

**The Failure of Conservative Welfare Reform is what
“Traps the Poor in Payouts”:
A Response to Adam Brandon**

Peter Germanis¹
June 1, 2017

In “Don’t Trap the Poor in Payouts,” Adam Brandon, president of *FreedomWorks*, contends that there is a strong case for welfare reform because, “Welfare binds the poor with the soft chains of good intentions.”² Brandon is right – we need welfare reform, but it should be based on facts and evidence, not conservative talking points.

Most conservatives claim that the 1996 welfare reform law, and the creation of the Temporary Assistance for Needy Families (TANF) block grant, was a “tremendous 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.

For the past two years, I have been writing papers as a citizen to highlight TANF’s many problems. My hope is that conservatives will adopt more “rigor” in their assessment of the 1996 law and use evidence rather than ideology in developing reform proposals. This response addresses a number of the claims made by Brandon about TANF and work requirements generally, followed by a “PC Response.” (“PC” is short for “Peter the Citizen.”)

Brandon (and Brandon citing Conn Carroll): “Nearly five years ago, Obama attacked this landmark law: without any legislative authority, the Department of Health and Human Services allowed states to petition to opt-out of the work requirements for food stamps.

‘[Congress] put the definition of ‘work activities’ for determining welfare eligibility in a separate section of the bill, Section 407, and explicitly said that Section 407 could not be waived,’ Conn Carroll wrote of Obama’s executive action. ‘But that is exactly what the Obama welfare memo did. It claimed that Section 1115 of the welfare reform law, a section granting the HHS secretary the power to grant waivers for state ‘demonstration projects,’ also empowered waiving Section 407.’”

PC Response: Brandon mistakenly asserts that the Obama Administration would have allowed the Secretary of Health and Human Services (HHS) to waive *food stamp* work requirements. The Food Stamp Program (now called SNAP) is part of the U.S. Department of Agriculture, not HHS. The waivers he is referring to would have applied to TANF, not food stamps. The references to Section 407 and Section 1115 are references to TANF and a demonstration

authority for programs authorized by the Social Security Act, respectively – not food stamps. (There were waivers that were granted to SNAP’s work requirement for Able Bodied Adults without Dependents (ABAWDs), but these were granted on a completely separate track and started earlier in response to the Great Recession).

Brandon’s bigger mistake is assuming that TANF’s work requirements are an example of successful conservative policy making. When HHS issued the waiver guidance in 2012, conservative critics wrote articles claiming that TANF’s work requirements were being “gutted,” with sensationalist headlines like “Obama Administration Ends Welfare Reform as We Know It” and “How Obama has Gutted Welfare Reform.” Regardless of the substance of the waiver proposal, the fact of the matter is that conservatives themselves “gutted” work requirements in 1996. As a result, most states never served large numbers of TANF families in work activities.

A partial checklist of how conservatives “gutted” the work requirements includes the caseload reduction credit (driving the target rate to 0 percent for 20 to 30 states over the first 15 years of the program), and loopholes like separate state programs (now solely state funded programs), token payments to employed families with full-time workers but who otherwise have no connection to the cash assistance caseload, allowing waiver inconsistencies to carry over from the prior AFDC program, failing to actually define work activities, and excluding able-bodied non-recipient adults even when their children received aid.³ Any “gutting” by waivers (if any had been granted) would pale in comparison to what conservatives themselves did to work requirements. I have written extensively about the failure of TANF’s work requirements and won’t delve into the details here, but refer readers to:

- “TANF Work Requirements: An Epic Fail,” in *TANF is Broken! It’s Time to Reform “Welfare Reform” (And Fix the Problems, Not Treat their Symptoms)*, July 25, 2015 draft, available at: <https://petergermanis.com/wp-content/uploads/2020/09/TANF-is-Broken.072515.pdf>.
- “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://petergermanis.com/wp-content/uploads/2021/02/The-Failure-of-TANF-Work-Requirements.pdf>.
- “The Failure of TANF Work Requirements in 2015: The Need for ‘A *Much Better Way*,’” December 20, 2016, available at: <https://petergermanis.com/wp-content/uploads/2021/02/The-Failure-of-TANF-Work-Requirements-1.pdf>.

Work requirements are an important tool, but TANF’s work requirements are unreasonable, dysfunctional, and are not about work. Real welfare reform requires adequate funding, realistic work requirements, and rigorous evaluation so that we can learn what works and what doesn’t and build on an evidence base. It should be about giving needy families a hand up, but instead, under TANF, it has abandoned them.

Brandon (again citing Conn Carroll): ““Once Section 407 was killed, states were free to redefine ‘work’ under the welfare law. In the past, states have successfully labeled such activities as ‘personal journaling,’ ‘motivational reading’ and ‘weightless (*sic*) promotion’ as ‘work,’ thus allowing them to receive full federal funding without actually getting anyone off welfare and into

a job. If the Obama welfare memo stands, the 1996 welfare reform law will have been repealed by executive fiat,' Carroll added.”

PC Response: Brandon and Carroll make several mistakes in suggesting that states would revert to the broad definitions that some states had once used. First, they seem to believe that Section 407 actually defined work activities. When Congress enacted TANF, it considered simply listing 12 activities to be a “definition,” which led some states to indeed develop their own broad definitions such as bed rest, smoking cessation, and exercise to count as work activities. While some states, most notably Wisconsin (a state conservatives have considered to be a leader in welfare reform) included such activities in their definitions of work activities, it does not appear that any state counted a significant number of such families in the work rate. Of course, they didn’t have to, because the work rate target was 0 percent or near 0 percent in most states (as a result of the caseload reduction credit). This problem could have been avoided if Congress had actually defined the activities, instead of just listing them. In the Deficit Reduction Act of 2005, Congress directed HHS to do so and there are now common-sense definitions for each of the activities.

Second, Brandon and Carroll erroneously assume that the waiver authority would lead states to adopt loose definitions again. The purpose of the waiver authority was not to give states a blank check in redesigning their work programs, but to advance proposals that would be designed to promote work. It is hard to imagine that expanding definitions the way Brandon and Carroll suggest would be an idea any state would advance, much less one that would be approved. There are other aspects of TANF’s work requirements that states might waive, such as restrictions on counting certain activities or ways in which the work rates are calculated, that one could debate, but to receive the waivers, states would be subject to rigorous evaluations to actually show whether the waivers improved employment outcomes or not.

Third, and most significant, is the erroneous assertion that, “If the Obama welfare memo stands, the 1996 welfare reform law will have been repealed by executive fiat.” No state has actually received waivers in the five years since the HHS guidance was issued. More important, states can just use TANF’s existing loopholes to circumvent the work requirements – they don’t need waivers. Notably, in FY 2015, over a dozen states have a 0 percent work target due to the ill-conceived caseload reduction credit provision, so work requirements are completely irrelevant in those states. Meanwhile, other states used various loopholes created by the law to game the work requirements – they don’t need loose definitions or waivers.

Fortunately, some conservatives are beginning to realize these failures. For example, Ron Haskins, considered the “architect” of the 1996 law recently said, “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.”⁴ And, Robert Rector, considered the “godfather” of welfare reform, also noted, “...the work requirements in the Temporary Assistance for Needy Families, or TANF, program, created by welfare reform in the 1990s, are more nominal than real.”⁵

TANF (and not just its work requirements) should be repealed and replaced. It is the quintessential example of dysfunctional conservatism.

Brandon: “Few question the need for a safety net for those who truly require assistance, but in most cases welfare should only be a stepping stone. What really encourages upward mobility and a better quality of life is a job. And that is why we morally must work to reform the welfare system in conservative ways. One of the first things we can do to improve our system is to reinstate the work requirement – and make sure capable participants actually, you know, work.”

PC Response: Conservatives say they support a safety net for “those who truly require assistance,” but ignore the fact that TANF has increased the depth of poverty for millions of families. (See: “‘Welfare Reform’ Increased Poverty and No One Can Contest It: A Note to Conservatives,” available at: <https://petergermanis.com/wp-content/uploads/2021/02/Welfare-Reform-Increased-Poverty.pdf>.) And, there is no credible evidence that *TANF*’s work requirements have increased employment, compared to a properly constructed counterfactual. Indeed, rigorous evaluations of welfare-to-work programs tend to show modest impacts on employment.⁶

If Brandon really wants to “reinstate” the work requirement, he needs to go back to the modest AFDC/JOBS work requirement that existed before 1996 and start over. Despite the fact that the number of poor families today is about the same as when TANF was enacted, far fewer families are engaged in work activities. And, TANF’s failure is not a recent phenomenon. Douglas Besharov and I described the problems of TANF’s work requirements in a 2004 report for the American Enterprise Institute called *Toughening TANF*, stating:

The complexity of TANF’s participation requirements stems largely from the politics of how the original law described participation requirements. The drafters wanted to show they were serious about reform, so they set a high putative requirement (eventually 50 percent). But they compromised on the real requirements through a slew of exclusions and exemptions that substantially watered down the 50 percent requirement (even before the impact of the caseload reduction credit).⁷

In that report, we noted that most states did not face a serious work requirement and that most did not engage families to any meaningful degree in work activities. Reinstating serious work requirements means starting over, but it also means it’s time to restore TANF to what Congress intended – a safety net for the truly needy and a “hand up” for those who need help. TANF does neither today.

Brandon: “Welfare reform has seen tremendous success in the states. In the 1990s, Gov. Tommy Thompson (R-Wis.) overhauled the state’s welfare system. Welfare caseloads dropped by 60 percent and, because of the work requirements, the financial situations of families previously on these programs improved. Those successes may have been undermined by subsequent legislatures, but the state’s reform effort was an initial success.”

PC Response: Welfare caseloads certainly did decline under Governor Thompson, but there is no credible evidence that the financial situation for families improved overall. In fact, a cursory examination of AFDC/TANF caseload statistics and poverty data suggest that it got much worse.

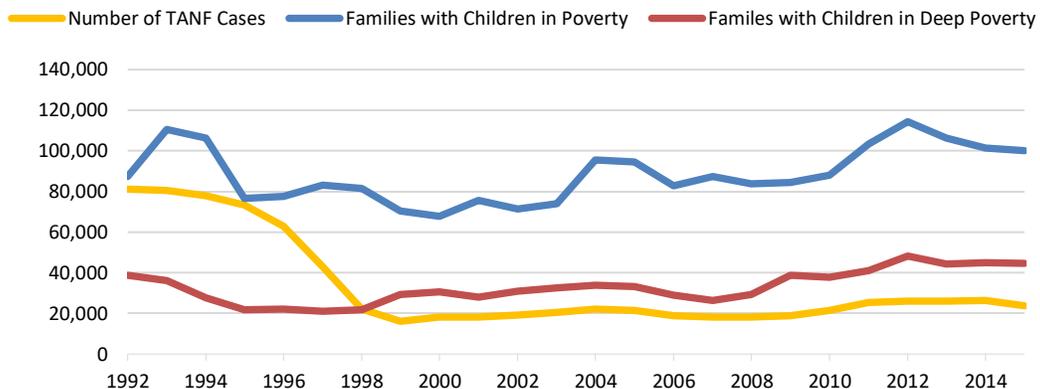
Table 1: AFDC/TANF Caseloads, # Poor Families with Children, & TANF-to-Poverty Ratio (Wisconsin)								
	Thompson Era				McCallum/Doyle		Walker Era	
	1988	1992	1996	2000	2004	2008	2012	2015
# TANF	91,070	81,172	63,053	18,092	22,122	18,079	26,028	23,725
# Poverty	73,476	87,369	77,505	67,784	95,659	83,739	114,395	100,267
TANF-to-poverty ratio	124	93	81	27	23	22	23	24

Source: See detailed state-by-state tables at: Ife Floyd, LaDonna Pavetti, and Liz Schott, “TANF Reaching Few Poor Families,” Center on Budget and Policy Priorities, March 30, 2017, available at: <http://www.cbpp.org/research/family-income-support/tanf-reaching-few-poor-families>.

Table 1 compares changes in AFDC/TANF caseloads and the number of poor families with children in Wisconsin from 1988 to 2015. Between 1988 and 2000 (i.e., the “Thompson era,” the AFDC/TANF caseload fell by nearly 73,000 (80 percent). Meanwhile, the number of poor families with children fell by just 5,700 (8 percent). The TANF-to-poverty ratio fell from 124 to just 27 – the latter figure being lower than any state in the nation in the era before TANF.

Clearly, Governor Thompson was able to reduced caseloads, but if the financial situation for needy families had improved, one would expect a much larger decline in the number of poor families. The loss in cash assistance suggests that many were pushed deeper into poverty. But the real failure of “welfare reform,” i.e., TANF, is best viewed over a longer period. As shown in Table 1, after 2000, the number of poor families began to increase, yet TANF caseloads barely responded. If TANF were such a success, why is the number of poor families with children in Wisconsin nearly 50 percent higher in 2015 than in 2000? (The figure below shows that the number of families with children with incomes below 50 percent of the poverty line (deep poverty) increased by over 100 percent since 1996 suggesting that families are NOT better off.)

State Trends in Poverty, Deep Poverty, and TANF Cases



Source: CBPP; see Table 1 citation.

Brandon asserts, “Those [early] successes may have been undermined by subsequent legislatures, but the state’s reform effort was an initial success.” This raises the question of how TANF differs today than during the 1997-2000 period. Three differences are particularly noteworthy. First, in the immediate aftermath of TANF, most states received a massive federal windfall, because Congress misjudged the pace of caseload decline and based on funding levels on historic AFDC spending, when caseloads were at their peak. In most states, this windfall evaporated after 5 to 10 years due to inflation and demographic factors. Second, the work requirements in most states fell from 20 percent under the preTANF AFDC/JOBS program to 0 percent under TANF (due to the caseload reduction credit). To the extent that Governor Thompson implemented an aggressive work program had little to do with TANF (indeed, by the time Wisconsin implemented TANF, its caseload had dropped to under 50,000 families – a decline of nearly 50 percent since he took office). Third, over time states figured out how to divert TANF dollars to fund a wide array of benefits and services, often just supplanting existing state spending or otherwise filling budget holes. TANF is not “welfare reform” – it is a form of revenue sharing.

Wisconsin is a prime example of TANF’s differential effects over time. Unlike Governor Thompson, who reaped a massive windfall from TANF, Governor Walker is getting far less in TANF funding when adjusted for inflation; and he is dealing with a 30 percent increase in the number of poor families with children (since 1997). Unlike Governor Thompson, who faced a 0 percent work target throughout most of his Administration, Governor Walker has faced a 50 percent requirement and has failed to meet TANF’s work rates for four consecutive years (FY 2012-FY 2015). Table 2, “A Tale of Two Governors: The Best of Times and the Worst of Times,” contrasts TANF in these two eras. (The comparison here is not intended to be a reflection on either governor, but rather to illustrate the failure of the block grant approach for safety net programs.) In 1997 Governor Thompson had nearly twice the federal funding for each poor family with children as Governor Walker did in 2015 (\$6,231 vs. \$3,172). Even if there were a credible evaluation showing Governor Thompson’s TANF was a success (and there isn’t one) that result would not be generalizable to TANF today, much less to SNAP or any other program.

Table 2		
A Tale of Two Governors: The Best of Times and the Worst of Times		
	Gov. Thompson (1997)	Gov. Walker (2015)
TANF Block Grant (2015\$)	\$483 million	\$318 million
Windfall/Deficit vs. 1996 (2015\$)	\$118 million	-\$47 million
# of poor families w/children	77,505	100,267
\$ per poor family w/children (2015\$)	\$6,231	\$3,172
Work Rate Targets	1997: 8% 1998-2006: 0%	2011: 0% 2012-2015: 50%

Sources: CBPP for poverty data; HHS for data on work rate targets. In FY 1996, Wisconsin’s spending on TANF-related programs was \$240 million in current dollars, or \$365 million in constant 2015 dollars. See GAO, <http://www.gao.gov/assets/230/226268.pdf>.

Brandon: “Kansas and Maine also saw declines in food stamp enrollments after reinstating work requirements.”

PC Response: Anyone can cut welfare caseloads. The decline in SNAP caseloads for able-bodied adults without dependents (ABAWDs) was significant after the three-month time limit was reinstated. (The 1996 law limited SNAP benefits to for this group to three months in a 36-month period. The provision is more like a time limit than a work requirement because states are not required offer work or training slots, and most do not, nor did the law provide any funding for this purpose.) Beyond reducing caseloads, it would be important to examine its effects on other outcomes, such as employment and earnings, and assess its implementation, particularly why families don’t engage in work activities. Brandon links to a paper by The Heritage Foundation, but that doesn’t provide evidence of success. Indeed, conservatives have exaggerated the putative success of the Kansas and Maine experiences by relying on simplistic data comparisons.⁸ Kansas and Maine could have obtained credible evidence regarding the reinstatement of the time limit by conducting a randomized experiment, but they chose not to. This was the way “welfare reform” was being evaluated before the 1996 law came into effect – with waivers that required accountability (cost neutrality and rigorous evaluation). TANF replaced that with a blank check with no accountability. If Brandon and other conservatives want to make claims about various types of reforms, we need to return to this evidence-based approach.

Brandon: “Such solutions must be applied at the federal level, and with Republicans in the House, the Senate, and the White House, there is no time like the present. It won’t happen immediately: as Rachel Sheffield pointed out in *The Daily Signal*, ‘the vast majority of the federal government’s 80 means-tested welfare programs’ – why are there so many? – ‘do not include a work requirement.’ It will take a lot of work to restore the importance of work in America—but now is the time for conservatives to roll up their sleeves and get the job done.”

PC Response: I believe in work requirements, but they should be reasonable, realistic, and actually help the poor, so they are not “trapped” on welfare or in poverty. My sleeves are rolled up; I am waiting for my fellow conservatives to do the same. The first step is to actually study the implementation of the 1996 welfare reform law and to learn from its mistakes. Only then can we “Make Welfare Reform Great Again” (see: <https://petergermanis.com/wp-content/uploads/2021/02/Making-WR-Great-Again.pdf>).

¹ 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: <https://petergermanis.com/wp-content/uploads/2020/09/TANF-is-Broken.072515.pdf>.

² Adam Brandon, "Don't Trap the Poor in Payouts," *The Daily Caller*, May 17, 2017, available at: <http://dailycaller.com/2017/05/17/dont-trap-the-poor-in-payouts/>.

³ The waiver inconsistencies loophole expired and Congress required the U.S. Department of Health and Human Services to define work activities and who is required to participate in work activities in the Deficit Reduction Act of 2005, thus closing some of the loopholes, but others have become more prominent.

⁴ Ron Haskins, "TANF at Age 20: Work Still Works," *Journal of Policy Analysis and Management*, Winter 2015, available at: <https://petergermanis.com/wp-content/uploads/2020/09/Haskins2015Age.pdf>.

⁵ Robert Rector, "Work Requirements in Medicaid Won't Work. Here's a Serious Alternative," The Heritage Foundation, May 19, 2017, available at: <http://www.heritage.org/health-care-reform/commentary/work-requirements-medicaid-wont-work-heres-serious-alternative>.

⁶ 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_synthesis/reports/consequences_of_wr/rand_report.pdf.

⁷ See Douglas J. Besharov and Peter Germanis, "Toughening TANF," American Enterprise Institute, April 21, 2004, available at: <https://www.aei.org/publication/toughening-tanf> and 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.

⁸ For an excellent critique, see Dorothy Rosenbaum and Ed Bolen, "SNAP Reports Present Misleading Findings on Impact of Three-Month Time Limit," Center on Budget and Policy Priorities, December 14, 2016, available at: <http://www.cbpp.org/research/food-assistance/snap-reports-present-misleading-findings-on-impact-of-three-month-time>.