

Welfare For All: The Left's Welfare Expansion

No One Should Use COVID as an Excuse

\$1.9 trillion

- More than \$1 trillion of the Biden stimulus bill isn't about COVID—it's pork and liberal policy priorities.ⁱ
- Democrats are using the pandemic to massively expand a government welfare program that will leave low-income Americans behind—even as they claim to help low-income Americans.

\$100 billion

- That's the yearly cost of the left's welfare expansion in the stimulus, via the so-called "Child Allowance."ⁱⁱ
- It's now the **second largest welfare expansion** in U.S. history. In fact, it's more than the original costs of the largest welfare programs in existence, including health care, food, and cash programs.

What are the Biden Child Allowances?

It used to be the "Child Tax Credit"

- When lower-income parents worked, they paid \$2,000 less in taxes. The point was to let them keep more of their own paycheck to spend on necessities for their kids.

Now it's a \$300/month welfare check

- What used to be the child tax credit was changed into a monthly welfare check for parents.
- \$300/month for each kid younger than 6 years old, \$250/month for kids ages 6-17.

No work required

- Now low-income parents no longer have to work—or even prepare for work through education or training that can get them back on their feet—to receive these monthly welfare checks.
- This will reverse the 1996 welfare reform—a reform that was proven to work.

Why 1996 Welfare Reform Matters

Before Reform

1 in 7 kids on welfare

- Before bipartisan welfare reform in 1996, one in seven children in the U.S. was on welfare.ⁱⁱⁱ

8 years of dependency

- Before welfare reform, the majority of families were dependent for more than 8 years—and most parents didn't work.^{iv}
- The bottom rung of the ladder of opportunity was cut off: Mothers and fathers never got their first jobs.

Welfare Reform Brought Real Results

Dependency dropped

- After the 1996 reform, welfare enrollment significantly declined for the first time since the War on Poverty was declared in 1965.^v

Single parents found jobs

- Employment shot up—particularly among single mothers who didn't graduate from high school.^{vi}

Child poverty fell

- Child poverty, which hadn't budged in decades, fell at an unmatched rate, especially among African-American children.^{vii}

What Will Happen Under Biden's Welfare Expansion?

Dependency will rise

- Sending welfare checks without asking people to work leads to more people not working.^{viii}
- Why? When welfare becomes more generous and doesn't prepare recipients to be a part of the economy, long term dependency shoots up.^{ix, x}
- Unconditional welfare checks can subsidize families who reduce their work hours—and sometimes encourages them to not work at all. This policy makes it more likely that single mothers in particular could leave the workforce.
- Families who don't work can't move up the income ladder in the long term.

The focus should be on long term child poverty

- Liberals claim this child allowance welfare check will lower child poverty. But they are looking at short-term poverty, when they should focus on long-term poverty.^{xi}
- These cash payments run the risk of taking low-income single parents entirely out of the workforce in the long term.^{xii}
- It's harder for children raised without working parents to escape poverty in their lifetimes.^{xiii}

The Left Wants this Expansion to be Permanent

Democrats have made clear their ultimate goal

- Right now, the Biden welfare expansion is temporary—one year.
- But the White House and congressional Democrats have made it clear: they intend to make this welfare expansion permanent.^{xiv, xv}

We Need to Lift ALL Americans Up

- We shouldn't be building an economy where low-income Americans scrape by and become more dependent on government welfare.
- If we truly care about the long-term success of low-income Americans—especially children—these welfare checks without work need to end.
- People want the dignity of a paycheck that lifts them up, not a welfare check that keeps them down.
- This welfare expansion will hurt the people it claims to help. Real welfare reform would empower low-income Americans to rise.

Endnotes

- i <https://www.wsj.com/articles/the-non-covid-spending-blowout-11613937485>
- ii <https://www.nytimes.com/2021/03/07/us/politics/child-tax-credit-stimulus.html> NOTE: Estimates range from \$78 - \$100 billion. CBO did not release an estimate of this provision alone.
- iii <https://aspe.hhs.gov/system/files/aspe-files/210906/08tanf.txt> (Tables 8-27 and 8-25)
- iv <https://aspe.hhs.gov/system/files/aspe-files/210906/08tanf.txt> (Table 8-46)
- v <https://trumpwhitehouse.archives.gov/wp-content/uploads/2018/07/Expanding-Work-Requirements-in-Non-Cash-Welfare-Programs.pdf>
- vi <https://fas.org/sgp/crs/misc/RL32760.pdf>
- vii <https://www.manhattan-institute.org/html/poverty-after-welfare-reform.html>
- viii Gary Burtless, “The Work Response to a Guaranteed Income: A Survey of Experimental Evidence,” pp. 22–59, <https://www.researchgate.net/publication/5026993> The work response to a guaranteed income a survey of experimental evidence.
- ix Robert Moffitt, “The U.S. Safety Net and Work Incentives: The Great Recession and Beyond.” *Journal of Policy Analysis and Management*, Vol. 34, No. 2 (2015), pp. 458–466, <https://onlinelibrary.wiley.com/doi/abs/10.1002/pam.21819>
- x <http://www.econ2.jhu.edu/people/Moffitt/USSafetyNetWorkIncen.pdf>
- xi Center on Poverty and Social Policy, Columbia University. 2021. “A Poverty Reduction Analysis of the American Family Act.” *Poverty and Social Policy Fact Sheet*. <https://static1.squarespace.com/static/5743308460b5e922a25a6dc7/t/600f2123fdfa730101a4426a1611604260458/Poverty-Reduction-Analysis-American-Family-Act-CPSP-2020.pdf>
- xii Robert A. Moffitt and Stephanie Garlow, “Did Welfare Reform Increase Employment and Reduce Poverty?” *Pathways*, Winter 2018, https://inequality.stanford.edu/sites/default/files/Pathways_Winter2018_Employment-Poverty.pdf
- xiii Raj Chetty et al., “Where Is the Land of Opportunity? The Geography of Intergenerational Mobility in the United States,” *Quarterly Journal of Economics* 129, no. 4 (June 2014): 1553–623, <https://opportunityinsights.org/paper/land-of-opportunity/>; and Raj Chetty et al., “Race and Economic Opportunity in the United States: An Intergenerational Perspective,” *Quarterly Journal of Economics* 135, no. 2 (May 2020): 711–83, <https://opportunityinsights.org/paper/race/>.
- xiv <https://www.businessinsider.com/white-house-permanent-300-plus-monthly-child-allowance-checks-2021-3>
- xv <https://www.reuters.com/article/us-health-coronavirus-usa-congress/u-s-democrats-push-to-make-covid-19-relief-bill-aid-to-the-poor-permanent-idUSKBN2B60MR>