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The Wrong Way to Help the Poor

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THIS evening, Vice President Joseph R. Biden Jr. and Representative Paul D. Ryan will meet in their only vice-presidential debate. Without a doubt they'll square off on jobs, taxes and Medicare. But in all likelihood, one key issue will be lucky to merit even a passing remark from either side — the question of how to lift 46 million Americans out of poverty. It's an issue crying out for serious debate.

Each year, American taxpayers spend nearly \$1 trillion trying to help the poor, according to a recent study by the Cato Institute. It's easy to miss that headline number, though, because the money flows into and out of scores of federal, state and local government programs. In April, Michael D. Tanner, a senior fellow at Cato, a libertarian research group, compiled a list of 126 federal programs for low-income Americans, which together spend \$668 billion of taxpayer money annually. State and local governments allocate an additional \$284 billion, he estimated.

To be sure, some of these programs, though focused on low-income Americans, extend a hand to more than just "the poor." Roughly a quarter of this trillion-dollar outlay is devoted to Medicaid, the federal-state health insurance program for poor and disabled people, including many elderly. Other programs have a broader impact on society as well. One might argue, for example, that Pell grants, which make it easier for 10 million young men and women to go to college, are more focused on promoting education than stemming poverty.

But for now, let's use that \$1 trillion figure to ask a broader question: Are we spending this money in truly the best way to help the poor?

Consider a thought experiment: Divide \$1 trillion by 46 million and you get around \$21,700 for each American in poverty, or nearly \$87,000 for a family of four. That's almost four times the \$23,050 per year federal poverty line for that family. It's intriguing to think about converting all of this to a cash payment that would instantly lift everyone in poverty up to the middle class.

For a variety of reasons, of course, that's not possible, either logistically or politically. But a middle path might resemble what Mr. Ryan has proposed for Medicaid — converting

the behemoth program to block grants for each state, an idea that in some ways parallels the successful welfare reform plan of the Clinton era.

Most Americans agree that it's in all of our interest, for both humane and economic reasons, to help people move from dependency to self-sufficiency. The challenge is how to do it effectively while minimizing waste. Currently, our various antipoverty efforts are both fragmented and overlapping.

A study by the Institute for Educational Leadership, for example, identified 7 Senate committees and subcommittees, 11 House committees and subcommittees, 7 cabinet departments and 8 other agencies that had a hand in overseeing one antipoverty program or another. The authors described a typical family eligible for 20 separate programs, each with its own set of complex eligibility forms and often managed by separate government offices.

While some fragmentation for special needs is desirable, and room should be provided for flexibility, it's clear that our scattershot efforts are hobbled by bureaucracy and duplication, even as they let too many needy people slip through the cracks. The help most families need should be provided with a holistic one-stop approach at the local level. For example, if an element like transportation, job placement, child care or substance-abuse treatment is missing, much of the rest of the taxpayer investment is often wasted.

Another factor is the natural reluctance of advocates, Congressional staffers, think tanks and providers of services for the poor to see their favorite programs cut or consolidated. Few are willing to give up authority over their piece of the program pie.

Even without converting all of our federal antipoverty dollars to state block grants, however, we can still do more to combat this fragmentation and zealous protection of fiefs. We can start by measuring outcomes (results) rather than inputs (how much money can we throw at the problem). Our effectiveness should be assessed, in part, by the per-person cost of moving individuals from dependency to self-sufficiency.

Most Americans understand that people enter poverty for many reasons and that we have an obligation to help them get out of it. A "conservative" path of just slashing budgets isn't going to meet that obligation, but neither is the "liberal" path of embracing every program and spending more on each. We need a third way. The changes to spending on human services and Medicaid in Mr. Ryan's budget proposal, if not a perfect template, could be a catalyst for starting the conversation. If only it would come up at tonight's debate.