

Means-testing: Shredding the Safety Net

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MEANS-TESTING BENEFITS that everyone is entitled to receive has become popular with conservatives these days. Conservatives have called for means-testing unemployment benefits, Medicare, and Social Security.

Representative Darrell Issa, a Republican from California, has proposed means-testing unemployment benefits. He says that someone who earned \$100,000 when he or she worked should not get as much as someone who earned less. Yet, all employees pay into their state's unemployment insurance fund. It is insurance, which they get to collect.

Darell Issa is the richest person in Congress. He is worth somewhere between \$195 million and \$700 million. He has faced outside scrutiny because of the overlap of his Congressional work and outside interests. In one case, he obtained some \$800,000 in federal earmarks for a road-widening project running along commercial property he owns.[1]

President Obama has publicly supported means-testing Medicare. Rep. James Clyburn (D-S.C.), a top-ranking Democrat, has embraced the idea, as have the party's more fiscally conservative members.[2] The columnist David Brooks has endorsed it. After arguing with Brooks about it, the economist Paul Krugman wrote a blog in the *New York Times*.[3] Krugman points out that means-testing Medicare wouldn't save much money, and "the good thing about Medicare, as with Social Security, is precisely that it doesn't depend on your personal financial status — you just get it. Means-testing would turn it into something much more intrusive, like Medicaid." Krugman concludes, "if you want the well-off to pay more, it's just better to raise their taxes. . . . What we need is actual control of health costs. Means-testing of Medicare is just a badly designed, unfair form of taxation."

In 1992, third-party Presidential candidate Ross Perot proposed that future Social Security benefits be subjected to a means test. More recently, the Heritage Foundation proposed means-testing Social Security. They want to reduce payments to anyone who makes over \$55,000 a year and eliminate them altogether — both for individuals who make over \$110,000 a year and for couples who make more than \$165,000 a year. Tim Pawlenty has endorsed something similar.[4]

Means-testing entitlement programs would be the beginning of the end for those programs. When Social Security was first begun, in 1935 during the administration of Franklin D. Roosevelt, some people proposed means-testing it as they means-tested Aid to Dependent Children (now TANF, Temporary Assistance to Needy Families). Roosevelt resisted it, knowing that would make it politically vulnerable. In order to protect it, Social Security needed to be universal. The rich as well as the poor would receive it.

Social Security is different from other entitlements. In their first explanatory pamphlet of 1937, the members of the Social Security Board carefully presented the program as insurance, and they wrote in actuarial terminology: "[P]ayments are like premiums paid for fire insurance or accident insurance," or "saving for a rainy day." [5]

The idea of not giving government money to the rich has an appeal on the surface, and is gaining some adherence from the general public. Why should the rich get money when the poor need it more? But Roosevelt knew, as the British social welfare scholar Richard Titmuss said, "Programs for the poor are poor programs." Witness the means-tested program for children, which was begun at

the same time as Social Security, as part of the Social Security Act. Women who worked for the Children's Bureau created the program. They believed that assistance should go only to the deserving, and that parents needed to be supervised closely to insure they used the money wisely. Mothers were not included in the program until 1950. Since its beginnings ADC (later AFDC, Aid to Families with Dependent Children, when fathers were included) has been intrusive and stingy and the recipients have been subjected to arbitrary and capricious treatment by caseworkers. While it began as an entitlement, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 removed its entitlement status. It is now used as a club to browbeat mothers into finding work that often does not exist, and when it does, does not pay enough to support a family. Its main goal is to force people off the rolls, and it has succeeded at that.

In contrast to that mean-spirited program, Social Security was crafted by men with male workers in mind.

Another means-tested program is the state sponsored General Assistance, or General Relief. It is for able-bodied unemployed people without children to support. It has been the first program to be cut when states face fiscal problems. Most states no longer have it, and there is no assistance except for food stamps for able-bodied unemployed people if they do not qualify for unemployment benefits. (They were even prohibited from getting food stamps until a few years ago.) In Massachusetts, General Relief for the able-bodied unemployed was ended by Governor Dukakis and Phil Johnston, then the director of human services in Massachusetts. (Johnston later became the head of the Democratic Party in Massachusetts.) The only program remaining is called Emergency Assistance for the Elderly, Disabled, and Children, and pays only \$300 a month.

States have been cutting Medicaid, which is means-tested, for years. It is somewhat protected from total destruction by the fact that middle-income people rely on it for nursing home care for their parents. Some people who need nursing home care qualify for Medicaid by legally protecting their assets, making them unavailable to the state. Yet conservatives have attacked that strategy, calling for eliminating that possibility.

What is our answer to people who say the country could save money if they didn't give Social Security to rich people? The answer is to recoup the money paid to them through progressive taxation. There is no reason rich people shouldn't be taxed at a higher rate than poor people. In the 1940s and 50s, under Roosevelt, Truman, and Eisenhower Administrations, the rate on the top bracket was 91 percent. This paid for the GI Bill, and helped finance both the VA and FHA housing loans. In short, it built the middle class. We must resist attempts to destroy it.

Footnotes

1. Eric Lichtblau, "Nearly half in Congress are millionaires, study finds," *The Boston Globe*, December 27, 2011, p. A2.
2. *Huffington Post*, "Obama publicly backs means-testing Medicare,"
3. Paul Krugman, "Means-testing Medicare," *New York Times*, July 24, 2011.
4. Paul A. Rahe, "Is means-testing just?" *Ricochet*, December 12, 2011.
5. *Ibid*.