

# WebMemo



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## Stronger Welfare Work Requirements Can Help Ailing State Budgets

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As many states face budget shortfalls, several states are cutting their welfare programs during the trimming process. California is contemplating cutting its entire welfare/cash assistance program, while Arizona and Rhode Island have already passed budget cuts to their programs.<sup>1</sup>

Although the elimination of a state Temporary Assistance for Needy Families (TANF) program would not have the disastrous effect that some might expect—TANF cash benefits account for only 5 percent of total means-tested aid to poor families with children—there are other less controversial ways for states to save substantial funds within their welfare programs. Strengthening work requirements, limiting benefits to non-citizens, and clamping down on waste, fraud, and abuse within state welfare programs would generate a healthy saving of taxpayer dollars.

**History of Welfare Reform.** It is important to understand the basic history and success of welfare reform before states move to cut certain elements of the program.

Prior to the 1996 welfare reform, recipients spent an average of 13 years on the rolls. Roughly one child in seven was enrolled in the program. Then in 1996, the welfare reform bill put in place work requirements of 20–30 hours a week and a five-year time limit on the receipt of benefits.

State welfare agencies were transformed overnight into job placement centers. Social workers helped recipients find child care, housing, transportation, or whatever other work support was neces-

sary to move people into jobs and self-sufficiency. Welfare caseloads shrunk by more than half from 4.4 million to 1.7 million families over a 10-year period—2.7 million fewer families receiving a welfare check. As the welfare caseload fell, employment of single mothers surged upward, and their poverty rate dropped dramatically.

Good welfare-to-work programs actually save taxpayers money by moving many people off the rolls and into employment. The 1996 reforms allow a state to keep excess federal funds if their caseloads shrink, and those monies can be spent on a variety of other related programs, thereby freeing up more state dollars for other purposes.

The savings in federal TANF dollars to a state are fungible enough to be used to pay for other services such as child care, transportation for the poor, job training, vocational education, marriage and fatherhood programming, and more. Services that states fund with their own dollars could be paid for instead with excess TANF dollars. Therefore, it makes little sense to eliminate the welfare-to-work portion of a state's welfare budget. Instead, states should strengthen welfare-to-work programs as a means of saving billions of dollars.

This paper, in its entirety, can be found at:  
[www.heritage.org/Research/Welfare/wm2496.cfm](http://www.heritage.org/Research/Welfare/wm2496.cfm)

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aid or hinder the passage of any bill before Congress.

**Need for Renewed Reform.** During the first five years after welfare reform, many state welfare bureaucracies were effective in engaging able-bodied welfare recipients in work-related activities, increasing employment while decreasing caseloads, costs, and child poverty.

In the last five years, however, most state bureaucracies have reverted to the pre-reform pattern of simply mailing checks to recipients, rarely challenging those on the rolls to escape dependence and seek employment.

States should take the following steps to revive their welfare to work programs and reduce welfare costs:

**1. Increase the Number of Welfare Recipients Participating in Work Activities.** According to the U.S. Department of Health and Human Services, in 2006 on average only 32 percent of the able-bodied adult TANF caseload was working or preparing for work.<sup>2</sup> The percentage drops even further to 16 percent when child-only cases (cases in which the parent or guardian are disregarded) are added back into the denominator.

States should aggressively apply work participation requirements to *all* of its recipients through upfront job search, obtaining a GED, getting practical hands-on experience, or, more importantly, working in unsubsidized employment in the private sector. States that implement serious work activity programs achieve results in shrinking welfare caseloads, saving money, and moving former recipients toward independence and self-sufficiency.

**2. Eliminate Fraud and Abuse among So-Called Child-Only Cases.** Nationwide, 47 percent of TANF cases are “child-only” cases, in which there is allegedly no parent in the household who can be required to work or prepare for work; the TANF check is therefore provided for the “child only.”

Child-only welfare cases are rife with fraud and abuse. Less than a quarter of child-only cases involve a parent who is actually disabled and unable to work. In many cases an able-bodied parent continues to reside with the child to benefit from the child-only welfare check. Often, a single mother seeks to evade TANF work rules and obligations by declaring that the child’s grandmother or aunt is the caregiver. Once the mother is no longer named as the caregiver, she is exempt from all work rules. Since the aunt or grandmother is not covered in the TANF payment, she is also exempt from work rules.

Often the mother will continue to reside in the same home with her child and the “caregiver” grandmother. In these circumstances, child-only status is used as a ruse by the mother to evade her obligation to work or prepare for work and to financially support the child. As long as the parent continues to reside with a child receiving a child-only check, the parent should be required to work or prepare for work.

In other child-only cases, a single parent has placed the child with a grandmother or other relative who resides in another location. In such situations, the absent single parent should be required to prepare for work or, if already working, to pay child support to the government in recompense for the welfare benefits going to the child. Enforcing this obligation would reduce burdens on taxpayers and shrink the number of ostensibly child-only cases.

**3. Eliminate the Work Exemptions for Illegal Immigrants on Welfare.** A substantial portion of child-only cases involve American-born children of illegal immigrants. Most states provide TANF benefits for these children but rule the illegal immigrant parents exempt from normal work requirements. The welfare system thus discriminates against American citizens and in favor of illegal immigrants by unequally applying the work requirement.

1. Cynthia Hubert, “California Contemplates Ultimate Reform—No Welfare,” *Sacramento Bee*, June 4, 2009, at <http://www.mcclatchydc.com/nation/story/69467.html> (June 19, 2009); Nicholas Johnson, Phil Oliff, and Jeremy Koulisch, “An Update on State Budget Cuts: At Least 36 States Have Imposed Cuts That Hurt Vulnerable Residents, but the Federal Economic Recovery Package Is Reducing the Harm,” *Center on Budget and Policy Priorities*, May 13, 2009.
2. Cases that count toward meeting the work participation rate must work a minimum of 20–30 hours per week. Therefore, it can be assumed that a percentage of the caseload is performing some amount of work that is not counted in the overall rate because of falling short of the requirement.

## Work Rates in Families Receiving Funds from TANF

State/Region	TANF Families	Child-Only Families	Families with Adults Able to Work	Families with Adult Working or Preparing for Work	Child-Only Families as Pct. of All TANF Families	Families with Adult Working or Preparing for Work as Pct. of All TANF Families	Number of Families with Adult Working or Preparing for Work as Pct. of All TANF Families with Adults Able to Work
United States	1,805,900	849,609	817,937	271,080	47.0%	15.0%	33.1%
Alabama	19,162	9,069	7,829	3,260	47.3%	17.0%	41.6%
Alaska	3,614	1,025	2,158	982	28.4%	27.2%	45.5%
Arizona	39,551	18,653	18,349	5,475	47.2%	13.8%	29.8%
Arkansas	8,204	4,127	2,885	839	50.3%	10.2%	29.1%
California	449,971	263,797	169,333	37,244	58.6%	8.3%	22.0%
Colorado	14,468	5,050	8,145	2,451	34.9%	16.9%	30.1%
Connecticut	18,491	8,440	7,913	2,446	45.6%	13.2%	30.9%
Delaware	5,504	2,572	2,768	700	46.7%	12.7%	25.3%
District of Columbia	15,718	6,035	7,859	1,349	38.4%	8.6%	17.2%
Florida	52,470	36,518	10,855	4,859	69.6%	9.3%	44.8%
Georgia	31,781	23,766	5,875	3,808	74.8%	12.0%	64.8%
Hawaii	6,954	2,179	3,647	1,360	31.3%	19.6%	37.3%
Idaho	1,818	1,426	355	161	78.4%	8.9%	45.4%
Illinois	36,331	17,144	11,738	6,911	47.2%	19.0%	58.9%
Indiana	42,534	18,394	19,451	5,191	43.2%	12.2%	26.7%
Iowa	16,675	5,209	9,780	3,817	31.2%	22.9%	39.0%
Kansas	17,232	4,585	11,321	8,746	26.6%	50.8%	77.3%
Kentucky	33,092	17,146	13,183	6,401	51.8%	19.3%	48.6%
Louisiana	11,916	8,300	3,215	1,345	69.7%	11.3%	41.8%
Maine	9,304	2,471	6,574	1,748	26.6%	18.8%	26.6%
Maryland	20,364	9,999	9,228	3,978	49.1%	19.5%	43.1%
Massachusetts	46,582	18,264	23,699	3,818	39.2%	8.2%	16.1%
Michigan	82,953	27,396	47,639	10,299	33.0%	12.4%	21.6%
Minnesota	27,479	9,473	14,255	4,346	34.5%	15.8%	30.5%
Mississippi	13,417	6,883	4,486	1,575	51.3%	11.7%	35.1%
Missouri	38,748	10,729	23,915	5,057	27.7%	13.1%	21.1%
Montana	3,812	1,202	2,532	2,008	31.5%	52.7%	79.3%
Nebraska	10,097	3,542	6,555	2,206	35.1%	21.8%	33.7%
Nevada	5,399	3,215	1,649	792	59.5%	14.7%	48.0%
New Hampshire	6,105	2,032	3,269	787	33.3%	12.9%	24.1%
New Jersey	40,832	12,147	24,440	7,150	29.7%	17.5%	29.3%
New Mexico	16,895	5,634	9,005	3,827	33.3%	22.7%	42.5%
New York	134,900	58,622	66,820	25,251	43.5%	18.7%	37.8%
North Carolina	30,172	17,604	9,377	3,522	58.3%	11.7%	37.6%
North Dakota	2,702	693	1,745	903	25.6%	33.4%	51.7%
Ohio	79,485	42,666	33,722	18,533	53.7%	23.3%	55.0%
Oklahoma	10,300	6,264	3,140	1,030	60.8%	10.0%	32.8%
Oregon	18,524	8,568	8,109	1,229	46.3%	6.6%	15.2%
Pennsylvania	94,696	28,168	62,396	17,258	29.7%	18.2%	27.7%
Puerto Rico	14,325	3,124	9,923	1,357	21.8%	9.5%	13.7%
Rhode Island	9,689	2,766	5,748	1,438	28.5%	14.8%	25.0%
South Carolina	15,678	8,341	6,304	3,109	53.2%	19.8%	49.3%
South Dakota	2,823	1,827	793	458	64.7%	16.2%	57.8%
Tennessee	68,129	17,827	36,985	21,134	26.2%	31.0%	57.1%
Texas	72,255	44,653	24,145	10,091	61.8%	14.0%	41.8%
Utah	7,463	2,964	4,368	1,844	39.7%	24.7%	42.2%
Vermont	4,429	1,082	2,837	631	24.4%	14.2%	22.2%
Virgin Islands	434	129	304	44	29.7%	10.1%	14.5%
Virginia	9,148	n/a	9,148	4,923	n/a	53.8%	53.8%
Washington	54,168	20,872	28,872	10,431	38.5%	19.3%	36.1%
West Virginia	10,865	5,309	4,388	1,162	48.9%	10.7%	26.5%
Wisconsin	17,951	11,469	4,868	1,765	63.9%	9.8%	36.3%
Wyoming	291	239	40	31	82.1%	10.7%	77.5%

**Note:** Adults receiving TANF benefits are counted toward meeting the work rate if they participate in a work or work-related activity for at least 20–30 hours a week. If a person does not work or does not work enough hours to meet that threshold, then he or she is not counted in the population of people participating in work or preparing for work.

**Source:** Heritage calculations based on data from the U.S. Department of Health and Human Services, Administration for Children and Families, TANF Data Tables for 2006 Work Participation Rates, at <http://www.acf.hhs.gov/programs/ofa/particip/indexparticip.htm> (June 11, 2009).

Table 1 • WM 2496  [heritage.org](http://heritage.org)

This abuse should be ended. When an illegal immigrant applies for welfare aid for a child, the U.S. Citizenship and Immigration Service should be notified and deportation proceedings should be commenced. If the child is given welfare, the illegal immigrant parent should be subject to the same work rules as a citizen parent.

Many illegal immigrant parents work off the books; they do not tell the welfare office about their hidden earnings, as that would limit the eligibility of their children for welfare. If the illegal immigrant parents with hidden employment are required to make daily trips to the welfare office to engage in formal job search and job preparation activities, they are likely to simply take the child off welfare.

**4. Add Work Requirements to Separate State and Solely State Funded Welfare Programs.** TANF has a work requirement of 20–30 hours a week per able-bodied beneficiary. After the 1996 reform became law, many states created their own taxpayer-financed programs known as SSPs (Separate State Programs) and SSFs (Solely State Funded).

It is commonly viewed that this was done in order to circumvent the TANF work requirement. State legislatures should enact real work requirements in these programs along the lines of the federal requirements. Not only will this help shrink those caseloads and move people into self-sufficiency, but it stands to save millions of state budget dollars.

**5. Institute Full Check Sanction Policies for Able-Bodied Adults Who Fail to Participate in Work Activities.** When a recipient refuses to participate in the necessary job or job advancement activity required, states have the ability under federal law to sanction that recipient. Unfortunately, this policy is not widely used by states. Many have weak versions

of sanction policies where only a small portion of the check is revoked or delayed. However, states that have instituted strong sanction policies have seen positive outcomes, including changes in behavior, drops in caseloads, and increased participation rates.<sup>3</sup>

**6. Eliminate Welfare Benefits for Non-Citizens.** Productive activity is the key to assimilation of legal aliens to the U.S., and the availability of welfare benefits has greatly complicated this process.

Federal welfare law allows states to provide TANF benefits to legal aliens after they have been in the U.S. for at least five years or to those who were already in the country at the date of enactment of the law (August 22, 1996). The Congressional Research Service notes that 34 states are providing checks to legal aliens who have been in the country at least five years. Further, 26 states are using their own state dollars and some federal funds to give welfare checks to legal aliens who were in the U.S. prior to the five-year ban or who exceeded the five-year time limit.<sup>4</sup> Providing welfare checks to non-citizens encourages them to assimilate to a culture of poverty rather than a path of upward mobility.

**Good on Two Counts.** Enhancing work requirements, eliminating fraud and abuse, eliminating welfare benefits for non-citizens, and stopping the preferential treatment of illegal immigrant parents can both save states billions of dollars on their balance sheets and help people move from welfare to self sufficiency.

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3. Jacqueline Kauff, Michelle K. Derr, LaDonna Pavetti, and Emily Sama Martin, “Using Work-Oriented Sanctions to Increase TANF Program Participation,” Mathematica Policy Research, September 2007, at [http://www.acf.hhs.gov/programs/opre/welfare\\_employ/sanction\\_pol/reports/sanction\\_pol/sanction\\_pol.pdf](http://www.acf.hhs.gov/programs/opre/welfare_employ/sanction_pol/reports/sanction_pol/sanction_pol.pdf) (June 18, 2009).
  4. Ruth Ellen Wasem, “Noncitizen Eligibility for Federal Public Assistance: Policy Overview and Trends,” Congressional Research Service, January 19, 2007.