



As You Were Saying ... Mass. lags on welfare reform

Michael D. Tanner and Charles Hughes

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When you hear the term “welfare state,” most people think of Europe and countries like Denmark or France. No doubt those countries offer a wide range of benefits targeted to the middle class, retirees, and so on. But according to a new study by the Cato Institute, someone who is poor might just be better off here in Massachusetts.

The federal government currently funds more than 100 anti-poverty programs. While no one participates in all of them, many can and do collect assistance from multiple programs.

In Massachusetts, a mother with two children under the age of 5 who participates in six major welfare programs (Temporary Assistance for Needy Families (TANF), Supplemental Nutrition Assistance Program (SNAP or food stamps), housing assistance, the Low Income Home Energy Assistance Program (LIHEAP), the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), and free commodities) would receive a benefits package worth \$32,595 per year.

Using a similar measure, the study found that benefits in Europe ranged from \$38,588 per year in Denmark to just \$1,112 in Romania. In fact, Massachusetts’ welfare system can be more generous than every country included except Denmark. The benefits package is higher than that in France (\$17,324), Germany (\$23,257) and even Sweden (\$22,111). Moreover, this benefit package doesn’t include Medicaid, which would be worth roughly \$9,920 for this household, because Europe’s health care systems are not targeted just to the poor, unlike Medicaid.

Of course, Massachusetts has the third highest benefit package in the United States, but overall the U.S. fits comfortably in the middle of the pack when it comes to providing for the poor.

One of the problems with these welfare systems is that they can create situations where participants have little incentive to increase work effort because they would lose most of their earnings through lower benefits or higher taxes, while also having to bear the costs associated with going to work — like transportation.

People in these programs are not lazy, but they are also not stupid. Like everyone else, they respond to incentives.

By creating such a big disincentive for work, our tangled, ineffective welfare system can harm the very low-income people it is supposed to help, in addition to the taxpayers who must fund nearly \$1 trillion per year in anti-poverty spending.

After all, the evidence strongly suggests that work, even in a low-paying, entry-level job, is an important route out of poverty: Fewer than 3 percent of Americans who work full-time are poor.

Many EU countries have recognized some of these problems and begun to reform. For example, several countries have consolidated multiple programs in their patchwork welfare systems. Others have strengthened work requirements or established time limits for benefits.

Still others have established or expanded work-based tax credits or transitional assistance to increase the value of work. In many cases, these reforms are tentative, but they are steps in the right direction.

Massachusetts has a poor track record in helping people transition to work: in 2013 only 11 percent of adult TANF recipients were employed, one of the lowest marks in the country, and 17 percent had been in the program for longer than 48 months.

Massachusetts has taken one positive step, passing a reform bill that seeks to match applicants with a job before they get cash assistance, but this is at most a positive tweak to one aspect of one program in the welfare system.

Michael D. Tanner is a senior fellow and Charles Hughes a research associate at the Cato Institute, a libertarian think tank in Washington, D.C.