POLICY WHITE PAPER

Reforming the Safety Net through RISE Pilot Programs

Resources for Independence, Stability, and Employment

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OUTLINE

INTRODUCTION TO THE OPPORTUNITY

Our safety net is broken. Even with dozens of means-tested welfare programs and federal expenditures well over $1.6 trillion, the safety net traps low-income Americans in poverty and dependency instead of helping them achieve independence. We must redesign the safety net so that it temporarily supports low-income families encountering hardship while empowering them to find long-term opportunity and truly thrive.

Since the War on Poverty was declared in 1964, our safety net has plagued states and their citizens with whiplashing benefit cliffs, marriage penalties, and perpetual assistance that stymies the building blocks of self-sufficiency—the result of which has been locking low-income Americans into dependency and intergenerational poverty. Because means-tested federal programs are created in isolation and administered by separate agencies, the welfare state has become increasingly siloed, requiring citizens in financial crisis to manage conflicting eligibility standards and contradictory reporting requirements. On top of this, there has been steady acceleration towards another detrimental step away from self-sufficiency: layering universal basic income on top of the current broken safety net.

These failures built into the safety net have led to intransigent intergenerational poverty: about one-third of children who grow up poor remain poor as adults.[1] When low-income children grow up in households where assistance is disconnected from work, earnings are punished, and marriage is discouraged by program rules, those harmful lessons pass from one generation to the next. A reimagined safety net must break that cycle by ensuring work pays more than dependency, strengthening families, and helping parents model the path to independence for their children.

Fortunately, there's a proven path to reform the safety net: the 1996 welfare reform. It was arguably the most significant bipartisan domestic reform in the past century. It was also state led. Although welfare programs are largely federal, reform does not have to begin in Washington. States have far more authority than many realize to reshape how programs operate, test new approaches, and build models that can serve as proof of concept for national reform. States can lead a new reform movement to transform the safety net so that all American families—especially low-income families—can rise and prosper.

Innovative Governors can lead these efforts by creating small-scale RISE (Resources for Independence, Stability, and Employment) pilots to test what a modernized, work-focused safety net can make possible for low-income Americans. These state pilots can create a new blended benefit delivery model with clear phase-outs and pair it with personalized case management and reasonable work requirements. By doing so, states can model a better safety net—one that provides temporary support during hardship, builds real pathways to work, and helps low-income Americans achieve lasting independence.

WHY IS THE SAFETY NET BROKEN?

The Current Safety Net Doesn't Make Work the Goal for Everyone

Work is the only pathway out of poverty. Yet, most able-bodied recipients with children who rely on the safety net today aren't connected to work.

Historically, the U.S. has a clear example of what happens when households with children reliant on benefits remain disconnected from work. After 1964, poverty declined—though more slowly than during the preceding 25 years—and the reduction was driven primarily by government transfers rather than rising market incomes.[2] When that was the case with the largest cash assistance program of the last century, Aid to Families with Dependent Children (AFDC), the results were profoundly negative for low-income families. By the 1990s, employment among recipient parents was extremely low—nearly 9 in 10 families were fully unemployed. Most families received AFDC benefits for an average of 8 years.[3] Many remained in long-term poverty.[4] Some 90% of cash safety net recipients were single mothers; the majority were never married.[5][6] Intergenerational child poverty worsened: one in seven children were in households dependent on AFDC.[7]

Because decades of cash assistance without connection to employment led to ever increasing poverty, states like Wisconsin, Michigan, Iowa, and Minnesota led the way to reform in the late 1980s. Wisconsin Governor Tommy Thompson began by implementing mandatory employment and training programs for welfare recipients across the state.[8] But Thompson also asked the federal government for a variety of waivers from AFDC rules. Wisconsin created *Work First* in 1988, requiring able-bodied welfare applicants to look for work within eight weeks of application. *Work First* was in 23 counties by 1995. In another experiment, Wisconsin launched the *Work Not Welfare* experiment, requiring welfare recipients to work or participate in job training within 30 days of signing up and limiting assistance to two years. *Work Not Welfare* started with 1,000 families in two counties.[9] Even as the average state's caseload rose 34 percent, Wisconsin's welfare caseload fell 36 percent.

While the momentum for welfare to change to be employment-focused started in the states, it then became a bipartisan and national movement. President Bill Clinton campaigned in 1992 with a platform to "end welfare as we know it…those who are able must go to work."[10] The 1996 bipartisan welfare bill reformed AFDC to require work, volunteering, and education in exchange for assistance. Welfare reform and work-incentivizing tax credits brought concrete results. Nationwide, employment among single mothers skyrocketed from 51 to 76 percent between 1992 and 2000,[11] as child poverty decreased substantially.[12]

Today's work requirements in the two largest programs, Medicaid and Supplemental Nutrition Assistance Program (SNAP), are similar to the 1990s requirements: 80 hours a month of work, education, or volunteering, with carveouts. But today they only apply to able-bodied adults with children over the age of 14. There is an understandable reason for this narrow population scope: decades of declining education, persistent intergenerational poverty, and the very real demands of young children can make it difficult for parents to return to the workforce.

However, the reality is that if households with children remain disconnected from work and dependent on the safety net, they will face longer-term and higher rates of intergenerational poverty, worse physical and mental health outcomes, and even shorter life expectancy.[13] As families engage in the workforce, psychological well-being for mothers improves,[14] as well as better health and behavior for their children.[15]

Benefit Cliffs Impede Earning More

When dependent families with children start working, they face other impediments created by the current safety net. As many recipients strive to move up the economic ladder by working more hours or seeking raises, they encounter plateaus in household resources or even losses. This is what is called a "benefit cliff:" when an increase in gross income results in no change or a decrease in net income. This can lead households to reduce earnings, endangering their long-term upward mobility.[16] Benefit cliffs can be severe even within a single program. In Illinois, researchers modeled a Cook County family that would lose $25,481 in net resources after a $1,000 earnings increase triggered the loss of its child-care subsidy.[17] Benefit cliffs are a serious obstacle in both individual programs, but they are a significant impediment if families rely on multiple programs.

Some benefits, like SNAP, were initially designed to phase out $0.30 per dollar as net incomes increase. However, as legislators created new income deductions, they moved the point at which the "benefit phase-out" initiates, causing the benefit level to remain high even as the exit income limits remain the same. The result of this is that SNAP now has major benefit cliffs. Other programs have even larger penalties at the cliff point, for instance Medicaid. Once an individual passes the income limit, they lose the entire health benefit at once.

When families receive multiple programs, they often face a steep phase-out rate or "marginal tax rate" where they might not see any additional benefit in earned income. The Federal Reserve Bank of Atlanta found that a hypothetical single adult, one child (aged three) family living in DC would receive no financial gain from a wage increase between $11,000 and $65,000 of earned income.[18]

In most cases, households with the basic package of benefits lose net household income as they move up the income ladder. Households with children are the most likely to receive multiple benefits, and thus most likely to experience the benefit cliffs that accompany "stacking."[19]

Erik Randolph, with the Georgia Center for Opportunity, has modeled the impact of stacked benefits in more than a dozen states because the cliffs vary by state.[20] There are generally wage incentives for households below 130 percent of the federal poverty level (FPL) and cliffs beyond that. For instance, Randolph examined the benefit cliffs a single mother with two children would encounter in North Carolina as she worked more and earned higher wages if she received just a basic safety net package without health assistance (this includes food and cash assistance and refundable tax credits). If she earns $36,000 and accepts a pay raise of $500 a year, she will lose $1,919 in resources. She would need to earn an additional $4,000 to overcome the benefit loss.[21]

Randolph also examined what would happen for the same household reliant on a complete safety net package (food, housing, health care, childcare, and cash assistance, as well as refundable tax credits). In that case, she would see dramatic benefit cliffs. The series of cliffs begins as she earns more than $30,000, when she loses heating assistance, food assistance, Medicaid, free school lunch and breakfast at frequent income thresholds until about $40,000. She hits another cliff at $50,000 in income when she loses childcare benefits. She would need to leap to making $72,000 to have the same financial stability she had earning $30,000 with benefits.[22]

Marriage Penalties Discourage Stable Family Formation

When the War on Poverty started in 1964, only 6.9 percent of children were born to unmarried mothers.[23] That's now 40 percent.[24] That leads to over 23 percent of U.S. children being raised in households with one parent—the highest rate of any country. It's twice as high for family below the poverty level: 59 percent of poor children are raised in single-mother households.[25] The worldwide average remains at seven percent.[26]

One driving factor in this stark rise in the formation of families in low-income communities are safety net marriage penalties. Non-marital childbearing occurs overwhelmingly among less educated, lower-income women: only 9 percent of new mothers with a college degree were unmarried, compared with 53 percent of women with only a high school diploma.[27]

Marriage penalties occur whenever a couple either loses significant resources by marrying, or is materially worse off by marrying. Marriage generally has only a modest effect on federal income taxes because tax brackets and deductions are largely adjusted for joint filers, allowing many couples to owe roughly what they would have paid separately. In other words, marriage has little effect on their overall tax rate. The safety net works very differently: marriage combines both spouses' incomes for eligibility purposes, often causing families to lose substantial benefits across multiple programs at once. This is the case for a reason: if policymakers increased (nearly doubling) safety net benefits for married couples, it would extend safety net benefits eligibility to middle-income households, increasing dependency instead of self-sufficiency.

Most safety net programs now have serious explicit and implicit marriage penalties. Some safety net programs have explicit marriage penalties clearly built into their design, like the Earned Income Tax Credit (EITC). Nearly every safety net program has an implicit marriage penalty because eligibility is based on household income. In most cases, two unmarried partners are treated as separate households, but a married couple's income is counted as a single household. This creates a marriage disincentive or penalty. Because of this, remaining unmarried is an economically advantageous choice for nearly every safety net recipient.

This can lead to social tragedy. Children raised in the context of marriage have substantially better life outcomes, including higher educational attainment levels and better emotional health.[28] But when fathers are absent, the consequences are conversely dire: for instance, boys are more likely to engage in delinquent behavior as teens and girls are seven to eight times more likely to experience a teenage pregnancy.[29]

Different Rules Across Programs Make Welfare a Way of Life

When welfare recipients rely on more than one program, they must also master the divergent rules for each program. Each program has a unique eligibility threshold, deduction rules, asset test, and income exit point. Redeterminations or requalification for each of these programs also happen on separate schedules when households may have different income, because many are hourly workers. Many low-income households struggle to predict their income and thus fear their ability to rely on benefits essential to their current budget (like healthcare or childcare). For example, a single mother receiving SNAP, Medicaid, and child-care assistance may work extra shifts one month. That temporary pay increase can trigger three different reporting rules, document requests, and renewal dates—leaving her unsure whether she will still have food, health coverage, or child care the next month. The Government Accountability Office (GAO) has warned that some low-income families seeking assistance must complete six to eight applications and visit up to six offices, with caseworkers in different offices collecting and documenting much of the same information.[30]

Many of the primary in-kind benefit programs are delivered through separate mechanisms on different schedules. For instance, SNAP and TANF are monthly benefits, while EITC and the Additional Child Tax Credit (ACTC) are annual lump-sum cash distributions. Childcare Development Fund (CCDF) is a voucher most ordinarily delivered directly to the childcare provider, on top of which the parent pays a copayment fee based on a sliding scale. Like SNAP, the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) is delivered through an EBT card, but only for approved foods like formula and certain whole foods. In most states, the Low-Income Home Energy Assistance Program (LIHEAP) is delivered as a direct payment to the household's energy vendor, not as cash to the household.

Fragmentation, Duplication, and Silos Lead to Waste and Fraud

The “safety net” is made of at least 90 programs to assist low-income Americans.[31] They span at least eight broad categories: cash aid, nutrition, child and dependent care, health care, housing, social services, employment and training, and energy assistance.[32] Many would also include means-tested education, child welfare, and disability-based assistance as well, and if so, the total exceeds 115 means-tested programs.

These programs were created at different times, and thus programs serving similar purposes do not operate in coordination with one another. They have separate congressional committees of jurisdiction. The Senate committees of jurisdiction include, at least, Finance, Banking, HELP, and Agriculture. The House committees of jurisdiction include, at least, Ways and Means, Energy and Commerce, Financial Services, Education and Workforce, and Agriculture. Then, the programs are siloed and administered by different Federal departments and subagencies.

This leads to duplication and inefficiency, which has been well documented for decades.[33] Here's a brief overview of the documented duplication and inefficiency:

- **Cash Assistance:** Cash assistance is provided through TANF, the EITC, and the ACTC. Many also include the disability-based Supplemental Security Income (SSI) in this category.
- **Nutrition:** Both GAO and the U.S. Department of Agriculture Office of Inspector General consistently raise these concerns about duplication across nutrition assistance programs: “FNS may be duplicating its efforts by providing participants total benefits in excess of 100 percent of daily nutritional needs when households and/or individuals participate in more than one FNS program simultaneously.”[34]

- **Childcare:** This pattern is repeated in childcare and early learning (three to four-year-old) programs, which GAO has found to be “fragmented, overlap, or have potential for duplication,” including at least nine federal programs targeting similar beneficiaries.[35]
- **Energy:** There are two duplicative and siloed means-tested energy programs, housed in two different departments: LIHEAP, managed by HHS, and the Department of Energy's Weatherization Assistance Program. Even without the duplication, GAO has found LIHEAP at great risk of fraud.[36]
- **Housing:** GAO has consistently recommended that HUD and USDA consolidate the more than two dozen low-income housing programs.[37][38]
- **Employment and Training:** GAO also recommends consolidating the means-tested employment and training programs.[39]
- **Social Services:** This category is a catch-all for grant programs that send funds either to the state or directly to local providers. They include duplicative, malleable programs to assist low-income households like the Community Services Block Grant, the Social Services Block Grant, and the Community Development Block Grant. Some require a specific type of engagement like Child Support Enforcement.
- **Health Care:** Means-tested health care might be the clearest example of duplication and siloing, even though most health care programs are overseen by the same federal department. These programs include direct benefit programs with more than 75 million enrollees like Medicaid and the Children's Health Insurance Program (CHIP) to smaller grant-based programs like the Maternal and Child Health Block Grant and State Grants and Demonstrations programs. Both GAO and the Centers for Medicare and Medicaid Services (CMS) report substantial dual enrollment in multiple states and across Medicaid and the Affordable Care Act.[40]

The behemoth that is U.S. health care may require a reform effort of its own. But it must be considered within the context of any safety net modernization effort, as federal means-tested health care spending is at least 6 of every 10 dollars.[41] For the purpose of the RISE pilots described below, Medicaid reform options are included as an option.

WHY NOT TRY GUARANTEED OR UNIVERSAL BASIC INCOME?

These fundamental shortcomings of the safety net have been recognized for decades. This, in conjunction with the rising fear of artificial intelligence's impact on employment, has led many from Sam Altman to Elon Musk to advocate for Universal Basic Income: a regular cash payment for all adults, regardless of income or employment status.[42][43]

This isn't just a suggestion: for nearly a decade, local lawmakers have been implementing Guaranteed Basic Income (GBI) experiments. GBI differs from UBI in income limits, but both are unconditional: they do not require work or education to receive cash assistance. There have been at least 122 pilots launched. Mayors for Guaranteed Income, who have supported 72 pilots in 26 states since 2019, highlight that these pilots deliver “no-strings-attached” or unconditional cash, normally provided on top of the standard welfare programs.[44][45]

There are three crucial flaws in this solution. First, it doesn't address the fundamental underlying disincentives built into the current safety net programs discussed above—it layers another program on top of them, which can aggravate cliff impacts, and extend safety net benefits further up the income scale to subsidize middle-income households.

Second, it's also incredibly expensive. Even the most modest GBI, the 2021 expanded Child Tax Credit, which sent parents $300 a month for children aged 0-5 and $250 for children 6-17, would have cost $1.6 trillion over a decade.[46] Estimates of UBI proposals to send adults $10,000 a year come in at an additional $2.5 trillion a year.[47] To put this in context—the entire annual U.S. budget currently sits around $7 trillion.

Finally, and most importantly, unconditional GBI pilots, which do not require consistent work, education, volunteering, or engagement with case management for receipt, reduce employment and earnings. A version of this idea was thoroughly tested fifty years ago in the 1970s Negative Income Tax experiments, which created four large randomized controlled trials with benefit levels that phased down as incomes rose with varying durations and household make-ups. Every test found the same outcome: reduced work and earnings. For instance, in one experiment reported as average, Gary Burtless found an additional $2,700 in assistance led to a $1,800 decrease in earnings.[48]

Fifty years hasn't changed human nature. The most rigorous evaluation—the OpenResearch pilot in Illinois and Texas—found substantial negative effects: a 4.1-percentage-point decline in labor-force participation, roughly $1,800 less in earned income, and one to two fewer hours worked by adults across the household.[49] Kevin Corinth and Hannah Mayhew of the American Enterprise Institute examined 30 of the 122 GBI pilots that operated as randomized controlled trials. Of the four pilots with treatment groups with at least 500 participants, Corinth and Mayhew found a 3.2-percentage-point reduction in employment.[50]

> *Instead of an experiment that doesn't address the base safety net's fundamental flaws, is wildly expensive at both a state and, if scaled up, federal level, and most likely will lead to less employment, governors should try RISE pilots.*

HOW TO LAUNCH A RISE PILOT

What Is a RISE Pilot?

States can establish small-scale RISE pilots that simplify the basic package of benefits to flow directly to low-income citizens in a single, trackable benefit. This will address benefit cliffs, modernize the outdated benefit delivery, and create modernized community engagement that meets families where they are and ensures they take the next steps towards self-sufficiency.

Pilot Design

The typical intervention pilot household is one headed by a work-capable parent with children aged 1–13. These parents are not subject to current SNAP work requirements, and too few engage in the level of work needed to support their families. That makes them an appropriate focus of these work-promoting pilots. Groups that are already required by SNAP to work—able-bodied adults without dependents or with dependents over age 14—as well as those not expected to work, such as the elderly and disabled, would not be included in the pilots. Each pilot should include a minimum treatment group of 550, ideally 1,000 households to account for attrition.[51]

States could enroll an additional cohort of newly eligible families in the second year, either to replace households that leave the study or to test whether the model produces similar results across successive groups.

Pilots should operate for at least three years, with the initial cohort receiving the intervention for no less than 24 months. A three- to five-year demonstration period would allow sufficient time for implementation, participant adjustment, employment and earnings growth, benefit phase-downs, and post-exit follow-up. States should continue tracking participating households for at least 12 months after they leave the pilot.

Which Safety Net Programs

The pilot benefit would replace the following direct benefits:

Program	Existing State Authority	Federal Approval or Limitation
SNAP	States administer eligibility and EBT operations, select statutory program options, and may request Section 17(b) demonstration authority to test changes intended to improve program efficiency or benefit delivery. (7 U.S.C. § 2026(b))	USDA approval is required for a demonstration. Federal allotments generally must remain SNAP benefits must be programmed to federal eligibility and food-purchase rules.
WIC	State agencies operate WIC, choose among specified administrative and food-list options, and may seek limited waivers or modernization flexibilities under an approved state plan. (42 U.S.C. § 1786; 7 C.F.R. pt. 246)	WIC benefits must remain prescribed supplemental foods, nutrition education, breastfeeding support, and referrals. Current law does not permit a state to cash out or blend federal WIC benefits into an unrestricted household payment. The state would have to approximate the WIC benefit for the RISE pilot.
TANF	States have broad authority to use TANF block-grant and maintenance-of-effort funds for cash assistance, employment services, case management, and other activities reasonably calculated to accomplish TANF purposes. States may also contract with private or faith-based organizations and transfer a limited share of funds to CCDF or SSBG. (42 U.S.C. §§ 604, 604a)	TANF is the most flexible federal funding source for RISE, but expenditures must comply with TANF purposes, the state plan, maintenance-of-effort rules, work and time-limit rules, reporting requirements, and restrictions governing assistance and transfers.
LIHEAP	Through its annual plan, a state establishes eligibility rules, benefit levels, crisis-assistance policies, and delivery methods for home-energy assistance. (42 U.S.C. § 8624(c))	LIHEAP funds must remain tied to home-energy assistance, energy crises, weatherization, or related energy services. A RISE account could include a separately tracked energy category, but not convert LIHEAP funds into unrestricted cash.
CCDF	The state lead agency sets many eligibility policies, copayments, payment rates, and	The state must preserve parental choice and comply with provider eligibility,

Program	Existing State Authority	Federal Approval or Limitation
	provider categories and may deliver assistance through child-care certificates or grants and contracts under an approved three-year state plan. (42 U.S.C. § 9858c)	health-and-safety, background-check, and payment requirements. A child-care certificate is not unrestricted cash and may be used only with an eligible provider.
Federal EITC	The federal EITC is a federal income-tax credit administered through the Internal Revenue Code and the IRS. States may create a separate state EITC or appropriate state funds for a parallel benefit. (26 U.S.C. § 32)	A state has no authority to redirect, advance, intercept, or replace the federal EITC within a RISE account. Any monthly EITC-equivalent payment would need to be financed with state financing. TANF is an option for funding.
Federal CTC/ACTC	The federal Child Tax Credit and refundable portion are federal tax benefits administered through the Internal Revenue Code and the IRS. States may enact a separate state child tax credit or finance a parallel benefit with state funds. (26 U.S.C. § 24)	A state cannot redirect or replace the federal credit. Including its value in a monthly RISE benefit would require state financing. TANF is an option for funding.
Medicaid (optional)	States may amend their Medicaid state plans, seek Section 1115 demonstration authority, and use Medicaid premium-assistance authorities to help eligible beneficiaries enroll in cost-effective employer-sponsored coverage. A Section 1332 waiver may coordinate changes in the individual insurance market. (42 U.S.C. §§ 1315, 1396e, 1396e-1, 18052)	CMS approval and federal financing rules apply, including budget neutrality for Section 1115 demonstrations. Medicaid funds must pay for health coverage or medical assistance and cannot be converted into an unrestricted cash equivalent. Section 1332 does not waive Medicaid law.

Authorities summarized from the governing federal statutes and current USDA, HHS, and CMS program guidance; specific pilot designs would require program-by-program review and, where indicated, federal approval.

Current benefit values for each program and benefit redesign are included in the appendix.

Medicaid Reform Options

Including Medicaid benefits into RISE pilot accounts has a limiting factor: many Medicaid recipients work for employers that currently offer employer-sponsored insurance and there is generally not another avenue to purchase private health coverage. Still, states can add the value of the Medicaid benefit to the pilot account so individuals can pay for their portion of their employer-sponsored plans. This can be created as an optional "add-on" to RISE pilot accounts when private coverage is available.

States have several safety-net modernization options that would allow them to include Medicaid, the safety net program with the highest enrollment, in RISE pilots. This starts with using the traditional Medicaid 1115 waiver, which allows the state to test experimental, pilot, or demonstration projects that deviate from most federal Medicaid rules if it remains budget neutral.[52] States can combine 1115 waivers with 1332 Affordable Care Act (ACA) waivers to test alternative approaches as individuals move from Medicaid's eligibility thresholds into ACA eligibility (up to 400% FPL).[53] States can also use premium assistance to directly cover employer-sponsored insurance premiums for Medicaid beneficiaries. Current law permits states to enroll Medicaid beneficiaries in employer-sponsored group coverage and help pay for that coverage if it is cost-effective.[54]

Cost of a RISE Pilot

States can fund RISE pilots using TANF funds. Recognizing the economic fact that state general funds are not limitless, RISE pilots can be financed through current safety net state funds: SNAP benefits and rules can be modified through a 2026 waiver, and CCDF childcare vouchers can be changed into a cash certificate. States also have the discretion to modify TANF funds, and the remainder of the new benefit representing EITC, ACTC, LIHEAP, and WIC can be financed through repurposed TANF funds.

The average safety net household consists of a single parent with 1.78 children, earning about $11,000 in income. Because this pilot is premised on case management and community engagement requirements, cost estimates assume earnings growth and benefit decline over the authorization window. The benefit cost of the pilot is about $7 million annually for the programs that are not under state authority currently: EITC and ACTC.

The state general fund appropriation for the pilot could be deposited into a dedicated money market fund or other low-risk, interest-bearing account, where funds may accrue earnings until distributed to eligible recipients as a monthly benefit.

If the state does not already have private case management partners, they have the option to form public-private partnerships to stand up effective case management that meets the state maintenance-of-effort requirement for state TANF funds. If states choose to, they can finance nonprofit case management through outcome-based contracts that reward providers for producing measurable improvements rather than simply documenting hours or services delivered.[55] A provider might receive an initial payment for assessment and stabilization, followed by larger payments when a participant completes training, secures employment within six months at or above a state-established compensation threshold, and retains that job for six or twelve months. Payment rates can reflect participants' barriers to employment so providers are not encouraged to serve only those easiest to place.[56]

Creating a Trackable and Flexible Benefit

The RISE pilot is an opportunity for states to model how to modernize safety net delivery through a trackable and programmable benefit that integrates multiple assistance programs, automatically applies program rules, and provides real-time visibility into benefit distribution and use.

Instead of seven separate cards, vouchers, or payments, each with different rules and requirements, a trackable and flexible benefit would be distributed and continuously phased down through a single monthly or twice-monthly payment. This would be managed through a platform that tracks community engagement and case management and incorporates non-governmental assistance.

This new benefit will include program integrity safeguards to prevent fraud and administrative waste. Current government delivery of safety net benefits is out of date compared to any non-governmental alternatives. For instance, only two states are presently issuing SNAP EBT cards with chip protections,[57] even though the credit card industry moved to make this technology standard over a decade ago.[58]

A modern benefit distribution tool requires accurate identification. When India reformed their benefit distribution in the 2010s, they introduced Aadhaar, a universal, biometric-backed identity tool to ensure that every benefit only reached the correct recipient.[59] Addressing identity and income allowed India to also institute Direct Benefit Transfer (DBT) to beneficiaries, drastically scaling down administrative excess.[60] The DBT is actually distributed directly to Aadhaar-linked bank accounts. Mobile phones may provide authentication, notification, or account access; RISE pilots can distribute benefits through the same technology, eliminating the need for a physical card.

A safety-net benefit could be delivered through a properly regulated, privacy-protected, technology tool that operates similarly to debit cards. Unlike current EBT cards, this technology could be a programmable benefit that is distributed quickly, reconciled automatically, and designed with clear rules for eligible uses and phased benefit reductions. This technology would also be able to verify that recipients are meeting conditions of participation—such as employment, training, education, child-support cooperation, and case-management requirements.

States could use new technological platforms, such as privacy-enabled blockchain infrastructure designed for regulated institutions like Digital Asset's Canton Network. Unlike traditional public blockchains, where transaction information is broadly visible across the network, Canton is designed to provide selective, permissioned access to transaction data, allowing states to preserve privacy while coordinating benefit administration across their authorized agencies, providers, and partners.

Policymakers could also program this benefit distribution with separate spending categories to ensure visibility into how these pilot benefit funds are spent in real time. This preserves the policy goals of existing programs while giving families a simpler, more transparent, and more flexible way to meet their needs. The benefit could be programmed for three broad spending categories: cash, food, and childcare. The cash portion consolidating TANF, the EITC, ACTC, and LIHEAP can be flexible for core household needs. The benefit tool would detail the transactions, with case-manager oversight. The food portion can follow SNAP and WIC rules, limiting purchases to the same eligible food items and state-specific restrictions that already govern those programs. The childcare portion could be designed with more flexibility than the current system: if parents are married, a childcare set-aside may not be required, preserving the option for one spouse to provide stay-at-home care. If there is a specific childcare set-aside, it should not be limited to formal day care centers, allowing households to pay relatives, home-based providers, churches, or other trusted caregivers after they identify them with their case manager and track the hours of care provided.

A government agency can implement this pilot benefit by issuing a request for proposals. The RFP would ask contractors to build a benefit platform capable of distributing benefits directly to eligible recipients, applying program rules automatically, verifying participation requirements, restricting or categorizing allowable purchases, and producing real-time audit records for agency oversight.

Implementing a Pilot

After signing an executive order or passing legislation, a state would identify the counties that will host the pilot locations. Then the state would request proposals from (1) non-profit case-management operators, (2) private-sector technology developers of the benefit delivery, and (3) a third-party research evaluator. The state's social service administration would also apply for a 2026 SNAP waiver with USDA and implement their SNAP general work requirement, modify the CCDF voucher into the blended delivery model, and update their TANF annual report to reflect the reallocation of funds.

Adopting a Time Limit

Safety net benefits should be subject to a time limit. One of the main reforms included in the 1996 legislation was a five-year time limit for TANF cash assistance. This is a key way to clearly communicate on the front end that benefits are meant to be a temporary stabilization tool during crisis, not a permanent way of life. These pilots would inherently be limited to the length of the pilot authorization but should also be clear in authorizing language: three years.

Incorporating Case Management

Incorporating case management for households in crisis is important for their stability. Participation in the pilot will require weekly, in-person case management to establish base metrics and support the client as they outline next steps and goals. The pilot will be primarily focused on households with children, the vast majority of whom will be single parents, whose children will need stable and safe childcare to engage in education or work. The client will work with their caseworker to secure stable childcare, as needed, and appropriate stability interventions (for instance substance abuse treatment, intensive therapies, GED completion, short-term apprenticeships, subsidized employment, or supervised employment). As the clients move into unsupervised employment, case management will be able to move to monthly meetings, with an option for telephone or virtual meetings.

Arkansas's Restore Hope offers a model for coordinated case management. Through its 100 Families Initiative and HopeHub platform, it connects families in crisis with a lead case manager and coordinates services across government agencies, courts, nonprofits, and churches. The model addresses needs such as childcare, housing, transportation, treatment, education, and employment while tracking each family's progress toward stability and self-sufficiency.

Catholic Charities Fort Worth's Padua program also provides intensive, individualized case management to help families move permanently out of poverty. Each participant receives a detailed assessment, a customized service plan, a small case-management team, and flexible financial assistance to address barriers such as housing, childcare, health, education, and employment. Caseworkers first help families achieve stability and then support their progress toward skills development, employment, and self-sufficiency.

Oklahoma and New York offer models for how to pay for case management based on outcomes. Oklahoma's Employment Support Services system ties payments to the completion of defined milestones leading to competitive, integrated employment, including job support, stabilization, and successful employment.[61] New York City similarly replaced traditional welfare-to-work contracts with performance-based contracts tied to job placement and retention. Before the shift, annual placements generally ranged from 20,000 to 30,000; placements rose to approximately 65,000 when the new contracts began operating in 1999 and exceeded 120,000 during the first full year of contracted operations.[62]

Ensuring Work Engagement

The RISE pilot will include a work and community engagement requirement for parents of children under the age of 14. This can build in reasonable accommodations for caregiving, including exemptions for parents with very young children under age one. Because current work requirements are set at a 20-

hours-per-week minimum for able-bodied adults without young dependents, the able-bodied participants in this pilot will have a slightly lower minimum of 10 hours per week because they have young children and have to coordinate child care support at first. The point is to help participants get on the pathway to the workforce.

Recipients should be required to complete at least 10 hours per week of approved work, education, training, or case-management activities as a condition of continued eligibility. Approved activities could include paid employment, job search, vocational education, skills training, GED or postsecondary coursework, apprenticeships, community service, and/or scheduled meetings with an assigned caseworker. To ensure regular engagement and accountability, recipients who cannot meet the weekly requirement through employment or education must meet with their caseworker in person on a weekly basis to maintain benefits.

If recipients do not meet the weekly 10-hour requirement or the in-person case management meeting requirement, the benefit allotment will be decreased each week by one-twelfth of their original benefit amount after a one-month grace period.

Addressing Benefit Cliffs

As part of combining seven separate safety-net benefits into a single, integrated benefit, policymakers would also create a transparent phase-down schedule. Instead of families losing SNAP, TANF, childcare, housing, energy assistance, tax credits, and other supports at different income thresholds, the consolidated benefit could decline consistently as earnings rise. A unified phase-down is easier for recipients, caseworkers, and administrators to understand and plan for. Case management can also assist by providing financial planning assistance as part of the program.

The goal here is to calibrate the phase-out so that the family's total effective marginal tax rate remains below 50 percent after accounting for both lost benefits and payroll, income, and other taxes. In practice, that means workers keep at least half of each additional earned dollar, preserving a clear financial reward for work.

Mitigating Marriage Penalties

RISE pilots can mitigate marriage penalties by designing a benefit structure for married households that is comparable to the benefits available for unmarried households.

States should also implement rules that mitigate the ability for cohabiting partners to game the system. States should verify household composition, using residency records, bank records, credit card data, and other documentation that can determine whether another adult partner is living in the home. Both cohabiting partners' income should count toward household eligibility when they are effectively part of the same household, but their work hours would not satisfy the enrolled parent's required work effort unless the couple is legally married. By contrast, when partners are legal spouses, both their income and work effort should count as part of the family unit, recognizing marriage as a shared economic household.

To avoid punishing couples immediately after marriage, states could create a temporary “marriage transition period” when a marriage also involves new residency: for six months up to one year, some or all of the new spouse's income can be disregarded for eligibility purposes. This would allow families to form stable households without facing an immediate cliff in household resources, while they move toward a secure household income.

Measuring Outcomes

The success of the project must be assessed according to randomized controlled trial standards. At a minimum, pilots will be assessed according to statistically significant improvement on key WIOA indicators (employment and earnings two and four quarters after exit as well as education or skills attainment), as well as benefit utilization, educational attainment, recidivism, and housing stability. However, the evaluator should also report on important well-being outcomes data for the pilot and control group at enrollment and exit. These data could include household stability in food, housing, safety, recovery needs, mental, physical, and dental health, transportation, childcare, legal requirements, education, employment, and financial management.

Though many pilots don't have rigorous outcome evidence, it can be done. Tennessee paired its seven Opportunity Pilot programs with a multiyear evaluation by MEF Associates and the Urban Institute, using randomized controlled trials, implementation studies, and cost analysis to determine which interventions improve family stability and economic self-sufficiency. Tennessee's Opportunity Act also provides a useful precedent by requiring pilot programs to use evidence-based or evidence-informed practices and undergo rigorous independent evaluation.[63]

CONCLUSION

States should do more than administer safety net benefits that trap low-income Americans in poverty. The safety net should help families overcome crisis, move into work, form stable households, and rise into lasting independence. Yet the current system too often delivers the opposite. It is fragmented across dozens of programs, governed by conflicting rules, delivered through outdated systems, and structured in ways that punish the very choices policymakers should want to encourage: work, marriage, savings, and upward mobility.

We must confront the failures of the safety net at this critical moment. Intergenerational poverty is devastating families. At the same time, new technologies, including artificial intelligence, are reshaping the labor market and possibly displacing millions of workers from the jobs they know.

But this same moment also presents an opportunity. The very technologies that threaten disruption can also help states finally build and administer a modern safety net: one that is simpler, more transparent, more accountable, and better designed to reward work, strengthen families, and support upward mobility.

The 1990s welfare reform revealed what change is possible when states lead. Before Congress enacted the successful bipartisan welfare reform of 1996, it was the states that tested new approaches, secured waivers, and made work the focus of the safety net. Those early state-led reforms did more than reduce caseloads; they changed the national conversation about what welfare policy could accomplish and helped millions of Americans move toward employment and independence. Today's governors are needed once again to lead the nation in fixing a broken safety net.

RISE pilots are the practical path forward. Rather than layering a new unconditional cash program on top of the existing safety net, states can test whether the current package of benefits can be simplified, modernized, and aligned with work. A RISE pilot would combine current core supports into one trackable, flexible benefit; phase that benefit down gradually as earnings rise; pair families with accountable case management; and require meaningful community engagement through work, education, training, or service. This approach recognizes that families in crisis need stability, but it also recognizes that assistance alone is not enough. Public assistance should help recipients take the next step toward employment, self-sufficiency, and family stability.

A modernized benefit structure would also address some of the deepest flaws of the current system. By replacing multiple disconnected phase-outs with one transparent schedule, states can ensure that families are never worse off because a parent earns a raise or gets married. The RISE model would also strengthen program integrity, which is continually undermined by the current safety net's fragmentation. A single benefit delivered through modern technology can be more transparent, easier to audit, and more responsive than today's patchwork of cards, vouchers, tax credits, and vendor payments.

The purpose of a pilot is not to assume success. It is to test reform honestly by asking a question the current system too often ignores: how do vulnerable families fare after they encounter the safety net? Answering that question requires randomized controlled trial standards, measurement of employment and earnings, tracking of benefit use, evaluation of family stability, and comparison against a control group. If RISE pilots work, states will have a credible model for the next era of welfare reform. If parts of the model fail, policymakers will learn how to improve them before scaling.

> *The choice before governors is clear. States can continue administering a broken system that traps too many families in dependency, or they can lead the way forward again — building a safety net that offers temporary help in times of need, rewards work, strengthens families, reduces fraud and waste, and gives low-income Americans a clearer path to independence.*

It is time to stop merely managing poverty. Governors can build a safety net that empowers low-income Americans to rise and flourish.

APPENDIX

Current Maximum Benefits and Corresponding Earnings

Data: Federal Reserve Bank of Atlanta.[64]

Category	Single Parent + 1 Child Max Benefit	Single Parent + 1 Child Earnings for Max	Single Parent + 2 Children Max Benefit	Single Parent + 2 Children Earnings for Max	Single Parent + 3 Children Max Benefit	Single Parent + 3 Children Earnings for Max
SNAP	$6,552	$0	$9,420	$0	$11,928	$0
WIC	$441	$0	$882	$0	$882	$0
LIHEAP	$625	$0	$625	$0	$625	$0
TANF	$4,158	$0	$5,406	$0	$6,654	$0
EITC	$4,328	$13,000	$7,152	$18,000	$8,046	$18,000
ACTC	$1,575	$13,000	$2,325	$18,000	$2,325	$18,000
CCDF	$8,115	$0	$15,554	$0	$19,273	$0

It's important to note in benefit design, no recipient receives the total of these benefits at once. SNAP, TANF, WIC, and LIHEAP support recipients in crisis, while EITC, CTC, and CCDF support working recipients.

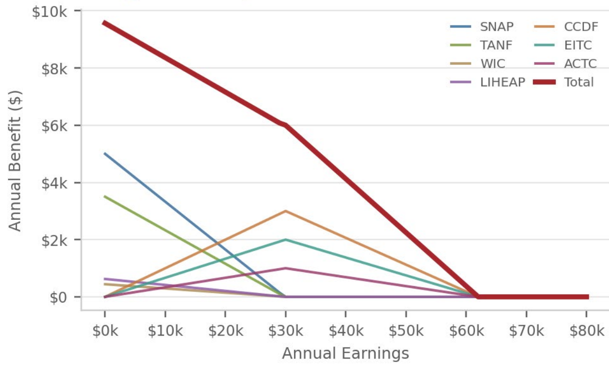
Assumptions: 2025 data, Marion County, Indiana; single parent, 25 years old; no disabilities; no savings; no other income; continuous CCDF eligibility (center care); no employer health insurance; workforce and training funding equivalents unavailable.

Benefit Redesign

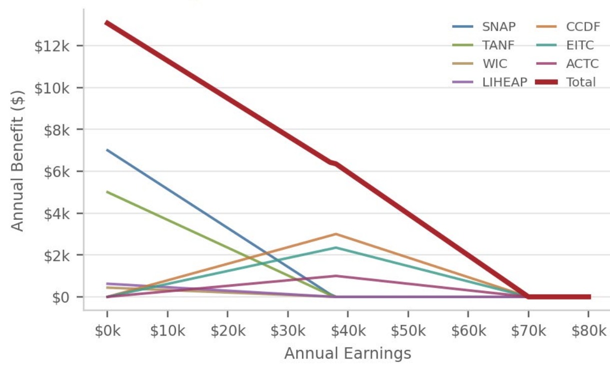
Below, these individual benefits are redesigned and blended to create a single, seamless benefit that gradually declines to avoid both benefit cliffs and marriage penalties. SNAP, WIC, LIHEAP, and TANF are phased out by 138% FPL, while EITC, CTC, and CCDF are phased out by 85% median income.

The following graphs illustrate how a blended RISE benefit could phase down as earnings rise, by household composition, replacing today's separate program-by-program cliffs with a single, continuous slope.

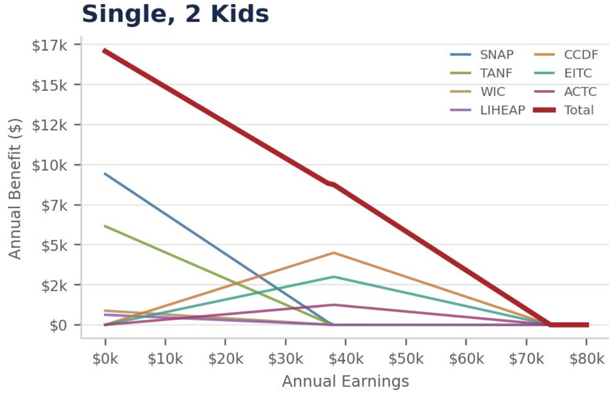
Single Mom, 1 Child



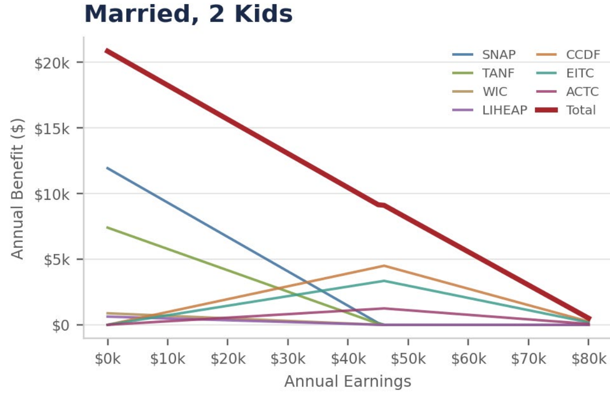
Married, 1 Child



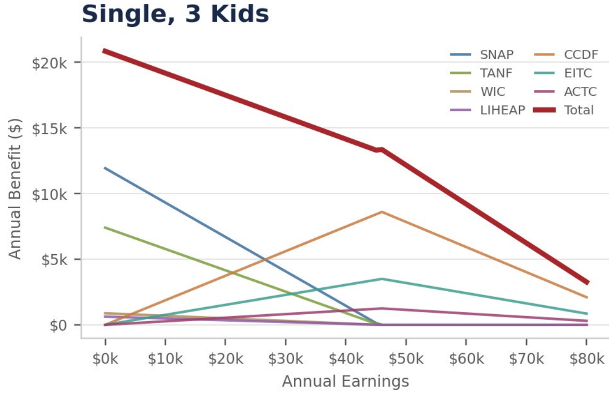
Single, 2 Kids



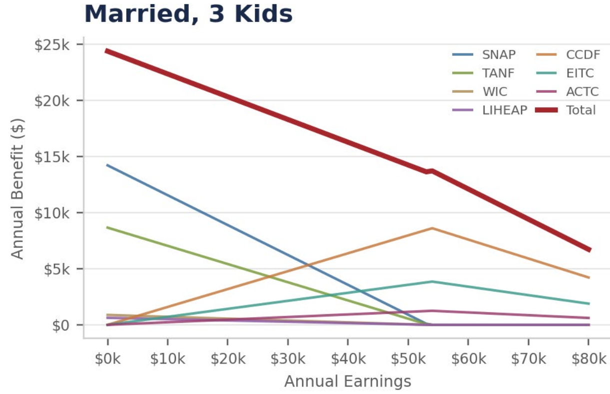
Married, 2 Kids



Single, 3 Kids



Married, 3 Kids



Note: This redesign reflects the blended value of SNAP, TANF, WIC, LIHEAP, CCDF, EITC, and ACTC at each earnings level under the redesigned benefit.

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