

**Joint Public Hearing of the Wisconsin Senate Committee on Public Benefits, Licensing and State-Federal Relations and the Assembly Committee on Public Benefit Reform Addressing Welfare Reform**  
**John Nothdurft, Director of Government Relations, The Heartland Institute**  
**Wednesday, January 31, 2018**

Chairman Kapenga and members of the joint committees, thank you for giving me the opportunity to submit testimony on this important issue.

My name is John Nothdurft, I am the director of government relations at The Heartland Institute, a 34-year-old national nonprofit research and education organization. Heartland's mission is to discover, develop, and promote free-market solutions to social and economic problems. The Heartland Institute is the only national think tank that focuses on state-based solutions in all 50 states.

Heartland has been engaged on the welfare reform issue for more than a decade. In 2008, and then again in 2015, Heartland produced the country's only *Welfare Reform Report Card*. In the report card, experts at Heartland ranked all 50 states according to the quality of their policies governing the Temporary Assistance for Needy Families program. States that have adopted reforms that encourage economic independence and reduce welfare rolls, poverty, and unemployment were ranked the highest. We have worked with lawmakers in dozens of states on these issues.

The challenge of welfare reform is creating a safety net that truly and effectively helps to lift people out of poverty without creating incentives for dependency on government aid. Welfare programs must provide temporary or supplemental assistance while encouraging work and independence, and programs are only successful if they give recipients the tools and motivation needed to live a financially self-sufficient life. Simply alleviating material poverty isn't enough. Far too often, welfare programs create dependency on government rather than help people seek long-term self-sufficiency.

As you know, Wisconsin was one of the original welfare reform pioneers under the leadership of former Gov. Tommy Thompson. The reforms implemented in Wisconsin in the 1990s helped to prove the effectiveness of work requirements and served as a template for the bipartisan Welfare Reform Act of 1996, which was passed by a Republican-led Congress and signed into law by President Bill Clinton.

The proposals offered here today would build on the successes Wisconsin has achieved in the past and would be a comprehensive and effective approach toward reducing government dependency, combating welfare fraud, and encouraging self-sufficiency.

Welfare shouldn't be about establishing government programs that do something *to* people, but rather programs that do something *for* people.

My testimony will briefly address the two main points:

- 1. The most effective anti-poverty program is always a job.**

**2. Every welfare recipient that isn't eligible for aid but is still receiving it is hurting those who actually need help.**

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1. The research is clear: The most effective anti-poverty program is one that helps people obtain a job. As noted in Heartland's *2015 Welfare Report Card*, "Work improves family well-being economically, by providing a steady source of income and the opportunity to acquire assets, as well as socially and culturally. Work builds self-esteem, imposes order on adults' lifestyles, creates role models for children, and fosters relationships of respect between adults and between adults and children. Many problems in disadvantaged families often trace back to not having a member of the household in the workforce."

The success of work requirements is well established. Almost immediately after implementing work requirements, Alabama witnessed an 85 percent drop in the number of able-bodied adults without dependent children collecting food stamps. Similarly, Georgia experienced a 62 percent reduction, and Maine had an 80 percent drop. By itself, this isn't positive news. Lower welfare rolls can only be considered a success if former recipients end up better off than they started. According to a Foundation for Government Accountability study, as of 2017, Kansas families who left the Temporary Assistance for Needy Families program saw their incomes increase 104 percent after just one year. After four years, their incomes rose by 247 percent. I believe the work requirements suggested today would be similarly effective.

2. Every welfare recipient that isn't eligible for aid but is still receiving it is hurting those who actually need help. A 2016 Government Accountability Office study found that "improper payment estimates across the government for fiscal year 2015 totaled \$136.7 billion, over \$30 billion higher than the estimated total for fiscal year 2013." Likewise, in a 2015 audit conducted by the U.S. Department of Agriculture's Office of the Inspector General, significant discrepancies were found within Supplemental Nutrition Assistance Program quality control data collected in eight states. The Department of Agriculture determined the quality control systems were susceptible to abuse.

In addition to fraudulent charges and abuse, there are also those people who receive benefits that should not be eligible to do so in the first place. Establishing asset testing is one way to help ensure the safety net is persevered for those who truly need assistance, by making sure individuals spend their own resources first before turning to taxpayers for support. Numerous cases of people owning boats, second homes, or even winning the lottery and still collecting welfare have been reported across the country. Asset tests help prevent those problems from occurring.

When analyzing welfare reforms, it is important to understand that the goal of any welfare program should be to move people from government dependency to self-sufficiency. The package of reforms being proposed today – including work requirements, the creation of an Earned Income Tax Credit pilot program, asset testing, and the creation of Medical Assistance Savings Accounts – are all proven solutions. Together, it is my belief these policies represent a comprehensive approach to encouraging self-sufficiency that also preserves an important safety net for those who need assistance the most.

Thank you for your time today.

**For more information about The Heartland Institute's work, please visit our website at [www.heartland.org](http://www.heartland.org), or contact John Nothdurft by phone at 312/377-4000 or by email at [john@heartland.org](mailto:john@heartland.org).**