

Why work and pay income taxes?

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The federal government currently funds approximately 126 separate anti-poverty programs at an annual cost of \$688 billion to tax payers. Of these, 72 provide cash or other benefits directly to poor families. State, county, and municipal governments often operate additional benefit programs.

The combined benefits from those multiple overlapping programs can easily add up to the point where welfare simply pays better than work and in most cases the welfare recipient does not have to pay income taxes.

Why work when you may be eligible to receive more money on welfare than your current job pays? A 2013 Cato Institute study calculated the state-by-state value of a typical welfare package for a mother with two children participating in seven common welfare programs — Temporary Assistance for Needy Families (TANF), food stamps (SNAP), Medicaid, housing assistance, WIC, energy assistance (LIHEAP), and free commodities.

The value of those benefits varied widely across states, from a low of \$16,984 in Mississippi to an astonishing high of \$49,175 in Hawaii. Remember this Cato study is over 4 years ago!

If a person on welfare wanted to work for a living, he/she would have to take a job that paid considerably more (and then pay a percentage of income to the IRS) than the value of the forgone welfare benefits. In Hawaii, for example, a person leaving welfare for work would have to earn more than \$60,590 a year to be better off. Welfare currently pays more than a minimum-wage job in 34 states and the District of Columbia. In Hawaii, Massachusetts, Connecticut, New York, New Jersey, Rhode Island, Vermont, and Washington, D.C., welfare pays more than a \$20-an-hour job, and in five additional states it yields more than a \$15-per-hour job.

The irony of this system is people on welfare programs do not pay income taxes, yet they have a voice in how the government should spend working tax payers money. I assume to some people this is a fair system? To all of the working income tax paying people reading this letter, keep on working and keep on paying your “Fair Share” to the IRS. You should feel better knowing that the people on these welfare programs appreciate your annual IRS contributions, or do they?