

Idaho Statesman

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Cato: Actually, Idahoans on welfare are working

Published: September 2, 2013

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A report last month from libertarian think tank Cato Institute in Washington, D.C., argued that six welfare programs encourage some Idahoans to avoid joining the workforce by offering benefits that are too rich.

But the report's author, Michael Tanner, now says he meant to praise Idaho for having relatively skimpy benefits and a low rate of unemployed people on welfare.

The thrust of the report was that offering welfare payments that rival entry-level wages sets people up to choose welfare over work.

Cato placed a value of more than \$17,000 on Idaho's welfare package. That is equivalent, in take-home pay, to about \$11,000 in wages — or \$5.36 an hour, the lowest rate in the country, according to Cato.

The organization said in a news release sent to the Statesman that unless lawmakers in Boise and Washington, D.C., cut benefits and better enforce work requirements, "there will be little incentive for welfare-reliant individuals to enter the workforce."

But the institute's own data cast doubt on that statement, and Tanner acknowledged as much. Cato, a critic of taxpayer-funded welfare, said in its report that about 88 percent of cash-benefit recipients in Idaho are engaged in some kind of work activity — the highest rate in the country. Idaho has the fourth-lowest welfare payments in America, it said.

"Other states should learn from Idaho," Tanner said in an interview.

The Cato report has critics. The Center for Budget Policy and Priorities, a think tank that focuses on low-income people in tax and budget policy, said the analysis had "several fatal flaws, rendering its conclusions meaningless."

"Cato ignores large changes to the nation's safety net," wrote Sharon Parrot and LaDonna Pavetti, vice presidents at the center. "Policymakers have changed the safety net substantially over the past three decades Contrary to Cato's assertions, these programs now do much more to promote work and support low-income working families — and much less to help poor families in which parents are out of work (leading to rising numbers of very poor children)."

THE BASIS FOR ITS REPORT

The study relied on a hypothetical family that is fairly rare in Idaho: a single mother with two young children who receives temporary cash benefits from the Temporary Assistance for Needy Families program.

About 1,800 families in Idaho — no more than 1 percent of the Idahoans on all major forms of public assistance — receive TANF benefits, according to data from the Idaho Department of Health and Welfare. A large share of those families consist of relatives caring for children while parents are incarcerated or have substance-abuse problems, not single mothers.

For its analysis, Cato added in the other welfare benefits a single-mother and two-child family would receive while on TANF, such as Medicaid.

WAGES OR WELFARE

Tanner said Idaho's work participation rate for welfare recipients proves the institute's point that skimpy benefits make people more likely to work.

Idaho also has among the lowest average wages in the country. Some workers earn so little that they qualify for public assistance.

"It would be better if wages were higher; that's hard to argue with," Tanner said. "The question is, how do you raise wages? Do you raise it by fiat, by magic?" he said, referring to the national debate over raising the federal minimum wage.

Cato believes the best way to raise wages in Idaho is to "create more general economic growth, more economic activity in your state," he said.

THE UNIVERSE OF WELFARE

The welfare programs Cato analyzed provide aid to hundreds of thousands of Idaho households.

In response to an Idaho Statesman request, the Idaho Department of Health and Welfare provided the number of recipients of food stamps, Medicaid and Temporary Assistance for Families in Idaho — three programs Cato said offered the highest value to beneficiaries — who are unemployed, working-age adults without disabilities.

The Community Action Partnerships Association of Idaho gave the Statesman employment numbers for two smaller programs: home-energy assistance and emergency food.

Their data show that, as a whole, most welfare benefits in Idaho go to children, elderly Idahoans or adults with disabilities — people not likely to go to work if their benefits were cut or if rules requiring people to work were enforced more rigorously.

For the two highest-value welfare programs, providing food and health insurance, about 9 percent and 20 percent of beneficiaries, respectively, are working-age adults who do not have disabilities and are not employed.

Here is how each program breaks down, in terms of how many recipients could move from welfare to the workforce:

FOOD STAMPS: WORTH \$6,312 A YEAR, SAYS CATO

Food stamps are the assistance program most heavily relied on by unemployed adult Idahoans.

About 227,000 people in Idaho received food stamps as of June. About 63 percent were children, people with disabilities or elderly. Of the adults, about 55 percent were neither employed nor receiving unemployment compensation.

For comparison, the number of unemployed Idahoans in July was 51,100, according to the Idaho Department of Labor.

MEDICAID: WORTH \$6,012 A YEAR

About 245,000 people were on Idaho Medicaid in June. Almost all were children, adults with disabilities or elderly adults.

About 9 percent were working-age adults without developmental or other disabilities.

It's unclear how many of those are employed, since the state does not collect employment information for Medicaid recipients. The department says about 18,000 of them were parents with incomes below 20 percent of the poverty level, earning less than \$3,000 a year for a two-person family. The other 4,000 were low-income pregnant women with incomes up to 133 percent of the poverty level — \$20,628 for a mother and unborn child.

CASH BENEFITS: WORTH \$3,708 A YEAR

The Temporary Assistance for Families in Idaho program gives cash support to families with minor children. The program pays up to \$309 per month, for up to 24 months, regardless of how large the family is.

There were 1,829 families on the TAFI program in June. In 1,644 of those cases, the beneficiaries were children. Typically, those children were under a relative's care because the parents were incarcerated or had substance abuse problems, the department said.

The remaining recipients, 10 percent of the total, were either single-parent or two-parent families. They are required to spend at least 30 hours a week looking for work, doing job training or other activities meant to lead to employment.

HELP WITH UTILITIES: WORTH \$550 A YEAR

In the fiscal year that ended in June, about 139,000 Idahoans received benefits from the Low Income Home Energy Assistance Program, according to the Community Action Partnership Association of Idaho. To qualify, household income generally must be less than 150 percent of the poverty level. The program helps with heating bills and emergencies when a person's utilities are about to be shut off.

About 59 percent of the people who received benefits were of working age, and one in five of those adults had jobs. (That doesn't include people who also have income from other sources, such as Social Security or veteran's benefits.)

EMERGENCY FOOD: WORTH \$300 A YEAR

The association said 101,937 people received emergency food in the last fiscal year. About 65 percent were working-age adults, and of those, about 18 percent had jobs.

WHAT THE STATE SAYS

A spokesman for the Department of Health and Welfare said a Statesman story about Cato's report "elicited quite a few reader comments that we found interesting."

The department "provides many of the public assistance supports for people who are unemployed or low-income," said Tom Shanahan, public information manager for the department.

"However, we are the first ones who will tell you that public assistance programs alone are not the answer. We must include integrated and supportive services that help families get into and stay in the workforce to take advantage of new opportunities unfolding as the economy improves, so people can pave their own path out of poverty and into the mainstream of Idaho's economy."