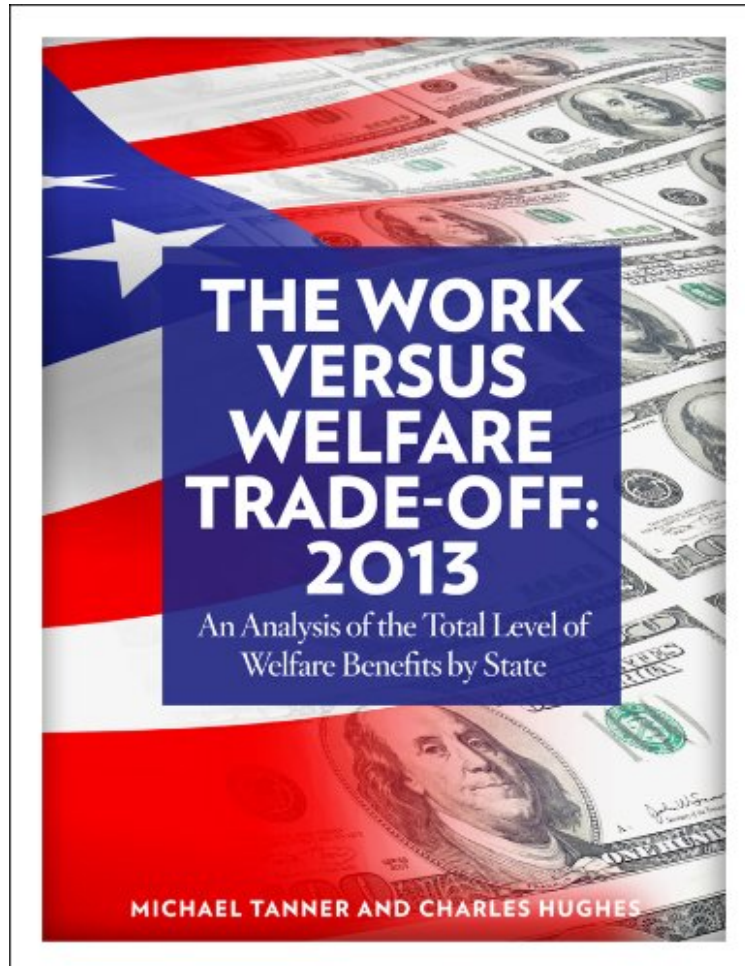


The Work Versus Welfare Trade-Off: 2013

Michael D. Tanner, Charles Hughes

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Michael D. Tanner, Charles Hughes : The Work Versus Welfare Trade-Off: 2013 before purchasing it in order to gauge whether or not it would be worth my time, and all praised The Work Versus Welfare Trade-Off: 2013:

5 of 5 people found the following review helpful. Careful and Informative Statistical Analysis By Herbert Gintis In 1995, the Cato Institute published a groundbreaking study, The Work vs. Welfare Trade-Off, which estimated the value of the full package of welfare benefits available to a typical recipient in each of the 50 states and the District of Columbia. It found that not only did the value of such benefits greatly exceed the poverty level but, because welfare benefits are tax-free, their dollar value was greater than the amount of take-home income a worker would receive from an entry-level job. Since then, many welfare programs have undergone significant change, including the 1996 welfare reform legislation that ended the Aid to Families with Dependent Children program and replaced it with the Temporary Assistance to Needy Families program. Accordingly, this book, which is really just a long paper, mostly consisting of table after table of numbers, examines the current welfare system in the same manner as the 1995 paper. The authors find that welfare benefits continue to outpace the income that most recipients can expect to earn from an

entry-level job. Welfare, they find, 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. Only 2.6 percent of full-time workers are poor, as defined by the Federal Poverty Level (FPL) standard, compared with 23.9 percent of adults who do not work. Even part-time work makes a significant difference; only 15 percent of part-time workers are poor. Contrary to stereotypes, the authors argue, there is no evidence that people on welfare are lazy or do not wish to work. Indeed, surveys of welfare recipients consistently show their desire for a job. At the same time, however, the evidence suggests that many are reluctant to accept available employment opportunities. Although it would be nice to raise the wages of entry-level service workers, they maintain that government has no ability to do so, attempts to mandate wage increases, such as increases in the minimum wage, primarily result in increased unemployment for the lowest-skilled workers. I am an economist, but not an expert in this area. The authors research is highly professional, but I do not agree at all with the authors' conclusion that an increase in the minimum wage would lead to widespread unemployment of low-skill labor. I think it is worth raising the minimum wage, as well as extending on-the-job skill training to low-skilled workers, as a supplement to community college and vocational training.

In 1995, the Cato Institute published a groundbreaking study, *The Work Versus Welfare Trade-Off*, which estimated the value of the full package of welfare benefits available to a typical recipient in each of the 50 states and the District of Columbia. It found that not only did the value of such benefits greatly exceed the poverty level but, because welfare benefits are tax-free, their dollar value was greater than the amount of take-home income a worker would receive from an entry-level job. Since then, many welfare programs have undergone significant change but welfare benefits continue to outpace the income that most recipients can expect to earn from an entry-level job, and the balance between welfare and work may actually have grown worse in recent years. This white paper shows that the current welfare system provides such a high level of benefits that it acts as a disincentive for work. If Congress and state legislatures are serious about reducing welfare dependence and rewarding work, they should consider a number of policy changes, including ways to shrink the gap between the value of welfare and work by reducing current benefit levels and tightening eligibility requirements.