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Time for tough love on welfare

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Since 2010, the U.S. economy has created more than 12 million private-sector jobs. Businesses have made additions to their payrolls for 60 straight months. The unemployment rate is down to 5.5 percent.

There's no better time for some tough love on welfare.

This month, in response to a request by Rep. Tom Price, R-Ga., the Congressional Budget Office (CBO) documented just how vastly "public assistance" has expanded since the Great Recession struck. Between fiscal years 2007 and 2015, spending on Medicaid soared from $191 billion to $335 billion. Subsidies to Obamacare's insurance policies rose from nothing to $28 billion. (The CBO estimates that by 2025, the figure will be $112 billion.) The price for food stamps ballooned from $35 billion to $78 billion. Outlays for Supplemental Security Income — which a 2010 investigation by The Boston Globe characterized as a program "gone seriously astray, becoming an alternative welfare system with troubling built-in incentives that risk harm to children" — jumped from $36 billion to $55 billion.

Social Security Disability Insurance, the Hoover Institution's Lanhee J. Chen wrote in The Wall Street Journal, "paid $140.1 billion to disabled workers and their dependents in 2013 (according to the latest trust-fund data). By the end of that year, spending outpaced receipts by $32 billion, and the balance of the program's trust fund was a little more than $90 billion. Trust-fund reserves are expected to run out in late 2016."

Offices, factories and stores have gotten substantially safer in the last three decades, but the CBO noted that during the period, "the number of disabled workers who receive benefits from the Social Security Disability Insurance ... program has increased more than threefold."

National means-tested programs are projected to cost $683 billion this year. State and local spending will add much more.

It's fiscally unsustainable — wildly so — and a powerful excuse to avoid job-hunting in an expansion that finally appears to have found solid footing.

In a January paper for the Manhattan Institute for Policy Research, economist Diana Furchtgott-Roth decried "the number of Americans who have simply stopped seeking work altogether." The "U.S. labor-force participation rate (has) descended to its lowest level since 1978. Nor can America's aging population alone explain this alarming trend: in September 2014, the labor-force participation rate, aged 25-54, was just 80.7 percent, the lowest level since 1984."

A metastasizing dole may not be the sole cause of declining interest in employment, but it's a major contributor. A 2013 Cato Institute study of seven programs found that "in Hawaii; Massachusetts; Connecticut; New York; New Jersey; Rhode Island; Vermont; and Washington, D.C.; welfare pays more than a $20-an-hour job, and in five additional states it yields more than a $15-per-hour job."

As the University of Chicago's Casey Mulligan argued in testimony before the House Committee on Ways and Means, working "requires sacrifices, and people evaluate whether the net income earned is enough to justify the sacrifices. When (welfare programs) pay more, the sacrifices that jobs require do not disappear.

"The commuting hassle is still there, the possibility for injury on the job is still there, and jobs still take time away from family, schooling, hobbies and sleep. But the reward to working declines, because some of the money earned on the job is now available even when not working."

What happens when welfare is curtailed? Behavior changes. Often dramatically.

During the Clinton administration, Aid to Families With Dependent Children was replaced by Temporary Assistance to Needy Families. Deadlines and work requirements made the transition an unqualified success for beneficiaries and taxpayers alike.

More recently, evidence has emerged to bolster former Treasury Secretary Lawrence Summers' assessment that unemployment insurance "increases the measure of unemployment by inducing people to say that they are job hunting in order to collect benefits." The John Locke Foundation's John Hood described a revealing result in the Tar Heel State: "North Carolina had one of the largest labor-market improvements in the country after exiting extended (unemployment) benefits in July 2013, and the nation as a whole has seen clear labor-market improvement since it exited extended benefits in January 2014."

Don't look for the White House to embrace welfare reforms/reductions in response to a stronger economy. The administration's doctrinaire moonbats support "public investments" when times are prosperous or hard.

But states can examine what their largess — often boosted by federal dollars — is doing to keep the able-bodied away from work. It's sure to be an effective tool for fiscal responsibility and economic development.