Eliminating Welfare is Not the Answer for the Working Poor.

Unit 10: Revising and Finalizing an Argumentative Essay

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Eliminating Welfare Is Not the Answer for the Working Poor.

In the opinions of many in this country, welfare steals tax dollars from hard working people and gives it to those who refuse to work. Merriam-Webster defines welfare as “aid in the form of money or necessities for those in need”, and “an agency or program through which such aid is distributed”, (2017). The common labeling of welfare recipients is not of those in need, but rather of being lazy, poor, irresponsible, free-loaders, and drug-users taking advantage of the working class. It is heard in the tales of mothers who keep having babies to get more money, and families who can be seen buying lobster in Walmart with their EBT cards, and don’t forget about those free cell phones. While it can be appreciated that many hard-working folks should not have their income taken away in support of those too lazy to get a job, what many fails to realize is the truth behind a great deal of families who receive social services. They do work. In fact, our federal government mandates that at least half of adults receiving welfare benefits be employed at least 30 hours a week, with the passing of The Personal Responsibility and Work Opportunity Reconciliation Act of 1996, (Haskins, 2016). For those who work, and do not earn a livable wage, welfare benefits such as child care subsidies, may be the only thing keeping them from becoming homeless. Eliminating welfare is not the answer for the working poor, expanding childcare subsidies, tax credits, and raising minimum wage is the solution to poverty.

A Closer Look at Welfare Policies.

There is a lot of misunderstanding in the general public about how welfare subsidies function to assist those living in poverty. Even members of our own government would like to see welfare eliminated, believing it is a drain on government resources, and tax paying citizens of the working class. However, a closer look into current subsidy programs would reveal that after the passing of The Personal Responsibility and Work Opportunity Reconciliation Act of

1996, many limitations and provisions were created that served to get more people working, (Haskins, 2016). Haskins discusses the “controversial” legislation in his article “TANF At Age 20: Work Still Works”, (2016). TANF (Temporary Assistance for Needy Families) as part of the 1996 Act, replaced the previous cash entitlement welfare program, (Haskins, 2016). The 1996 legislation also set time limits, created block grants, imposed work requirements, and sanctions for those who did not work, (Haskins, 2016). Haskins stated “the theme that united these reforms was reducing welfare by encouraging more people to be self-reliant through work and marriage”, (p. 224).

The 1996 reform made sure that adults receiving benefits had a time limit in which they could do so before they no longer qualified whether they had gained employment during that time or not, (Haskins, 2016). A report by Danziger, Danziger, Seefeldt & Shaefer (2016) concluded:

> because it’s not an entitlement program, TANF does not require states to provide benefits to all eligible families, nor does it require them to assume responsibility for guaranteeing unemployed recipients who reach their time limit a job if they cannot find one, (p .231).

Recipients could only receive cash welfare if they were working, instead of need based as was prior to the 1996 legislation. States received block grants of a fixed amount and were sanctioned if they did not meet standards that required them to ensure that half of the recipients were working at least 30 hours a week, (Haskins, 2016). Based on these statistics it would seem the idea that most welfare recipients are too lazy to work would be misleading, as the 1996 legislation requires all recipients to actively be seeking work with states sanctioned if 50 percent of recipients aren’t working. Some may argue that 50 percent is too low, that all need to be working, but working can be unaffordable for those who have children. How can they work, if they can't afford to pay for child care? Danziger et al. (2016) stated that "many former welfare recipients found jobs, but had difficulty paying for childcare", (p. 235). Danziger et al. (2016) also reported that "Because former welfare recipients earn less than the median, their cost burden is even higher", and suggested that "Increasing public funds for child care subsidies would both raise the economic well-being of single mothers, but also contribute to increased labor supply by raising the net gain from work", (p.236). If tax payers want everyone to work, they must provide aid so that they can.

How does one work, if they are forced to choose between rent or daycare?

The common misconception of single mothers, and other welfare recipients as too lazy to work, is just that, a misconception. Many in the workforce do not earn a livable wage, and would not be able to work at all without welfare subsidies assisting them. A study done on the public cost of low wages workers by Allegretto, Doussard, Graham-Squire, Jacobs, Thompson & Thompson, (2013) from the University of California, Berkeley found that "nearly three-quarters (73 percent) of enrollees in America's major public support programs are members of working families", (p.1). Many single parents struggle to work, as their incomes are not enough to cover cost of living expenses and child care. Even married couples may struggle if they are both employed at minimum wage jobs. This is where child care subsidies are crucial. Each state has different eligibility requirements, and many have waitlists for child care subsidy services. Per the Child Care Development Fund through the Department of Health and Human Services:

> To qualify for this benefit program, you must be a parent, or primary caregiver responsible for children under the age of 13, or under 19 if incapable of self-care or under court supervision who needs assistance paying for childcare; and must also characterize your financial situation as low income or very low income. In order to qualify you must

also either be employed or in some states, enrolled in a training or education program, (2017).

The caveat of qualifying, means you must be employed or in educational training. Child care facilities must be paid up front, and without the resources to do so, it is extremely difficult for low income families to go to work.

To further understand many of the challenges low wage earning families may face, one only needs to review a few states' child care aid programs. Qualifying for child care in Washington state for example, families must be below 200 percent of the FPL and be employed or self-employed in taxable activities, (Washington State Department of Social and Health Services, 2017). In Kentucky, residents must be within 160 percent of the FPL (Commonwealth of Kentucky, Division of Childcare, 2017), and in Texas they "may not exceed 85 percent of the state median income for a family of the same size", (Texas Workforce Commission, 2017). Washington State reported in 2015 that at least 41 percent of the state's population was receiving at least one welfare service, (Washington State Department of Social and Health Services, 2015). Working Connections Child Care who oversees the state's subsidy program had an estimated 133,200 clients with an average of $2,056.00 paid per client from July 2014-June 2015, (Washington State Department of Social and Health Services, 2015).

Washington State's minimum wage during that time frame according to Washington Department of Labor and Industries was $9.32 per hour, (2017). Per the 2016 copay data chart provided by the Washington Department of Early Learning (2016), a two-parent family where both parents work full time at minimum wage would qualify for child care subsidies, even with only one child. At the 2016 minimum pay rate of $9.32 an hour, 40 hours a week, they would earn a gross of $2,982.40 per month, which keeps them in the 200 percent of poverty level requirement and puts them at a monthly copay of $401.20, (Working Connections Copay Calculations table, 2016). A single mother working full time at minimum wage, with two children would have a $65.00 per month copay. While these amounts may or may not seem reasonable, even with the subsidy it is hard for parents to make those copays, but without aid, it would be impossible for them to work at all, as is the case for many who are waitlisted or just above the eligibility limits with their income.

Eliminating welfare, would stop child care subsidies that help low wage earners work. ChildCare Aware of Washington provides resource information to parents on child care services, and according to their 2016 data report; they estimated for a family with an infant in less expensive private in-home childcare, that services would cost $802.00 per month at the median range. For the example of two married parents working full time at the minimum wage of $9.32 per hour, this is crippling and what is expected without child care subsidy, versus the $401.20 co-pay they would pay with child care subsidy. A single parent with two school-aged children in only before and after school care would pay on average $520.00 per month at a child care center (ChildCare Aware of Washington, 2016). If they were making only minimum wage at a full-time job, their gross income would be $1,491.20. This would leave them with only $971.20 minus payroll taxes to live on without child care assistance, instead of the $65.00 per month co-pay they would have with child care subsidies. How can society expect these families to work if their child care is possibly higher than their rent? If tax payers want less people on welfare, and working, they must help make it affordable to work. Child care subsidies are one of the only ways the working poor can work and survive, but paying them livable wages would also make a significant impact towards self-sustainability.

The Blame Game.

It is certainly understandable why someone who works very hard to provide for themselves and/or their family would be upset at the amount of taxes they pay that go towards providing social services to others. However, it may be time to take a closer look at where the larger share of blame might belong. If 73 percent of the population receiving benefits is working (Allegro et al., 2013), why do they need welfare services in the first place? Many workers in fast food, and retail have a difficult time finding work that maintains full time hours, and pays more than minimum wage, (Allegro et al., 2013).

The Personal Responsibility and Accountability and Work Opportunity Reconciliation Act of 1996 mandates that people actively seek work for a minimum of 30 hours a week, a must in order to receive cash welfare, (Haskins, 2016). This presents a perplexing conundrum. One needs to work to receive welfare services, but must receive welfare services because they do not make enough money from work to live on. If the community expects people to work so they do not have to support them, then why does the community not also expect corporations to pay livable wages, and offer full time hours? As stated by Allegro et al. (2013):

> When employers pay poverty wages, workers must turn to public programs to meet their basic needs. Earned income tax credits, publicly subsidized health insurance, income support and food subsidies allow these working families to bridge the gap between their paychecks and subsistence. This is the public cost of low-wage jobs in America. The cost is public because taxpayers bear it. Yet it remains hidden in national policy debates about poverty, employment and federal spending, (p. 2).

If the community is spending tax dollars to support people who are working, how much then does low wage paying jobs cost the U.S.? An amount that is so startling, it may make many re-think their stance about who it is they do not want to have to support with their tax dollars.

Allegro et al. (2013), reported that "The cost of public assistance to families of workers in the fast-food industry is nearly $7 billion per year", (p. 1). Those are tax dollars we all share the burden of paying, even those workers who are receiving assistance as they also are tax payers. Allegro et al. (2013) claimed that "More than half (52 percent) of the families of front-line fast-food workers are enrolled in one or more public programs, compared to 25 percent of the workforce as a whole", (p. 1). They also found that only about "13 percent receive health benefits from their employers", (p. 8). While many may feel blaming the fast food industry is misplaced, as they think of them employed by mostly teenagers, Allegro et al. (2013), found that "Overall, 68 percent of the core front-line workers in the fast-food industry are not in school and are single or married adults with or without children", (p. 10). Based on their research, Allegro et al. (2013) declared "The data we have assembled indicate working families would directly benefit from improved pay and hours in the fast-food industry, (p. 10). Arguably, all tax payers would also benefit from low wage workers in the fast food industry earning higher wages. However, fast food is not the only industry with low wage jobs. Retail, and hospitality services are also known for their low wages as well.

In Erica Smiley's (2015) research article "Fining Mc Walmart: Charging Employers for the Social Costs of Poverty Wages", she asserts greed in the corporate world is costing tax payers, (p. 68-75). Smiley (2015) states, "These companies, able to pay a fair wage and afford necessary benefits such as health care, child care, and retirement choose not to in the interest of higher corporate profits and salaries for top executives", (p. 68). While these companies are earning massive profits, they are costing the average tax payer, in the social services utilized by their low paid employees. A famous example of this, is Walmart. According to Smiley (2015):

> A 2004 report noted, “the Democratic Staff of the Committee on Education and the Workforce estimates that one 200-person Walmart store may result in a cost to federal taxpayers of US$420,750 per year—about US$2,103 per employee.” A decade later, Walmart remains the largest low-wage employer in the world, (p. 70).

An article for Business Insider, by Henry Blodget (2010), titled “Walmart Employs 1% of America. Should It Be Forced to Pay Its Employees More?”, he reports that Walmart employs 1.4 million people in the United States alone. If you multiply the number of employees; most making under 11.75 per hour, (Blodget, 2010), by the 2004 report cited by Smiley (2015) of the costs per tax payer of $2,103.00 per employee, that is over 2.9 billion dollars that tax payers are subsidizing through social services, without factoring in inflation from 2004-2010. Eliminating welfare services for these 1.4 million people would save tax payers 2.9 billion dollars, but would likely put 1.4 million people out of work, who would then need those services even more. Tax payers could find relief without harming the workforce if Walmart raised wages to livable incomes. This would decrease the need for welfare services as well.

Blodget argues that increasing Walmart employee wages will come with sacrifices as he states, “the increased wages would quickly be repatriated back to the mother-ship through increased prices”, (2010). Would those increased prices add up to the more than 2.9 billion dollars tax payers are subsidizing for Walmart employees now though? Differing from Blodget’s belief, Smiley (2015), supports the study done by Allegro et al. (2013) in that raising minimum wage is essential to getting the working poor off public assistance, but Smiley goes further in suggesting that low wage paying corporations should be required to pay a fee in lieu of higher wages to offset the costs to the public for subsidizing low wage earners’ incomes, (p. 70). Tax payers are subsidizing an estimated 7 billion a year from the fast food industry (Allegro et al., 2013), and 2.9 billion a year from Walmart (Smiley, 2015), that is a staggering 9.9 billion annually costing tax payers. How many more billions are U.S. citizens subsidizing from corporations paying low wages?   Although Walmart and the fast food industry can be blamed for causing tax payers to pay for welfare subsidies for their employees, they certainly are not the only corporate offenders.

Smiley (2015) lists Home Depot, TJMaxx, Fedex, Aramark, Wells Fargo, and Mc Donald's also as some of the most profitable companies paying low wages, (p. 70). So, if welfare recipients really do work but are not paid enough to live on by corporations who are turning over high profits, whom is really draining your tax dollars? Perhaps it is not people's laziness that is costing you after all hard worker, but rather greedy corporations turning profits at the expense of the working class. If the public would like the population of welfare recipients to decline, forcing a fee on low wage paying corporations would be a viable solution towards motivating them to pay livable wages instead. Especially so, if those fees outpaced the per employee rate that tax payers are covering, as an additional penalty.

The Working Poor Are Also the Working Class.

The working poor work hard with less reward for their efforts. They must find ways to cover the high costs of child care on incomes that do not even afford them livable wages in the first place. This causes them to carry a higher burden of costs than their middle and upper incomed counter parts, (Danziger et al., 2016). Many working poor struggles to find jobs with full time hours and benefits, and many who do work full time find that income is still not enough, (Allegro et al., 2013). Corporations who do not pay livable wages force workers to seek help, and place tax burdens on all the working classes, (Allegro et al., 2013; Smiley, 2015).

Welfare services help people in bad circumstances to have the basic necessities they need. If welfare is eliminated, it will leave the working poor more vulnerable to poverty, and more desperate for help.

Applicants for subsidies have various reasons for needing aid, that have nothing to do with poor choices or laziness on their part. Everyone is only one tragedy, illness, or broken relationship away from needing welfare services. That hypothetical mom that kept having kids to get more money, may in fact be a college degreed stay at home mom who was recently widowed. She may be in dire need of instant income, and is seeking work. However, she cannot support her children on her income alone. She may need that free phone to receive calls from potential employers, as she had to turn off her cell service afforded to her when her husband was still alive. If you look closely in her grocery cart you will find only the basic food necessities for her family, aside from a carton of ice cream that she budgeted as a treat to her children. She chose to do this because they are struggling with their new life circumstances. If she gets that job offer, she is going to need child care subsidies to help her pay for child care. With welfare services, she will be able to work, and require less subsidy for survival.

Perhaps it is time to rethink the negative stereotypes associated with welfare recipients that inspires many to feel that welfare should be eliminated. The notion that welfare recipients are people taking advantage of hard workers is flawed. Welfare recipients are hard workers in at least half of the population receiving benefits, as mandated by the 1996 legislation, (Haskins, 2016). They work with less pay, hours, and benefits that many others are blessed to have, (Allegro et al., 2013). Many would be homeless, and hungry if not for welfare subsidy, and completely unable to work without aid. Welfare services are necessary for the survival of those in difficult life circumstances, and for the hard workers who simply do not earn enough to live on. Eliminating welfare is not the answer for the working poor, expanding child care subsidies, tax credits, and raising minimum wages in pace with inflation is the solution to enable more people to work and get out of poverty.

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Revision Statement

In reviewing my final draft for submission, I corrected some minor grammatical errors. My classmate peer reviews pointed out that I did not capitalize state, in Washington State as is appropriate for proper nouns. I overlooked that in my initial drafting, so I appreciate that being pointed out. It was also brought to my attention that I needed to add a quotation mark in one of my citations, which upon further inspection I ended up removing a quotation mark that should not have been utilized at all, as it was a long quotation and therefore not appropriate in APA formatting.

I further checked suggested corrections in APA formatting, per a peer review suggestion. She had remarked that I needed to center all my subtitles, per the sample manuscript in "A Writer's Reference", (Hacker & Sommers, 2015). I recalled the sample APA format paper for the School of Nursing and Health Sciences, which has students use levels one and two subtitle formatting. To further inquire on accuracy, I followed up with a visit to Purdue OWL's website, which further explains the different subtitle levels according to the 6th edition of APA, to verify I was correct in my usage. While I realize that level one by itself would be adequate, I have chosen to keep my formatting of subtitles as written utilizing both levels one and two. She also suggested that I should abbreviate EBT with periods, however I visited government websites that all show EBT written without periods, just like TANF. I have not corrected those, in keeping with how I have seen them used on the official government sites used in researching my essay. I appreciated all of the suggestions I received to improve my final draft for submission.

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