



## Federal Entitlements: Living Large in Poverty

In the weeks leading up to the general election, the U.S. Census Bureau will be releasing its report about the state of poverty in 2011. According to a [study conducted by the Associated Press](#), leading economists believe that the poverty rate will see a significant increase — from 15.1 to 15.7 percent. That will make it the highest rate since 1965.

Some would consider it ironic that 1965 marked the official beginning of the War on Poverty, when 1964 laws forced and signed by President Lyndon B. Johnson went into effect, initiating Medicare, Medicaid, Head Start, and the Jobs Corp. No doubt, they will consider the Census Bureau's findings a rallying point, a means by which to reemphasize, further empower, and further fund such forced benevolence while criticizing the free market for its alleged creation of poverty through abuses of the working class.

The truth be told, there is nothing ironic or symbolic about today's comparisons with 1965. Today's poverty levels are a direct result of the War on Poverty. The federal government cannot create wealth, so in order to make good on its promises to the supposed afflicted, it has to conduct a massive wealth transfer by robbing from the productive portions of the population — which includes not only the much-maligned “one percent” of high-income earners, but the middle class as well — to pay for the needs and luxuries of the unproductive portions. By doing so, the government has eroded the earnings and accumulated wealth of middle class Americans which in turn has driven them closer to poverty. Likewise, by placing the same tax burden on employers, the government has inhibited their growth and even inspired their downsizing or outsourcing, which, in turn, has eliminated or prevented jobs for millions of Americans, which only serves to drive more people into the ranks of poverty.

Highlighting the insanity and destructive nature of this War on Poverty and similar measures that have been created prior and since, those who are theoretically living in poverty actually have a standard of living comparable to and, in some cases, better than, the working class who are forced into paying their way. This can be proved through a basic compilation of just some of the government programs that fund the poor's basic human needs (health, nourishment, shelter) and one of their luxurious wants (phone service) that are all provided by public assistance.

For the sake of this analysis, we will consider the poor family to be a 4-person household (husband, wife, 2 children) with a combined income of \$23,050, which is considered to be [the poverty threshold](#) by Health and Human Services, although it should be noted that a great number of poor households are





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headed by only one parent (usually the mother), a circumstance of America's declining morality (an issue for another day).

### **Healthcare**

Over the past 50 years, the concept of the right to health has been bastardized. Every human has the right to good health (achieved only by his or her attentiveness and self-care), but we've been misled to believe that every human has the right to unfettered access to good health care. The federal government has caused many people to think healthcare is a God-given right (which it's not, as it requires the utilization of human and equipment resources) and that we, collectively as a people, should provide as much to those individuals who are "not as fortunate" as those who must pay for their own healthcare and/or receive it as a benefit from their employer. Medicaid is the ultimate realization of that goal, providing health care to the poor. Unlike private insurance, the recipients pay nothing into it (no premiums, copays, etc.) and the benefits include a market basket far greater than what the middle class receives in their insurance packages (eye care, dental, and more).

*Benefit to individuals:* [According to Health and Human Services](#), the average cost of services doled out to Medicaid recipients was \$6,775 in 2010. For a family of 4, that works out to \$27,100 per year.

*Total cost to taxpayers (services rendered as well as bureaucracy):* According to the same HHS actuarial study, the total outlay in 2010 was \$404.1 billion, which includes the total burden shared by federal/state/local taxpayers.

### **Food**

Just as with health insurance, the federal government feels compelled to have the majority provide for the nourishment of the minority. There are a few programs in play. One is SNAP, the Supplemental Nutrition Assistance Program (more widely known as "food stamps") that provides economic assistance to low-income families. Another program, quite similar to food stamps, is WIC (Special Supplemental Nutrition Program for Women, Infants and Children) which came into being in 1972 and, as the name implies, provides food to women and the young. Then there is the National School Lunch Program, a gift from the Truman presidency which provides low-cost or free lunches to 31 million poor children across the United States.

*Benefits to individuals:* [According to the U.S. Department of Agriculture](#), there are 46.4 million Americans who receive food stamps, good for more than \$133 per month in benefits, or \$533 for a family of four per month (\$6,392 per year). [According to the USDA](#), the average WIC benefits per person per month are \$46, or for the family of 4 which would include 3 eligible people, it would be \$1,673 per year. [According to USDA reports](#) the School Lunch Program pays participating schools \$2.86 per free lunch, along with a 23 cent "entitlement foods" surcharge. There are 180 school days in a year, so, going with the \$3.09 combined rate, the typical 2-child household would receive \$1,112 in benefits.

*Total cost to taxpayers (services rendered as well as bureaucracy):* SNAP costs taxpayers \$76.7 billion per year while WIC's annual budget is \$6.6 billion. The National School Lunch Program has an annual budget of \$11.1 billion.

### **Housing**

The federal government also finds it necessary to fund housing for poor families. Numerous programs exist, none as well known as "Section 8" (Section 8 of the Housing Act of 1937). This program provides rental housing assistance to private landlords on behalf of approximately 3.1 million low-income



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households, so, in essence, it is paying the rent for the impoverished families. It can also be used to aid in the purchase of a home. In order to make the lives of those living in such properties a little more comfortable, the government also pays for energy and heating through LIHEAP (Low Income Home Energy Assistance Program).

*Benefits to individuals:* The reimbursement rate varies with location, as there are vast rent disparities in say, Niagara Falls versus New York City (the latter having rents that can be four times the amount as the former). The average Section 8 coverage is around [\\$625 nationally](#), so the benefit to the family is \$7,500 per year. LIHEAP benefits vary considerably by region (because Northern states receive a disproportionate amount based on their heating needs), but [the annual benefit works out to be \\$417](#).

*Total cost to taxpayers (services rendered as well as bureaucracy):* \$27 billion per year for Section 8, \$4 billion annually for LIHEAP.

## Phone Service

Whereas the previous categories could be looked at as basic needs, there is yet another item deemed by the government to be a need when really it is a want, a luxury. That would be phone service. Nowadays, one cannot escape the television advertisements extolling “free” cell phones for income-eligible people. These phones, as with all public benefits rendered, are anything but “free” as the taxpayers must foot the bill.

*Benefits to individuals:* Approximately \$30 per month or \$360 per year.

*Total cost to taxpayers (services rendered as well as bureaucracy):* The Federal Universal Service Fund charge found on phone bills brings in [\\$9 billion annually](#).

There are countless more federally-run and taxpayer-provided social welfare programs, but the aforementioned few give good insight into what the productive sectors of the economy provide for those unwilling to pursue the American Dream at their discretion. As you can see, those who make a lifestyle of being poor are doing quite well for themselves and are far better off than some of their middle class friends and neighbors. With minimal or no effort, they can reap the rewards that the others toil for. Accumulating the annual benefits listed above, the impoverished family with an income of \$23,050 gleans another \$44,554 in subsidized goods and services, courtesy of Uncle Sam and the nieces and nephews from whom he steals. That brings the actual income of a poverty-stricken family of 4 to \$67,604. To achieve that market basket of goods and services, their income would, in theory, be much higher, though, as were it to be real income, that \$67,604 would be the amount after federal and state taxes, which they are more than likely *not* paying.

Although government and society have gradually and effectively indoctrinated millions of Americans to a culture of government assistance, there are millions more who end up acquiring entitlements who are unable to pursue the American Dream on their own (even though they truly want to) because of the vast wealth transfer perpetuated by the government. To put this into realistic and not theoretical constraints consider that there are [29.6 million adults living in poverty](#). Tabulating the above programs, the total cost to taxpayers is \$538.5 billion per year. Now, were those 29.6 million to be employed and were that \$538.5 billion to be back in the private sector where it belongs, those individuals could see earnings or wealth creation (since some of the money would be going to plants and equipment or research and development) equal to \$18,193 per person. That’s a pretty significant number. It would bring millions of Americans out of the ranks of poverty.

It’s unlikely that the abolition of entitlements could happen with today’s misunderstanding of what



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government is supposed to do (shared by the elected and the electorate alike). The government would never abandon the sense of control that entitlements elicit: In one fell swoop it can make tens of millions of Americans dependent on the system (ensuring perpetual preservation of status quo) and it can control what the free markets and the private sector can do in terms of advancement (driving us further down the path of socialism).

In order to eliminate the programs in part or in their entirety, we would need an electorate that understands our formative documents and philosophies, that the purpose of our nation is to allow the pursuit of happiness, not provide for happiness outright. This understanding may actually come in time — with the economy at a virtual standstill, with its rampant unemployment and lackadaisical demand, people are beginning to see the error in government's ways. It's those same people — *those who want to work and those who are working but under constant fear of what tomorrow brings* — who will wake up to the inherent unfairness of entitlements and realize that anyone who lives in poverty really doesn't live in poverty after all.

If the masses do not wake up to this unconstitutional brand of charity, then more people will be driven to poverty. But, as more and more people do fall into those ranks, it will be a true dirt-poor poverty unsupported by free food, housing and healthcare — because, sooner or later, so much wealth will be taken away from the private sector that there will be no more left to give.



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