



February 11, 2012

Even Critics of Safety Net Increasingly Depend on It

By **BINYAMIN APPELBAUM** and **ROBERT GEBELOFF**

LINDSTROM, Minn. — Ki Gulbranson owns a logo apparel shop, deals in jewelry on the side and referees youth soccer games. He makes about \$39,000 a year and wants you to know that he does not need any help from the federal government.

He says that too many Americans lean on taxpayers rather than living within their means. He supports politicians who promise to cut government spending. In 2010, he printed T-shirts for the [Tea Party](#) campaign of a neighbor, Chip Cravaack, who ousted this region's long-serving Democratic congressman.

Yet this year, as in each of the past three years, Mr. Gulbranson, 57, is counting on a payment of several thousand dollars from the federal government, a subsidy for working families called the earned-income tax credit. He has signed up his three school-age children to eat free breakfast and lunch at federal expense. And [Medicare](#) paid for his mother, 88, to have hip surgery twice.

There is little poverty here in Chisago County, northeast of Minneapolis, where cheap housing for commuters is gradually replacing farmland. But Mr. Gulbranson and many other residents who describe themselves as self-sufficient members of the American middle class and as opponents of government largess are drawing more deeply on that government with each passing year.

Dozens of benefits programs provided an average of \$6,583 for each man, woman and child in the county in 2009, a 69 percent increase from 2000 after adjusting for inflation. In Chisago, and across the nation, the government now provides almost \$1 in benefits for every \$4 in other income.

Older people get most of the benefits, primarily through [Social Security](#) and Medicare, but aid for the rest of the population has increased about as quickly through programs for the disabled, the unemployed, veterans and children.

The government safety net was created to keep Americans from abject poverty, but the poorest households no longer receive a majority of government benefits. A secondary mission has gradually become primary: maintaining the middle class from childhood through retirement. The share of benefits flowing to the least affluent households, the bottom fifth, has declined from 54 percent in 1979 to 36 percent in 2007, according to a Congressional Budget Office analysis published last year.

And as more middle-class families like the Gulbransons land in the safety net in Chisago and similar

communities, anger at the government has increased alongside. Many people say they are angry because the government is wasting money and giving money to people who do not deserve it. But more than that, they say they want to reduce the role of government in their own lives. They are frustrated that they need help, feel guilty for taking it and resent the government for providing it. They say they want less help for themselves; less help in caring for relatives; less assistance when they reach old age.

The expansion of government benefits has become an issue in the presidential campaign. Rick Santorum, who won 57 percent of the vote in Chisago County in the Republican presidential caucuses last week, has warned of “the narcotic of government dependency.” Newt Gingrich has compared the safety net to a spider web. Mitt Romney has said the nation must choose between an “entitlement society” and an “opportunity society.” All the candidates, including Ron Paul, have promised to cut spending and further reduce taxes.

The problem by now is familiar to most. Politicians have expanded the safety net without a commensurate increase in revenues, a primary reason for the government’s annual deficits and mushrooming debt. In 2000, federal and state governments spent about 37 cents on the safety net from every dollar they collected in revenue, according to a New York Times analysis. A decade later, after one Medicare expansion, two recessions and three rounds of tax cuts, spending on the safety net consumed nearly 66 cents of every dollar of revenue.

The recent [recession](#) increased dependence on government, and stronger economic growth would reduce demand for programs like unemployment benefits. But the long-term trend is clear. Over the next 25 years, as the population ages and medical costs climb, the budget office projects that benefits programs will grow faster than any other part of government, driving the federal debt to dangerous heights.

Americans are divided about the way forward. Seventy percent of respondents to a recent New York Times poll said the government should raise taxes. Fifty-six percent supported cuts in Medicare and Social Security. Forty-four percent favored both.

Support for spending cuts runs strong in Chisago, where anger at the government helped fuel Mr. Cravaack’s upset victory in 2010 over James L. Oberstar, the Democrat who had represented northeast Minnesota for 36 years.

“Spending like this is simply unsustainable, and it’s time to cut up Washington, D.C.’s credit card,” Mr. Cravaack said in a February speech to the Hibbing Area Chamber of Commerce. “It may hurt now, but it will be absolutely deadly for the next generation — that’s our children and our grandchildren.”

But the reality of life here is that Mr. Gulbranson and many of his neighbors continue to take as much help from the government as they can get. When pressed to choose between paying more and taking less, many people interviewed here hemmed and hawed and said they could not decide. Some were reduced to tears. It is much easier to promise future restraint than to deny present needs.

“How do you tell someone that you deserve to have heart surgery and you can’t?” Mr. Gulbranson said.

He paused.

“You have to help and have compassion as a people, because otherwise you have no society, but financially you can’t destroy yourself. And that is what we’re doing.”

He paused again, unable to resolve the dilemma.

“I feel bad for my children.”

Middle-Class Blues

Mr. Gulbranson has tried several ways to make a living in the storefront he bought from his father in 1979. He ran a gift shop, then shifted to selling jewelry. Nine years ago, he moved the gold scales to the back and bought equipment for screen-printing clothing. Through it all, he has never made more than about \$46,000 in a year.

Meanwhile, the cost of life — and of raising five children — has climbed inexorably.

“I used to go out and try to have a meal at Perkins, which is a restaurant here, and get out of the store with \$5,” Mr. Gulbranson said. “And now it’s probably up to \$10.”

In recent years he has earned so little that he did not pay federal income taxes, although he still paid thousands of dollars toward Medicare and Social Security. The earned-income tax credit is intended to offset those payroll taxes, to encourage people with lower-paying jobs to remain in the work force.

Mr. Gulbranson said the money covered the fees for his children’s sports leagues and the cost of keeping the older ones on the family’s [car insurance](#).

“If we didn’t get these government things, then probably my kids could not participate in some of the sports they do,” he said.

Almost half of all Americans lived in households that received government benefits in 2010, according to the Census Bureau. The share climbed from 37.7 percent in 1998 to 44.5 percent in 2006, before the recession, to 48.5 percent in 2010.

The trend reflects the expansion of the safety net. When the earned-income credit was introduced in 1975, eligibility was limited to households making the current equivalent of up to \$26,997. In 2010, it was available to families making up to \$49,317. The maximum payout, meanwhile, quadrupled on an inflation-adjusted basis.

It also reflects the deterioration of the middle class. Chisago boomed and prospered for decades as working families packed new subdivisions along Interstate 35, which runs up the western edge of the county like a flagpole with its base set firmly in Minneapolis. But recent years have been leaner. Per capita income in Chisago excluding government aid fell 6 percent on an inflation-adjusted basis between 2000 and 2007. Over the next two years, it fell an additional 7 percent. Nationally, per capita income excluding government

benefits fell by 3 percent over the same 10 years.

Mr. Gulbranson's business struggled as other companies, particularly construction firms, stopped ordering logo-emblazoned shirts. In 2009, the family claimed the earned-income credit for the first time on the advice of their accountant, who was claiming it for herself. The share of local families claiming the credit climbed 33 percent between 2000 and 2008, the most recent year for which data are available.

To make extra money, Mr. Gulbranson refereed 40 soccer games on Tuesday and Thursday nights last fall. His wife sold clothes at equestrian events and air-brushed novelties at craft fairs, driving around the country with a one-ton trailer hitched to a 20-foot van.

Their difficulties, Mr. Gulbranson said, have made it hard to imagine asking anyone to pay higher taxes.

"I don't think most people could bear to pay more," he said.

Instead, he said he would rather give up the earned-income credit the family now receives and start paying for school lunches for his children.

"I don't demand that the government does this for me," he said. "I don't feel like I need the government."

How about Social Security? And Medicare? Can he imagine retiring without government help?

"I don't think so," he said. "No. I don't know. Not the way we expect to live as Americans."

A Starring Role

Bob Kopka and his wife often drive to the American Legion hall in North Branch on Thursday nights, joining the crowd gathered in the basement bar for the weekly meat raffle. Almost everyone present relies on the government to pay for their medical care.

Mr. Kopka, 74, has had three heart procedures in recent years. His wife recently had surgery to remove cataracts from both eyes.

Without Medicare, Mr. Kopka said, the couple could not have paid for the treatments.

"Hell, no," he said. "No. Never. She would have to go blind."

And him?

"I'd die."

Few federal programs are more popular than Medicare, which along with Social Security assures a minimum quality of life for older Americans.

None are more central to the nation's financial problems. The Congressional Budget Office projects that government spending on medical benefits, even taking into account the cost containment measures in the

2010 [health care law](#), will rise 60 percent over the next decade. Then it will start rising even more quickly. The cost of caring for each beneficiary continues to increase, and the government projects that Medicare enrollment will grow by roughly one-third as baby boomers enter old age.

Spending on medical benefits will account for a larger share of the projected increase in the [federal budget](#) over the next decade than any other kind of spending except interest payments on the federal debt.

Medicare's starring role in the nation's financial problems is not well understood. Only 22 percent of respondents to the New York Times poll correctly identified Medicare as the fastest-growing benefits program. A greater number of respondents, 27 percent, chose programs for the poor. That category, which includes [Medicaid](#), is slightly larger than Medicare today but is projected to add only half as much to federal spending over the next decade.

Medicare's financial problems are much worse than Social Security's. A worker earning average wages still pays enough in Social Security taxes to cover the benefits the worker is likely to receive in retirement, according to an analysis by the Urban Institute. Social Security is still running out of money because the program must also support spouses who do not work and workers who earn lower wages. But Medicare's situation is even more dire because a worker earning average wages still contributes only \$1 in Medicare taxes for every \$3 in benefits likely to be received in retirement.

A woman who was 45 in 2010, earning \$43,500 a year, will pay taxes that will reach a value of \$87,000 by the time she retires, assuming the money is invested at an annual interest rate 2 percentage points above inflation, according to the Urban Institute analysis. But on average, the government will then spend \$275,000 on her medical care. The average is somewhat lower for men, because women live longer.

Medicare is often described as an insurance program, but its premiums are not nearly high enough. In simple terms, Americans are getting more than they pay for.

But many older residents in Chisago say this problem belongs to younger generations. They paid what they were told; they want to collect what they were promised.

Some, like the Kopkas, have savings they can tap. Mr. Kopka still owns the landscaping business he started after leaving the Navy in the early 1960s. He and his wife own a three-bedroom home on three acres, valued by the county at \$153,700. The mortgage is paid. They hope to pass the house to their children.

Others have nothing else. Barbara Sullivan, 71, moved last year to the apartments above the Chisago County Senior Center in North Branch. Waiting on a recent Friday for the hot lunch, which costs \$3.50, she watched roughly 20 people play bingo for prizes including canned soup and Chef Boyardee pasta.

"Most of the seniors around here are struggling to make it," she said.

She counts herself among them. She lives on \$1,220 a month in Social Security benefits and relied on Medicare to pay for an operation in November.

She believes that she is taking more from the government than she paid in taxes. She worries about the consequences for her grandchildren. She said she would like politicians to propose solutions.

“We’re reasonable people,” she said. “We’re not going to say, ‘Give it to me and let my grandchildren suffer.’ I think they underestimate seniors when they think that way.”

But she cannot imagine asking people to pay higher taxes. And as she considered making do with less, she started to cry.

“Without it, I’m not sure how I would live,” she said. “With the check I’m getting from Social Security, it’s a constant struggle on making sure that I pay my rent and have enough left for groceries.

“I haven’t bought a Christmas present, I haven’t bought clothing in the last five years, simply because I can’t afford it.”

Keeping a Promise

Representative Cravaack often says he entered politics to lift the burden of debt from the shoulders of his two sons.

“I vision that I open up their backpacks and I put in a 50-pound rock and zip it back up again,” Mr. Cravaack told the Minnesota Freedom Council in October 2010. “And I say, ‘Sorry, son, you’re going to have to hump this the rest of your life.’ Because that’s exactly what we’re doing to our [national debt](#) right now to our children.”

Mr. Cravaack, a 53-year-old Navy veteran and a retired pilot for Northwest Airlines, was grounded by sleep apnea in 2007. He and his wife, an executive at the drug company Novo Nordisk, decided he would stay home with their sons. He soon became the first man to serve as president of the Chisago Lakes Parent Teacher Organization.

In August 2009, while driving the children to North Branch, he heard a talk radio host urging people to protest President Obama’s health care legislation. Mr. Cravaack and about two dozen others spent more than two hours the next day in Mr. Oberstar’s North Branch office before a staff member told them the congressman would not meet them. The rejection convinced Mr. Cravaack that Mr. Oberstar should be replaced. One of the other protesters, a woman who had taken her six children to the office, became Mr. Cravaack’s campaign scheduler.

Two weeks after speaking to the Freedom Council, he beat Mr. Oberstar by 1.6 percentage points, or 4,407 votes. Voters in Chisago, the southern tip of an expansive district, provided the margin of victory.

“We have to break away,” Mr. Cravaack told supporters, “from relying on government to provide all the answers.”

Mr. Cravaack has said he drew unemployment benefits during a furlough from Northwest in the early

1990s. He did not respond to several requests for an interview, nor to an e-mail with questions about his views and about whether his family has drawn on other benefits programs. This account is based on a review of his public statements.

Shortly after arriving in Congress, Mr. Cravaack voted with a vast majority of House Republicans for a plan to remake Medicare by providing money to its beneficiaries to buy private insurance. Senate Democrats have rejected that plan.

But Mr. Cravaack has also consistently said the government should not reduce its largest category of spending — benefits for the current generation of retirees. He also says he does not support cuts for people who will turn 65 over the next decade.

“If you’re 55 years and older, you don’t have to listen to this conversation because we have to keep those promises,” Mr. Cravaack told The Daily Caller last April. “People like myself, 52, if you’re 54 or younger, we’re going to have a conversation.”

Tomorrow, Tomorrow

The government helps Matt Falk and his wife care for their disabled 14-year-old daughter. It pays for extra assistance at school and for trained attendants to stay with her at home while they work. It pays much of the cost of her regular visits to the hospital.

Mr. Falk, 42, would like the government to do less.

“She doesn’t need some of the stuff that we’re doing for her,” said Mr. Falk, who owns a heating and air-conditioning business in North Branch. “I don’t think it’s a bad thing if society can afford it, but given the situation that our society is facing, we just have to say that we can’t offer as much resources at school or that we need to pay a higher premium” for her medical care.

Mr. Falk, who voted for Mr. Cravaack, said he did not want to pay higher taxes and did not want the government to impose higher taxes on anyone else. He said that his family appreciated the government’s help and that living with less would be painful for them and many other families. But he said the government could not continue to operate on borrowed money.

“They’re going to have to reduce benefits,” he said. “We’re going to have to accept it, and we’re going to have to suffer.”

One of the oldest criticisms of democracy is that the people will inevitably drain the treasury by demanding more spending than taxes. The theory is that citizens who get more than they pay for will vote for politicians who promise to increase spending.

But Dean P. Lacy, a professor of political science at Dartmouth College, has identified a twist on that theme in American politics over the last generation. Support for Republican candidates, who generally promise to cut government spending, has increased since 1980 in states where the federal government spends more

than it collects. The greater the dependence, the greater the support for Republican candidates.

Conversely, states that pay more in taxes than they receive in benefits tend to support Democratic candidates. And Professor Lacy found that the pattern could not be explained by demographics or social issues.

Chisago has shifted over 30 years from dependably Democratic to reliably Republican. Support for the Republican presidential candidate has increased relative to the national vote in each election since 1984. Senator John McCain won 55 percent of the vote here in 2008.

Residents say social issues play a role, but in recent years concerns about spending and taxes have predominated.

Voters in the North Branch school district have rejected increased financing for local schools in each of the past three years. In 2010, the district switched to a four-day school week, striking Monday from the calendar to save money.

Some of the fiercest advocates for spending cuts have drawn public benefits. Many, like Mr. Falk, have family members who rely on the government. They often cite that personal experience as the reason they want to cut government spending.

Brian Qualley, 49, has a sister who survived a brain tumor but was disabled by its removal. The government pays for her care at an assisted-living facility. Their mother scrapes by on Social Security.

Mr. Qualley said that the government should provide for those who need help, but that too much money was being wasted. Mr. Qualley, who owns a tattoo parlor in Harris, north of North Branch, said some of his customers paid with money from government disability checks.

“They’re getting \$300 or \$400 tattoos, and they’re wearing nice new Nike shoes that I can’t afford,” he said, looking up from working a complicated design into the left leg of a middle-aged woman. “I guess I shouldn’t say it because it’s my business, but I think a tattoo is a little too extravagant.”

But Mr. Qualley said he did not want to reduce benefits for the current generation of retirees. Rather, he said his own generation should get less, because they have time to prepare. This is a common position among the young and healthy in Chisago.

Mr. Qualley said he was saving some money for retirement, although, he added, “I don’t have a 401(k) or anything like that.”

“I also have a job that I don’t necessarily ever want to — or have to — retire from,” he said.

What if his hands start to shake as he gets older?

“Actually,” he said, the electric needle falling silent in his hand, “it’s my shoulders and neck that bother me most.”

Safety in Numbers

Barbara Nelson has little patience for people who say they will not need government help. She considers herself lucky she has not, and obligated to provide for those who do.

“Catastrophes happen in life,” she said, sitting in a coffee shop in Taylors Falls. “To be so arrogant that you think it won’t happen to you, that somehow you’re going to be one of the special ones, I disagree with that.”

Ms. Nelson, 61, who describes herself as a centrist Democrat, also dismisses the claim that people cannot afford to pay more taxes.

“Anyone who can come into a coffee shop and buy coffee is capable of paying more,” she said. “If someone’s life can be granted, in terms of adequate health care, if that means I give up five cups of coffee a month, that is a small price to pay.”

Gordy Peterson, 62, who has used a wheelchair for 30 years since a construction accident, has reluctantly reached a similar conclusion.

“I’m a conservative,” he said by way of introducing himself. He built his own house before his injury and paid for it in cash. He still thinks the government should operate that way. He never intended to depend on federal aid and said he sometimes felt guilty about it.

But for the last three decades, he has received a regular check from the Social Security disability insurance program, and Medicare has helped to pay his medical bills.

“Here I’m getting money, and everybody is struggling,” he said. “Even though it ain’t no cakewalk for me.”

Mr. Peterson used a workers’ compensation settlement to buy a farm that he managed with his brother-in-law, who is mentally handicapped and also on government disability.

“He was my legs, and we worked it,” Mr. Peterson said.

They grew corn, soybeans and rye, and even kept steers for a while. In good years they earned enough to live on. In bad years they lived on the government’s checks. Life would have been very difficult without them, he said.

Mr. Peterson, an easygoing man who looks down when he thinks and smiles sheepishly when he offers an opinion, looked down after completing the story of his own dependence on the safety net.

“It’s hard to beat up on the government when they’ve been so good to you,” he finally said. “I’ve never really thought about it, I guess.”

Lately, the government has been very good, indeed. The county, with federal financing, bought a corner of

Mr. Peterson's farm to build a new interchange for Interstate 35. He used the money to open a gas station at the edge of the farm in 2008 to serve the traffic that rolls off the new ramp. The business is prospering, and he no longer worries that he will need to depend on Social Security.

"But you can't take that away," he said. "My own sister has only Social Security. That's all. That's all she's going to have. And if you take that away from her, Christ, she'd be a street person. I don't think we can cut them off on that."

How about higher taxes?

Maybe a little higher, he said. Maybe.

"I'm glad I'm not a politician," he said. "We're all going to complain no matter what they do. Nobody wants to put a noose around their own neck."

This article has been revised to reflect the following correction:

Correction: February 14, 2012

A chart on Sunday with the continuation of an article about increased federal aid for the middle class contained a map that designated North Carolina as one of the states won by Senator John McCain in the 2008 presidential election. In fact, President Obama won that state. (In the 100 counties with the highest dependence on federal aid, Mr. McCain won two-thirds of them.)