



3 Charts Explain Why the Obama Welfare State is Growing Faster Than Job Creation

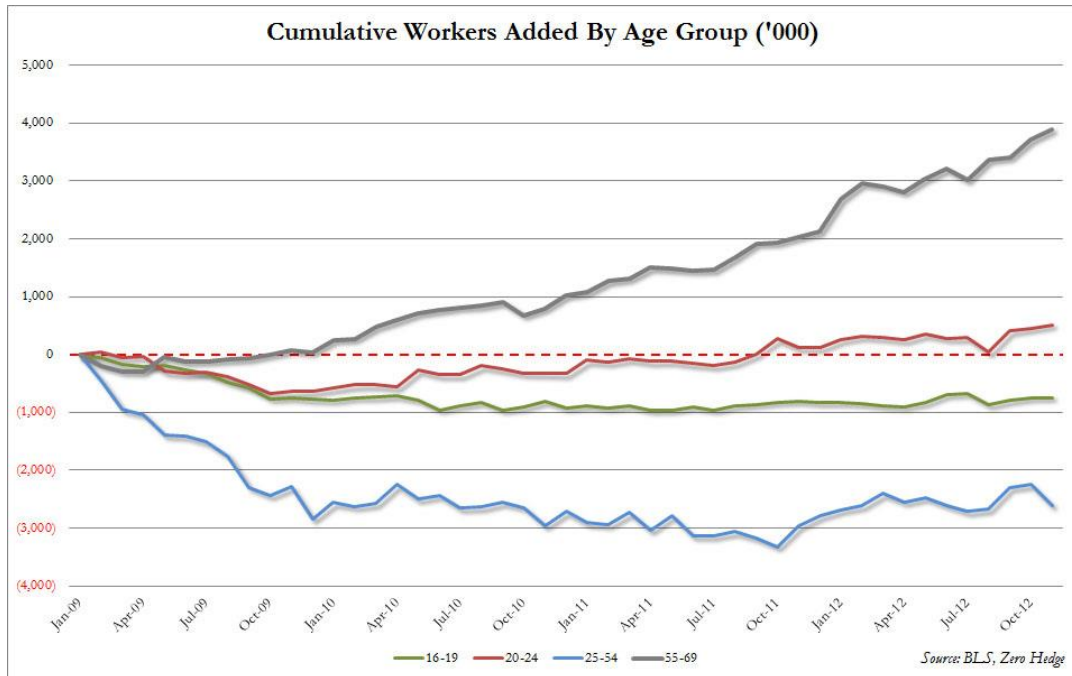
By [John Giokaris](#) 19 hours ago

Five years into the Obama economic recovery and the results are in: We're growing the welfare state faster than we're creating jobs.

December's [jobs report](#) highlighted a very grim reality: the number of Americans working has hit a 35-year low, at 62.8%, marking the [real unemployment rate](#) at 13.1%. The labor force participation rate measures the number of [working age Americans \(16-64\)](#) actively working or looking for work in this economy – note that number does not include senior citizens.

Many pundits have incorrectly assumed that the decline is attributable to more baby boomers retiring, however, senior citizens 65 and older are not counted. The LFPR only counts *working age* Americans, and while some of the decline includes boomers entering early retirement, they only represent [a fraction](#) of the decline.

In fact, as you see in the chart below, job growth since the recession for Americans 55-69 has steadily grown uninterrupted, indicating that many more boomers are putting retirement off than retiring early. The age group that has experienced the steepest decline in job growth are Americans 25-54.



The decline in the labor force goes beyond early boomer retirement. Tens of millions of Americans have been forced to give up looking for work altogether and switch to welfare. A record [48 million Americans](#) are on food stamps now, a record [70 million Americans](#) are on Medicaid, and a record [11 million Americans](#) are now collecting disability on Social Security – including long-term unemployed Americans whose benefits ran out and qualified for disability via “[depression.](#)”

Speaking of which, the White House [counts](#) more than 6 million long-term unemployed (99 weeks) Americans who lost their emergency benefits at the end of 2013 or will lose them this year. While there’s talk in Washington of extending those emergency benefits yet again, there are no plans being discussed about what to do about the millions of long-term unemployed Americans beyond that.

This is the fundamental difference between fostering an economic recovery that grows jobs and empowers Americans to utilize the tools at their disposal to achieve self-sustenance vs. expanding the welfare rolls indefinitely. Welfare now pays more than a minimum-wage job in 35 states, creating little incentive for Americans to take entry-level work and likely increasing their long-term dependency on government sustenance, according to a [recent study](#) by the Cato Institute.

As the author of the study, Michael Tanner, [explains](#), “Most reports on welfare focus on only a single program, the cash benefit program: Temporary Assistance for Needy Families (TANF). This focus leaves the misimpression that welfare benefits are quite low, providing a bare, subsistence-level income. In reality, the federal government funds 126 separate programs for low-income people, 72 of which provide either cash or in-kind benefits to individuals.”

“In fact,” as Tanner writes, “in 33 states and the District of Columbia, welfare pays more than an \$8-an-hour job. In 12 states, including California, as well as the District of Columbia, the welfare package is more generous than a \$15-an-hour job. In Hawaii, Massachusetts, Connecticut, New York, New Jersey, Rhode Island, Vermont and Washington, D.C., welfare pays more than a \$20-an-hour job, or more than 2.75 times the minimum wage.”

And keep in mind welfare benefits aren't taxed, while wages are.

Hourly Wage Equivalent of Welfare (\$)

Hawaii	29.13	North Carolina	12.38
District of Columbia	24.43	West Virginia	11.97
Massachusetts	24.30	Alabama	11.21
Connecticut	21.33	Indiana	11.01
New York	21.01	Missouri	10.96
New Jersey	20.89	Oklahoma	10.81
Rhode Island	20.83	Louisiana	10.70
Vermont	20.36	South Carolina	10.53
New Hampshire	19.11	Arizona	7.37
Maryland	18.35	Wisconsin	7.16
California	17.87	Virginia	7.15
Oregon	16.49	Colorado	7.09
Wyoming	15.68	Nebraska	6.93
Nevada	14.34	Iowa	6.83
Minnesota	14.11	Georgia	6.76
Delaware	14.05	Utah	6.71
Washington	13.87	Maine	6.69
North Dakota	13.86	Illinois	6.53
Pennsylvania	13.78	Kentucky	6.42
New Mexico	13.41	Florida	6.06
Montana	12.95	Texas	6.03
South Dakota	12.79	Arkansas	5.88
Kansas	12.74	Tennessee	5.83
Michigan	12.71	Mississippi	5.69
Alaska	12.69	Idaho	5.36
Ohio	12.60		

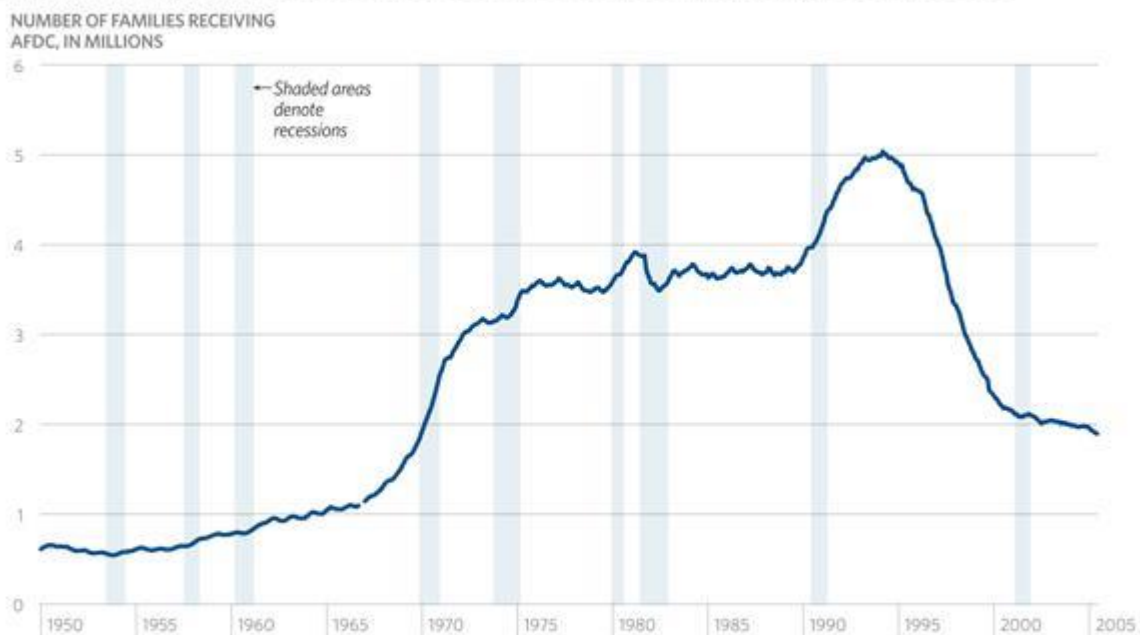
Graph via [Cato Institute](#)

Reasonable people clearly recognize that welfare programs are a much needed safety net for families in need of assistance. But reasonable people also understand that these benefits should not be made available condition-free and indefinitely. That's precisely why the Democratic Clinton administration, with bipartisan support from a Republican Congress, passed landmark [welfare reform legislation in 1996](#) that aimed to transition Americans off of indefinite entitlements and into the workforce through work/education requirements and jobs training programs. The underlying concept of the new law was that able-bodied adults should be required to work or prepare for work as a condition of receiving welfare aid.

As a Heritage Foundation study [illustrates](#), “In the four decades prior to welfare reform, the welfare caseload never experienced a significant decline. But, in the four years after welfare reform, the caseload dropped by nearly half. Employment surged and child poverty among affected groups plummeted. The driving force behind these improvements was the rigorous new federal work requirements contained in the TANF law.”

CHART 4

National AFDC/TANF Caseload and Economic Conditions, January 1950–June 2005



Source: U.S. Department of Health and Human Services, Administration for Children and Families, and U.S. Department of Labor, Bureau of Labor Statistics.

B 2708 heritage.org

However, in 2012, the Obama administration – through the Department of Health and Human Services (HHS) – rewrote TANF policy to remove the federal work requirements that were the foundation of the reform law by [issuing a new directive](#) stating that the traditional TANF work requirements can be waived or overridden by a legal device called the section 1115 waiver authority under the Social Security law ([42 U.S.C. 1315](#)).

As Heritage explains in specific detail, “In the past, state bureaucrats have attempted to define activities such as hula dancing, attending Weight Watchers, and bed rest as ‘work.’ These dodges were blocked by the federal work standards. Now that the Obama administration has abolished those standards, we can expect ‘work’ in the TANF program to mean anything but work. The new welfare dictate issued by the Obama administration clearly guts the law.”

So you can understand why less than half (41.6%) of adult welfare recipients participate in work activities nationwide today, [according to HHS](#).

Simply put, when you’re out of work year after year after year, without learning any new skills or education, it is all the more harder to get these people employable enough to get back in the workforce at any time further down the road – and we’re talking millions and millions of people here. Has this administration successfully created a whole new generation of permanent, unskilled, uneducated underclass doomed to be dependent on government sustenance indefinitely?

The goal here is not to “kick off everyone on welfare to die in the streets” as many progressive critics often misinform. The goal is to simply educate Americans with the relevant knowledge and skills set that will allow them transition off of federal aid and into the labor force, as we accomplished in the late 1990s.

The Obama administration, however, does not seem to have a plan in place that would accomplish this. The status quo seems to be continue expanding millions of Americans receiving welfare benefits indefinitely without a plan to get them off.