Tinker or transform: The new welfare reform movement

Written by Nic Dunn | June 2026

Introduction

In the long-running history of social welfare reform, efforts to increase work and independence have typically taken the form of incremental changes to the existing system. Even policy reforms that have commanded significant national attention and debate are primarily reforms within an existing social welfare system.

For example, the 1996 Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) ended Aid to Families with Dependent Children (AFDC), creating in its stead Temporary Assistance for Needy Families (which included work requirements). The 2025 One Big Beautiful Bill added work requirements to Medicaid and expanded them in the Supplemental Nutrition Assistance Program.

While these and less notable reforms may indeed be positive and consequential – and to be sure, incremental policymaking is a standard feature of our constitutional republic – they are still, in the sweep of history, refinements to an existing system rather than transformational changes.

The lack of aspirational, comprehensive reform is problematic for the American families eager to escape poverty through work-based self-reliance, because it defers too much to a status quo that inadvertently creates obstacles.

This is because the "system" as a whole was never coherently, cohesively designed in the first place, as I wrote about in National Review with Tennessee Commissioner of Human Services Clarence H. Carter:

> "Today's safety net is not a system but rather a patchwork of more than 100 programs, administered across multiple agencies and levels of government, operating with little coordination and no shared vision. Collectively, they spend well over a trillion dollars annually. Yet too often, they fail to produce the one outcome that matters most: helping people build the capacity to achieve independence. The core problem is not intent. It's design — or rather the lack thereof."

This presents challenges for would-be reformers who strive to make our nation's anti-poverty programs more targeted, temporary, and truly pro-work.

A recent Sutherland Institute brief I authored summarizes some of the constraints on comprehensive reform:

> "The major programs that comprise the safety net were created at different times, serving different purposes, with insufficient cross-program vision or coordination to effectively help struggling families back into work and independence. Their oversight – and thus potential for reform – is fragmented across multiple federal entities."

Most reform efforts have thus focused on one program at a time. As a result, reformers have been forced to ask the question: "How do we make program x slightly better to solve problem y?"

But that is not how families experience the social safety net. According to a report from the U.S. Department of Health and Human Services, “participation in multiple programs is common among participants. Over half of all participants—including two-thirds of children—received benefits from more than one program.”

Because families experience the safety net holistically, we need reform efforts that can be holistic as well.

That means we need to ask another question: **“If we were designing this system from scratch, with the explicit goal of providing temporary help while aiding families toward work-based independence, what would it look like?”**

That seemingly subtle change in our approach to the issue is the difference between slow, incremental revisions, and comprehensive aspirational reform.

We need more of the latter, and fortunately a growing movement of state and national leaders, practitioners, and policymakers is making this more aspirational question not just a hypothetical or academic exercise, but a real opportunity to transform how this nation helps its poor.

The new welfare reform movement is advancing on three interrelated fronts, which this essay explores. On the first, states are advancing concrete reforms to address benefit cliffs that can discourage work. On the second, states are exploring how to fix the fragmentation that can frustrate families and administrators alike. And on the third, federal leaders are moving to empower state innovation with the authority to pursue bigger reforms.

These fronts work together – a partnership in which state innovation can produce proof of concept, federal action expands state authority to innovate at scale, and the results inform the next stage of reforms. A similar dynamic produced the 1996 welfare reform: federalism, state innovation, and pro-work social safety net reform working together. Today’s movement can aim higher, toward the kind of comprehensive, system-wide reform the modern safety net needs.

State action to address benefit cliffs

First, many states are recognizing one of the greatest flaws of the modern social safety net: it can inadvertently discourage some participants from pursuing work and earnings.

Past Sutherland research has shown that roughly 43% of Utah’s safety net participants had, at one point, intentionally limited their earnings due to fear of triggering a benefit cliff. National survey data corroborates that about 22% of low-wage workers on public assistance acted similarly.

Utah is among the states taking proactive steps to improve its administration of the safety net to better foster work and upward mobility.

In 2025, the Utah Legislature created and funded a $6 million TANF pilot program designed to utilize nonprofit partners to help “identify a framework of interventions that assist participants on public assistance navigating the transition from receiving benefits to self-sufficiency, mitigating what is typically referred to as the ‘cliff-effect.’”

In addition to providing financial planning resources coupled with community coaching to smooth the transition from public assistance to work and independence, the effort is intended to “Gather real time administrative data on participants’ income, benefits, program utilization, household composition, and other factors that may impact eligibility, as well as the impact of the tested interventions in this pilot, to identify areas of future reform.”

In 2026, the Utah Legislature passed – and Gov. Spencer Cox signed – a concurrent resolution further articulating the problem of benefit cliffs and calling on the federal government to “grant additional flexibility and autonomy to states to experiment with innovative pilot programs and other reforms to improve social safety net programs by addressing any existing work disincentives in a way that protects budget neutrality, ensures fiscal responsibility, and seeks better outcomes.”

Utah is not alone.

The Kentucky House of Representatives passed a similar resolution in 2026 recognizing the disincentive effect of benefit cliffs, and urging the federal government "to expand opportunities for states to seek flexibility, waivers, or demonstration authority under federal public assistance programs for the purpose of reducing barriers to work and supporting earned income advancement."

Delaware legislators in 2025 passed a resolution stating that "benefit cliffs, or sudden drops in public assistance when a household's income slightly increases, create poverty traps, disincentivize economic advancement, and undermine upward mobility by making it economically rational for families to remain at lower income levels," and directing its state health and social services agency to conduct a thorough review of the issue and identify possible reforms.

Georgia legislators considered – but did not yet pass – a resolution in the state's 2025 session citing Sutherland research on benefit cliffs, and stating that "due to federal restrictions, states have limited authority to experiment with federally funded social safety net programs for the purpose of finding innovative reforms that can address benefits cliffs, benefits plateaus, perception gaps, or other obstacles to upward mobility experienced by families receiving public assistance." The principle is sound and the legislation is worth pursuing again in the future.

Numerous other states have advanced or are attempting to advance reforms to address benefit cliffs – some worthy of replication, some not, and some still ongoing – but the underlying point is the same: **there is widespread and growing recognition from states spanning the political spectrum and across different regions, that when social safety net participants feel discouraged from working and pursuing higher earnings, reform is needed.**

Streamlining a fragmented system

The second front of the new welfare reform movement is the recognition that the fragmented nature of the modern safety net is an obstacle to poor families striving for self-reliance, and for hard-working state administrators who wish to help their fellow Americans achieve a better life.

A typical American family in poverty may have to interact with multiple different government entities to navigate the web of programs that exist to provide temporary assistance and workforce development resources.

An Alliance for Opportunity brief articulates the "major divide between state welfare agencies and workforce capabilities," finding that "these [safety net] programs are rarely coordinated at a level where people need to access them, and local workforce programs are rarely coordinated with state-level systems. To access both safety-net and workforce services, potential recipients are required to go on a goose chase."

HHS research similarly found that "Navigating multiple administrative systems can be time consuming. Some working parents view fragmented program rules as complicated and difficult to navigate, and programs may not be designed to support upward economic mobility."

Further, this fragmentation creates real challenges for states trying in good faith to prudently administer programs designed to help low-income families address immediate needs and ultimately escape poverty.

According to the Alliance for Opportunity:

> "Right now, most states operate a sprawling web of over 50 anti-poverty programs that are jointly funded by the federal government but administered across multiple state and local agencies. Each agency collects different information (and often different outcome metrics, if any), uses different vendors and subcontractors, and runs separate intake and eligibility systems. The result is a fragmented

> accountability environment in which no one has full visibility into the taxpayer dollars flowing out the door."

The bright spot for states looking for solutions is Utah, which for decades has had an integrated model where welfare and workforce resources coexist in one state agency.

Louisiana has taken concrete steps toward consolidating safety net and workforce programs under Louisiana Works, with the goal of a one door to work model that offers "one location, one system, one comprehensive approach to workforce solutions that eliminates barriers and accelerates results."

On a recent Defending Ideas episode I spoke with FREOPP's Aly Rau Brodsky, who previously played a central role in Louisiana's movement toward one door to work.

"We were doing a good job of putting food on the table, of providing services, of helping people when they needed help, but we weren't doing a very good job of what comes after that," she said during the conversation.

"The question we were trying to answer is, if we really are about human flourishing, if we really want productive people in the workforce supporting their family, supporting their communities, how would our system look?"

That led to Louisiana's efforts to create a one door to work model.

There have been similar conversations and momentum in recent years in other states, including Georgia and Mississippi, with either draft legislation or the creation of official task forces.

An essential takeaway from these examples is that **state leaders are increasingly looking for structural, comprehensive reform opportunities to create a better social welfare system.**

Federal action to empower states as innovators

On the third front, federal leaders are responding in kind and advancing reforms that would expand state authority to act as innovators.

Two recent pieces of federal legislation best exemplify how this new welfare reform movement can positively affect potential reforms in Congress.

First, the Upward Mobility Act, introduced this year by Sen. Jon Husted of Ohio and Rep. Blake Moore of Utah, is explicitly geared toward empowering state-led innovation to eliminate benefit cliffs and achieve streamlined reform.

A Sutherland brief I authored summarizes the bill's goals:

> "The Upward Mobility Act allows five states to opt-in to blend funding streams from up to ten different programs (including SNAP, TANF, Section 8, child care, and more) to create pilot programs that simplify both the navigation and administration of safety net programs, in a way that eliminates work disincentives caused by benefit cliffs."

This bill would address both the benefit cliff work disincentive effect, as well as the systemic fragmentation problem, all while leaning into the adaptability of state innovation to find new solutions within reasonable guardrails.

A second piece of federal legislation that is moving this year is the Stronger Workforce for America Act, which would reauthorize WIOA, the Workforce Innovation and Opportunity Act, with some new innovation authority for states.

The Alliance for Opportunity cites this legislation as an important step forward for Congress empowering states with comprehensive reform authority:

> "This proposed legislation includes a vital state flexibility, the **Make America Skilled Again Grants**, which are included in the President's budget as well. These grants were also introduced by Congressman Burgess Owens, Chair of the Higher Education and Workforce Development Subcommittee, in his One Door to Work Act. The grants would finally allow 10 states to follow the Utah model and integrate their safety net and workforce systems."

Federal reform efforts like these in tandem with state actions to lead and innovate are both essential to the new welfare reform movement.

An aspirational vision

America's social welfare system needs an aspirational vision. A vision that allows for exploration of new ways to conceptualize a social welfare system, such as empowerment accounts – which envisions a single, unified temporary assistance program tied to the goal of work and independence.

These and other reforms are the focus of an ongoing national discussion, such as a recent American Enterprise Institute event in Washington, D.C., where I spoke on a panel about how states can and should play a key leadership role in the reform effort.

States are increasingly recognizing the inadvertent design flaws apparent in the current social welfare system, which can discourage work, create administrative barriers to upward mobility, and burden state administrators whose goal is to provide temporary help that's part of the path to self-sufficiency.

National leaders are responding in kind with tangible reform opportunities.

Taken together, **these fronts offer the foundation for a new welfare reform movement, not focused solely on tinkering with the existing social welfare system to find incremental improvements, but anchored to an aspirational vision of reform that can reimagine how we help our nation's poor escape government dependence and realize the full promise of the American Dream.**

State and national leaders now have the opportunity to do more than tinker. They can build a social welfare system measured not by how many families it sustains in dependence, but by how many it helps move into work-based self-reliance.

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