



Written by [Ralph R. Reiland](#) on January 28, 2013

## Red Ink and Welfare's Failure

A slideshow presented by Pennsylvania's Secretary of Public Welfare, Gary Alexander, "Welfare's Failure and the Solution," graphically illustrates the cost and unsustainability of the state's anti-poverty programs.

Starting with the big picture, a "Pennsylvania Growth Trends" graph shows 10-year expansions, 2001 to 2011, adjusted for inflation, in four categories.



First, the economy in Pennsylvania expanded by a total of 7.4 percent in that 10-year period, while general fund revenues to the state increased by 1.3 percent.

Next are two big jumps in growth in Pennsylvania during that same decade. Poverty was up by 29.9 percent and the Pennsylvania welfare budget ballooned by 36.5 percent.

Note that the welfare budget was up significantly more than the percentage increase in poverty. Additionally, remove the adjustment for inflation and the Pennsylvania welfare budget expanded during those 10 years by 80 percent.

Another slide shows the "Example Household Receiving Welfare Benefits" — "Single mom, two children, lives in Pennsylvania, no disabilities, children are 1 and 4 years old and placed in a Star 4 childcare center."

The "Star 4" refers to the Keystone Star ranking system in which pre-kindergarten programs earn a Star 1 to a Star 4.

To get the Star 4 designation, "at least half of lead teachers have a Bachelor's degree in early childhood education, and all have at least an Associate's degree."

Additionally, Star 4 teachers follow the "PA Early Learning Standards to development curriculum and assessment," and provide "daily updates" on a child's progress, and have demonstrated a willingness to jump through a prescribed sequence of centrally-designed hoops.

To obtain and maintain the Star 4 stamp of approval, the staff has to "complete continuing education each year" and "receive at least four employee benefits, such as health insurance, which helps to reduce staff turnover" — and helps to reduce the take-home pay of taxpayers who are picking up the tab.

Pennsylvania has two free pre-kindergarten programs: "Pre-K Counts" for households earning up to 300 percent of the federal poverty level, and Head Start for the "most at risk" who earn 100 percent of the federal poverty level or less.

A "Welfare Cliff" slide illustrates how subsidies for energy, food, day care, tax reimbursements, medical assistance, housing, etc., are cut as earnings increase, thereby delivering a strong and obvious disincentive for upward mobility and work.

A specific example from Pennsylvania's Secretary of Public Welfare shows how the state's assistance programs have become a powerful deterrent to work: "The single mom is better off earning gross



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income of \$29,000 with \$57,327 in net income and benefits than to earn gross income of \$69,000 with net income and benefits of \$57,045.”

So why go to school or work harder when the net result is no more money? And less leisure. Who’d work for nothing, aside from some uncommon folks like Mother Teresa?

It was often argued during the recent tax debates in Washington that “the rich” will work less and create fewer jobs if the top marginal tax rate on income is increased from 35 percent to 39.6 percent.

If that’s true, how then can any of us be surprised if people at the other end of the income range “work less” when the government imposes an effective tax of 100 percent on increased earnings?

The result, nationally, as reported by Pennsylvania’s Secretary of Public Welfare: “For every 1.65 employed persons in the private sector, 1 person receives welfare assistance.”

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