbacks that should be considered in assessing impacts and the design of the evaluation, as noted in a review of the findings:

“The study did not measure whether the increased earnings and employment of REA group members may have occurred through displacement of other workers in Nevada competing for the same jobs – which is possible in a weak labor market where job openings are scarce. Preferably, the replication trial suggested above would use a study design that measures such displacement...”<sup>28</sup>

- While the evaluation appears to have been well-conducted and received a “near top tier” rating in a review of “Social Programs That Work,” the main study upon which Weidinger’s conclusions are based was relatively short on details about the random assignment process, the range of baseline characteristics, the number of outcomes examined, and details on the implementation process – at least in comparison to the kind of information provided in most random assignment studies of AFDC/TANF welfare-to-work programs.

Then there are dozens of policy details that need to be considered for each of the programs, e.g., funding, exemptions, activities, minimum hourly requirements, sanctions for individuals, penalties for states, etc. Weidinger

**Weidinger:** “Rep. Danny Davis (D-IL), the House Ways and Means Subcommittee chairman, said in support of that legislation that “this effort is critical” and for low-income UI claimants especially “the best outcome is to find a new job as quickly as possible.” The same can and should be said about low-income parents in general, including in the context of means-tested benefit programs. Especially for those who can work, it makes sense to reorient programs to assist them more toward work as well – the sooner the better. Both parties agree on that standard in the UI program, and it should apply in means-tested benefits as well.”

**PC Response:** Instead of citing the views of a politician, Weidinger should try to find a researcher *knowledgeable* about mandatory work programs who would support work requirements like those for SNAP in the recent farm bill or currently proposed by some states for Medicaid on a statewide basis.

## Conclusion

The evidence base for the widespread adoption of work requirements does not exist and arbitrary spending requirements are not a solution, particularly if they mean diverting funds from assistance to the nation’s neediest families. Ron Haskins, Weidinger’s one-time colleague, recently advanced a more reasonable approach:

The major purpose of this paper is to propose a new system of experiments, coordinated by a federal board with representation from cabinet agencies, to encourage state demonstration programs that would develop and test new ways to promote work and training across welfare programs and, thereby, increase the labor force participation rate of men and women, especially parents.<sup>29</sup>

Policy should be based on evidence, not conservative talking points.

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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 am 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> Matt Weidinger, "The Case of Public Assistance Reform," Statement before the Kentucky Public Assistance Reform Task Force, October 7, 2019, available at: <https://www.aei.org/research-products/testimony/the-case-for-public-assistance-reform/>. Weidinger states in his opening remarks that they reflect his own views and are "not on behalf of the American Enterprise Institute, which takes no institutional positions."

<sup>3</sup> See EXCEL data file provided at Ife Floyd, Ashley Burnside, and Liz Schott, "TANF Reaching Few Families," November 28, 2018, available at: <https://www.cbpp.org/research/family-income-support/tanf-reaching-few-poor-families>.

<sup>4</sup> See EXCEL data file provided at Ife Floyd, Ashley Burnside, and Liz Schott, "TANF Reaching Few Families," November 28, 2018, available at: <https://www.cbpp.org/research/family-income-support/tanf-reaching-few-poor-families>.

<sup>5</sup> Wisconsin Budget Project, "Funding for Low-Income Families Siphoned off for Other Uses," April 29, 2013, available at:

<sup>6</sup> Claire S. Richie, "Georgia TANF Funds Sink to New Low: Majority Still Spent on Indirect Purpose," Georgia Budget and Policy Institute, September 2012, available at: <http://gbpi.org/wp-content/uploads/2012/09/Georgia-TANF-Funds-Sink-to-New-Low092012-policy-report-final.pdf> and Stephanie Mencimer, "Paul Ryan Has a Plan for the Poor. It's Terrible," *Mother Jones*, April 2, 2014, available at: <http://www.motherjones.com/politics/2014/04/paul-ryan-budget-food-stamps-medicaid-block-grants>.

<sup>7</sup> Liz Schott, LaDonna Pavetti, and Ife Floyd, "How States Use Federal and State Funds Under the TANF Block Grant," Center on Budget and Policy Priorities, April 8, 2015.

<sup>8</sup> Cited in Jason DeParle, "Welfare Limits Left Poor Adrift as Recession Hit," *The New York Times*, April 7, 2012.

<sup>9</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>10</sup> Gene Falk, "Temporary Assistance for Needy Families: The Decline in the Cash Assistance Caseload," Congressional Research Service, May 17, 2018.

<sup>11</sup> Gene Falk, "Temporary Assistance for Needy Families: The Decline in the Cash Assistance Caseload," Congressional Research Service, May 17, 2018.

<sup>12</sup> Gene Falk, "Temporary Assistance for Needy Families: The Decline in the Cash Assistance Caseload," Congressional Research Service, May 17, 2018.

<sup>13</sup> Douglas J. Besharov and Peter Germanis, "Toughening TANF: How Much? And How Attainable?," March 23, 2004, available at: [http://www.welfareacademy.org/pubs/welfare/toughening\\_tanf.pdf](http://www.welfareacademy.org/pubs/welfare/toughening_tanf.pdf); and Gene Falk, "Temporary Assistance for Needy Families: Work Requirements," Congressional Research Service, March 27, 2018.

<sup>14</sup> Peter Germanis, "The Failure of TANF Work Requirements: A *Much Needed* Tutorial for the Heritage Foundation and the American Enterprise Institute," August 7, 2016, available at: <http://mlwiseman.com/wp-content/uploads/2016/05/The-Failure-of-TANF-Work-Requirements-1.pdf>.

<sup>15</sup> Gene Falk, "Temporary Assistance for Needy Families," Congressional Research Service, March 27, 2018.

<sup>16</sup> Ron Haskins, *Using Government Programs to Encourage Employment, Increase Earnings, and Grow the Economy* (Arlington, VA: Mercatus Center, 2017) p. 25 and p. 32, available at: <https://www.mercatus.org/system/files/haskins-employment-government-mercatus-wp-v1.pdf>.

<sup>17</sup> Matt Weidinger, "CEA report finds most government training programs fall short," American Enterprise Institute, June 24, 2019, available at: <https://www.aei.org/poverty-studies/cea-report-finds-most-government-training-programs-fall-short/>.

<sup>18</sup> *Ibid*, p. 3.

<sup>19</sup> This paper has no author or date, but is available on request; contact me at [petergermanis1@gmail.com](mailto:petergermanis1@gmail.com).

<sup>20</sup> For an excellent summary of the issues and deliberations during this period, see Judith M. Gueron and Howard Rolston, *Fighting for Reliable Evidence* (New York, NY: Russell Sage Foundation, June 2013).

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<sup>21</sup> Ron Haskins and Heather Hahn, “Can Work Requirements in Safety Net Programs Work?” American Enterprise Institute, “Poverty and Social Policy Debate Series: Federal Work Requirements,” 2018, available at: [www.aei.org/spotlight/federal-work-requirements-debate/](http://www.aei.org/spotlight/federal-work-requirements-debate/).

<sup>22</sup> Dottie Rosenbaum and Ed Bolen, “SNAP Reports Present Misleading Findings on Impact of Three-Month Time Limit,” December 14, 2016, available at: <https://www.cbpp.org/research/food-assistance/snap-reports-present-misleading-findings-on-impact-of-three-month-time>.

<sup>23</sup> Marios Michaelides, Eileen Poe-Yamagata, Jacob Benus, and Dharmendra Tirumalasetti, *Impact of the Reemployment and Eligibility Assessment (REA) Initiative in Nevada*, IMPAQ International, LLC, January 2012, p. 10; and U.S. Department of Health and Human Services, Administration for Children and Families, Office of Family Assistance, *Characteristics and Financial Circumstances of TANF Recipients: Fiscal Year 2018*, August 26, 2019, see Table 37, available at: [https://www.acf.hhs.gov/sites/default/files/ofa/fy18\\_characteristics\\_web\\_508\\_2.pdf](https://www.acf.hhs.gov/sites/default/files/ofa/fy18_characteristics_web_508_2.pdf).

<sup>24</sup> For more detail, see LaDonna Pvaetti, “Mandatory Work Programs are Costly, Have Limited Long-Term Impact,” Center on Budget and Policy Priorities, April 12, 2018, available at: <https://www.cbpp.org/blog/mandatory-work-programs-are-costly-have-limited-long-term-impact>.

<sup>25</sup> Marios Michaelides, Eileen Poe-Yamagata, Jacob Benus, and Dharmendra Tirumalasetti, *Impact of the Reemployment and Eligibility Assessment (REA) Initiative in Nevada*, IMPAQ International, LLC, January 2012, p. 9.

<sup>26</sup> U.S. Department of Health and Human Services, Administration for Children and Families, Office of Family Assistance, *Characteristics and Financial Circumstances of TANF Recipients: Fiscal Year 2018*, August 26, 2019, see Tables 16, 17, 18, and 20, available at: [https://www.acf.hhs.gov/sites/default/files/ofa/fy18\\_characteristics\\_web\\_508\\_2.pdf](https://www.acf.hhs.gov/sites/default/files/ofa/fy18_characteristics_web_508_2.pdf).

<sup>27</sup> “Evidence Summary of Nevada’s Reemployment Eligibility Assessment Program,” Social Programs That Work Review, November 2017, p. 4, available at: <https://evidencebasedprograms.org/document/nevada-rea-program-evidence-summary/>.

<sup>28</sup> “Evidence Summary of Nevada’s Reemployment Eligibility Assessment Program,” Social Programs That Work Review, November 2017, p. 4, available at: <https://evidencebasedprograms.org/document/nevada-rea-program-evidence-summary/>.

<sup>29</sup> Ron Haskins, *Using Government Programs to Encourage Employment, Increase Earnings, and Grow the Economy*, Mercatus Working Paper, 2017, available at: <https://www.mercatus.org/system/files/haskins-employment-government-mercatus-wp-v1.pdf>.