



Dispatches From Moocher Nation

By Charlie Sykes

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Here's a grim milestone from last Friday's jobs numbers: A record 90,473,000 Americans over the age of 16 have simply dropped out of the labor force. The labor participation rate is down to its lowest point in 35 years as more Americans have simply given up looking for work in the Obama economy.

There are, of course, a lot of factors at work here, including an aging workforce, but the Wall Street Journal notes that "Part of the problem is also the growing attraction of not working."

These columns have reported on the explosion in both the food-stamp and federal disability rolls since the recession ended. A new Cato Institute study shows that the full plate of welfare benefits—food stamps, housing assistance, Medicaid and so on—now pays more than a \$12 an hour job in half the states. This, too, plays a role in the expanding number of people who are leaving the workforce.

The Cato study suggests that for a growing number of Americans, going to work, rather than getting in line for a handout is a sucker's deal.

The current welfare system provides such a high level of benefits that it acts as a disincentive for work. Welfare currently pays more than a minimum-wage job in 35 states, even after accounting for the Earned Income Tax Credit, and in 13 states it pays more than \$15 per hour.

Which brings us to the story in Sunday's Journal-Sentinel on the government's aggressive role in pushing and incentivizing the expansion of government dependency. Apparently, it is not enough simply to provide a menu of welfare benefits – the government hands out bonuses for adding people to the dependency rolls.

What could possibly go wrong?

The federal government — under both George W. Bush and Barack Obama — has offered hundreds of millions of dollars in bonuses every year to states that increase and retain participants in food, medical

and other assistance programs. The incentives are aimed at eliminating red tape and ensuring eligible people receive needed help.

But workers who process the benefit applications say the well-intended changes have a dark side: The state and local agencies that distribute taxpayer-supported benefits are discouraged from rooting out fraud. They receive bonuses from the federal government for easing and increasing enrollment, while having to return to the federal government the majority of money they recover from fraud.

A cynic might suggest that rather than "well-intentioned" the programs are, in fact, reckless and/or designed specifically to expand the number of Americans dependent on government. Even as Obama touts slight improvements in the economy, the dependency machine has been working overtime, from free phones to disability payments to food stamps to Obamacare. This all has political as well as economic consequences.

But perhaps the most perverse incentives involve the discovery of fraud. As the story explains, the rewards for expanding dependency are far more generous than the rewards for uncovering fraud.

In the case of FoodShare and medical assistance, about 60% to 65% of any recovered overpayments are returned to the federal government. The state typically keeps about 20% to 25%, and local governments — which handle the bulk of the investigative work — usually get just 15%.

As the numbers of recipients hit record highs — more than doubling in the last five years — fraud investigators and Milwaukee-area front-line workers say fiscal safeguards are slipping.

In May, a supervisor in Milwaukee instructed workers who process food benefit applications not to "hold up the benefits" for any reason other than if the applicant has no identification. Saying the agency was "taking a hit on timeliness," the supervisor, Dion Griffin, wrote in an email to workers that applications need to be processed "even if a person is from out of state.

Isn't this precisely the opposite of what Gov. Scott Walker has been talking about? Shouldn't success be measured by the number of people who move from dependency to independence?

A final thought. Is this all a symptom of what Senator Ron Johnson was talking about when he said that we have become "addicted to government"?

He added people will respond to incentives and disincentives.

"We have addicted Americans to the government," he said. "The enormous challenge we have is how do we wean off those that don't really need it before we are bankrupt. The reason we have sluggish economic growth and unemployment stuck at 7 percent is the growing size and influence of government."

Does anyone else in Washington — or the state welfare bureaucracy — understand that?

