

Welfare benefits outpace entry-level income

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According to a 2013 study of the value of work versus the value of welfare, the Cato Institute, a Washington, D.C.-based think tank, concluded that welfare benefits will continue to outpace the income that most entry-level employees earn.

“In 35 states, welfare pays more than a minimum wage job,” according to the report’s authors, Michael Tanner and Charles Hughes.

“The federal government currently funds 126 separate programs targeted toward low-income people and 72 of those provide either cash or in-kind benefits,” said the authors, acknowledging that not every person nor every family will receive benefits from all possible sources.

The study also finds that perception about public assistance is usually focused only on cash assistance, and does not include all the other forms of assistance.

Instead, the study bases its finding around five commonly received benefits:

- Cash assistance
- Food stamps
- Medical assistance
- Housing assistance
- Utility assistance

Pennsylvania ranks 20th in the nation in a comparison of welfare benefits. Assuming individuals received at least these five services, the benefits total \$29,817 a year. Hawaii is the highest in the nation, at \$49,175.

As compared to working, according to the Cato Institute, a Pennsylvania resident would have to earn the equivalent of \$28,670 before taxes to equal the benefits received on welfare. In Pennsylvania, to equal the benefits received by those on public assistance, a worker would need a job that pays a minimum of \$13.78 an hour.

Minimum wage in Pennsylvania is \$7.25 an hour. A full-time, minimum-wage job would pay \$15,080 a year before taxes.

For more information, the entire report is available at www.cato.org.

The Center on Budget and Policy Priorities criticizes the Cato report and said it overlooks that benefits are also given to families who are working.

“The report lumps together a set of safety net programs including Temporary Assistance for Needy Families, which is cash assistance; SNAP, which is food stamps; Medicaid; housing assistance; and WIC, a nutrition program for pregnant and postpartum women, infants and young children, under ‘welfare’ and incorrectly assumes that all poor families in which the parents aren’t working receive all of these benefits and, if a parent works, the family doesn’t receive any forms of assistance, except for refundable tax credits,” the organization wrote.

Written by Dottie Rosenbaum, she asserts that the Cato study ignores the changes to the nation’s safety net. “Policymakers have also 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.”