In recent months, some state lawmakers have launched an assault on a range of welfare-related programs that provide essential health, nutrition, and other safety-net services to some of Pennsylvania’s most vulnerable residents, including children, older, and disabled Pennsylvanians. They have asserted that welfare caseloads are on the rise and that spending on such programs is high and growing and, in response, have promoted a series of harsh new policies that could severely restrict access to these services.

The reality of welfare and welfare spending in Pennsylvania is remarkably different than the characterization of these critics. Caseloads for cash grants through the Temporary Assistance for Needy Families (TANF) program are down considerably, as is program spending. The Commonwealth is meeting federally mandated workforce participation rates for TANF recipients, all of whom are single mothers with children.

The proposed policies create high hurdles to poor and low-income families trying to apply for and receive welfare-related assistance and bring a hefty price tag for the state’s taxpayers.

These measures, which are likely to be considered in the coming days, include duplicative new identity and income verification measures and mandatory drug testing. The measures could require as many as one million Pennsylvanians, including seniors in nursing homes and many disabled individuals, to undergo finger imaging in order to be eligible for benefits.

With caseloads down, work participation up, and welfare spending a declining share of state spending, it is hard to justify costly new expenditures that not only duplicate existing verification and accountability systems, but stigmatize individuals who rely on safety-net programs to supplement poverty level incomes, stave off hunger, or provide access to medical care.

Consider the following:

\textit{Welfare spending is a small percentage of Pennsylvania’s General Fund spending}

- Welfare spending is a small portion of Pennsylvania’s overall state budget, just 4% of General Fund spending. In fact, welfare spending, spending on income maintenance programs, is a small portion of the Department of Public Welfare budget, less than 13% in 2006-07. Cash grants are only 5% of the DPW budget and less than 2% of all state General Fund spending.\(^1\)

\textit{Welfare caseloads have declined considerably}

- Welfare caseloads have declined by more than 50% over the first 10 years of welfare reform, and despite an uptick during the economic recession—exactly what is to be expected when the economy

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\(^1\) Pennsylvania Budget and Policy Center analysis of Governor’s Budget Office data.
Welfare spending is down

- Spending on cash grants, which includes some child care, declined from $675 million in 1994-95 to $488 million in 2006-07, a 28% reduction in nominal dollars, and a 45% cut in inflation adjusted dollars. It is expected to decline further to $301 million in 2007-08.
- Cash grants declined from 12% of DPW spending in 1994-95 to 5.3% in 2006-07.

Welfare has changed

- Under welfare reform laws passed in 1996, TANF is a time limited program; individuals can receive benefits for no more than five years in their lifetime.
- TANF recipients must be engaged in a work activity to receive benefits. Work activities are defined as work, training, or some combination that will help individuals gain experience and skills they will need to succeed on their own. Those that don’t are sanctioned, resulting in loss of benefits.
- Supportive services, such as child care, transportation assistance, and access to medical care are vitally important to keep parents on track and keep families from falling further behind.

Most welfare department spending is for health care services for the elderly, disabled, and families with children

- In May 2007, 1.88 million people, more than 15% of the state’s population, received health care through the state’s Medical Assistance (MA) program.
- More than one in five residents of Venango, Potter, McKean, Greene, Clearfield, and Philadelphia counties receive Medical Assistance.
- Fewer than 12% of MA recipients are TANF recipients, and three-quarters of those are children.
- MA spending has increased from 48% to 55% of DPW general fund spending.
- Pennsylvania spends considerable more on long-term care for the elderly than on welfare: In 2005-06 the state spent almost twice as much on long-term care as it did on welfare.

Projected costs of duplicative verification systems are high

- The range of verification measures under consideration is projected to cost between $78 and $80 million. DPW already cross-checks 17 state and national databases to verify income and employment information for program applicants.
- Finger imaging is projected to cost more than $55 million for upfront and implementation expenses. Elimination of on-line program enrollment will require more than 200 additional staff at the Department of Public Welfare at a cost of $12 million annually. Initial drug testing of all applicants and random drug testing of 20% of the caseload will cost $7 million and annual testing is estimated to cost $8 million.

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3 Pennsylvania Department of Public Welfare Fiscal Note prepared for amendments to HB 83.
New county based income verification systems will cost $2.3 million. A new photo ID system for Electronic Benefits Cards (EBT) is projected to cost the Commonwealth $1.35 million and have a total price tag of $2.26 million.4

There is no evidence of widespread fraud or abuse in any of Pennsylvania’s public assistance programs or that invasive eligibility strategies work.

- According to a 2005 report by the Government Accountability Office (GAO), Pennsylvania ranked in the top seven states for overall program accuracy in the Food Stamp program in 2003-04.5
- Food stamp overpayment rates in Pennsylvania have declined significantly, from 10.8% in 1999 to 3.9% in 2004. The GAO attributes the vast majority of overpayments to inaccurate calculations by caseworkers.
- Several studies of finger imaging indicate that this technique identifies very little fraud. A 1994 demonstration project of finger imaging in two New York counties found not a single double dipper in the state’s Home Relief program.6 A State Comptrollers audit of the New York City’s finger imaging program found savings claims were overstated. The New York Governor’s office refused to release an evaluation of the New York Finger Imaging program.7

Welfare is declining, but poverty and insecurity are on the rise

- The poverty rate in Pennsylvania increased from 8.6% to 11.2% between 2000 and 2005.
- Over the same period, the child poverty rate climbed from 11.6% to 16.9%.
- The number of Pennsylvanians with employer-provided health insurance declined by 5.1% between 1999-2000 and 2004-2005.
- 2005 median wages in Pennsylvania are 2% below their level in 2001.

The promise that welfare reform would result in reduced caseloads and reduced cash assistance expenditures has been realized. The promise, however, to reduce poverty, strengthen families and grow the number achieving economic self-sufficiency, is incomplete.

Welfare programs provide income support to working families and to seniors on fixed incomes, supplementing low wages and limited pensions. Income maintenance programs bring single mothers into the mainstream, and encourage work, training, and self-reliance, rather than discourage it. The proposed new welfare policies exploit prejudices and misperceptions of welfare programs, reflecting little of the realities of welfare implementation in Pennsylvania in 2007.

4 PA Department of Public Welfare, Fiscal Notes prepared for amendments to HB 83.