At issue: Improper use of welfare cash

Chris Woodward - OneNewsNow - 7/17/2012 7:25:00 AM

An author and expert on social welfare policy feels a new restriction on welfare cash is more posturing than it is reform.

Federal law requires that all states must prevent the use of cash benefits in liquor stores, gambling establishments and adult entertainment businesses by 2014. Failure to comply will result in loss of federal support.

Michael Tanner, senior fellow for the Cato Institute, says there is nothing intrinsically wrong in prohibiting federal benefits in these types of establishments and for those purposes, but there is relatively little of this type of abuse that goes on when compared with the overall picture.

"We have 124 federal welfare programs," he tells OneNewsNow. "We spend $660 billion or so a year on those programs. The amount of fraud that goes on because someone uses their welfare benefits in a strip club is probably in the thousands [of dollars]."

Tanner adds this is clearly a retreat from the federalism that was a principle of the whole welfare reform movement -- i.e., the idea that states would be given bloc grants to develop their own welfare programs. "Now it seems like we're going to go back and have Washington start dictating the terms of those programs," he says.

Meanwhile, policing these restrictions would be difficult, according to the Cato fellow. The National Center for Policy Analysis even points out there is little that enforcement measures can do to prevent someone from withdrawing cash in an innocuous location and spending that cash elsewhere.

"This is really more posturing than it is welfare reform," Tanner declares.