

**NLWJC - Kagan**

**DPC - Box 061 - Folder-013**

**Welfare - GAO Report**

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To: Bruce N. Reed/OPD/EOP, Elena Kagan/OPD/EOP  
cc: Cynthia A. Rice/OPD/EOP  
Subject: Q&A on GAO welfare study in today's Post

Barry Toiv asked for a Q&A on the GAO welfare study described in today's Post. Here's a shot at it:

**Question:** Doesn't the latest GAO study reinforce the fact that, while we know caseloads are dropping, we don't know what happens to these people after they leave welfare, and that is essential to judging whether welfare reform is a success or not?

**Answer:** This study is further evidence that states are taking action to ensure that welfare becomes a second chance, not a way of life. Like last week's report by the Council of Economic Advisers demonstrating that state welfare waivers are part of the reason caseloads are declining, the GAO report does not analyze what happens to recipients who leave the welfare rolls after they refuse work. (It does note that one-third of the families initially dropped returned to the rolls after agreeing to comply with work requirements.) It is important to note that state efforts to move people from welfare to work will be helped tremendously by the fact that the welfare law's payments to states are based on caseloads at their peaks. States will have more money per welfare recipient than they have ever had, and will be in a position to invest these funds in welfare to work efforts.

There are still many important questions to be answered, but the welfare law will undoubtedly be the most studied piece of social policy legislation in a generation, with analysis both by government agencies and outside groups.

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