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Work or Welfare: What Pays More?

By Brenda Cronin

Hawaii offers the most generous welfare benefits package in the U.S., but a cluster of New England and Mid-Atlantic states aren't far behind.

That's according to a report out Monday, "[The Work Versus Welfare Trade-Off: 2013 An Analysis of the Total Level of Welfare Benefits by State](#)," from the libertarian **Cato Institute** in Washington.

The report, by **Michael Tanner** and **Charles Hughes**, is a follow-up to Cato's [1995 study of the subject](#), which found that packages of welfare benefits for a typical recipient in the 50 states and the District of Columbia not only was well above the poverty level, but also more than a recipient's annual wages from an entry-level job.

That hasn't changed in the years since the initial report, said Mr. Tanner, a senior fellow at Cato. Instead, the range has become more pronounced, as states that already offered substantial welfare benefits increased their packages while states with lower benefits decreasing their offerings.

To be sure, not all of those who rely on government programs take part in every benefit to which they are entitled, and the most generous benefits are in states that have the highest costs of living.

The state-by-state estimates are based on a hypothetical family participating in about seven of the 126 federal anti-poverty programs: [Temporary Assistance for Needy Families](#); [the Women, Infants and Children program](#); [Medicaid](#); [Supplemental Nutrition Assistance Program](#); and receiving help on housing and utilities.

In Hawaii, that translates into a 2013 package of \$49,175 — up \$7,265 from an inflation-adjusted \$41,910 in 1995. Rounding out the top five areas for welfare benefits, along with their 2013 amounts, were: the District of Columbia (\$43,099), Massachusetts (\$42,515), Connecticut (\$38,761) and New Jersey (\$38,728).

The state with the lowest benefits package in 2013 was Mississippi, at \$16,984, followed by Tennessee (\$17,413), Arkansas (\$17,423), Idaho (\$17,766) and Texas (18,037).

One change the authors noted between the surveys was a slight increase in the value of work to welfare, by a few dollars an hour. “There was some improvement of the relative value of work through the Earned Income Tax Credit, particularly at the state level, and the child tax credits,” Mr. Tanner said. “Those largely didn’t exist in 1995.”

Some states also are curbing some housing assistance, he said, and now requiring individuals who receive welfare benefits to pay their own rent.

The authors found that in 11 states, “welfare pays more than the average pretax first-year wage for a teacher [in those states]. In 39 states, it pays more than the starting wage for a secretary. And, in the three most generous states a person on welfare can take home more money than an entry-level computer programmer.”