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i2 CATO – De-incentivizes work 49

# General

## Framework

### Must prove feasibility

Should implies can, so if we should do something, than we can do it

Theodore Graycyk, University of Minnesota, “The Philosophy of Art: An Introduction”, 2014, <https://books.google.com/books?id=TpaOAgAAQBAJ&pg=PT216&lpg=PT216&dq=%22should+implies+can%22&source=bl&ots=r1aorGTzqg&sig=2t_65nQXKcEKhUeJm0-JRDnU_j0&hl=en&sa=X&ved=0ahUKEwj_zpGwzKHLAhWCWh4KHb_lDFIQ6AEIIzAB#v=onepage&q=%22should%20implies%20can%22&f=false>, SF

**Philosophers generally agree to the slogan “should implies can,” meaning that if we should do something, then we can do it.**

## Definitions

### Means-tested welfare programs

List of programs

CBO, February 11, 2013, “Growth in Means-Tested Programs and Tax Credits for Low-Income Households”, <https://www.cbo.gov/publication/43934>, SF

The federal government devotes roughly one-sixth of its spending to 10 major means-tested programs and tax credits, which provide cash payments or assistance in obtaining health care, food, housing, or education to people with relatively low income or few assets. Those programs and credits consist of the following:

* Medicaid,
* The low-income subsidy (LIS) for Part D of Medicare (the part of Medicare that provides prescription drug benefits),
* The refundable portion of the earned income tax credit (EITC),
* The refundable portion of the child tax credit (CTC),
* Supplemental Security Income (SSI),
* Temporary Assistance for Needy Families (TANF),
* The Supplemental Nutrition Assistance Program (SNAP, formerly called the Food Stamp program),
* Child nutrition programs,
* Housing assistance programs, and
* The Federal Pell Grant Program.

## Rando

### Income Inequality is Growing

Empirics

Merrill Matthews, Contributor, Forbes, “How ObamaCare Increases Income Inequality”, June 22, 2012, <http://www.forbes.com/sites/merrillmatthews/2012/06/22/how-obamacare-increases-income-inequality/#3840355a65b1>, SF

According to the CBO, **the total share of income for families in the highest quintile rose from 43 percent to 53 percent between 1979 and 2007, with the top 1 percent’s share doubling from 8 to 17 percent.  By contrast, the other four quintiles’ income share was lower in 2007 than in 1979, with the lowest quintile shrinking from 7 percent to 5 percent of total income.**

# Affirmative Offense

## Infrastructure Investment Good

### Employment

$18 billion into infrastructure yields 216,000 net new jobs

Josh Bivens, Economic Policy Institute, “The Short- and Long-Term Impact of Infrastructure Investments on Employment and Economic Activity in the U.S. Economy”, July 1, 2014, <http://www.epi.org/publication/impact-of-infrastructure-investments/>, SF

Under scenario one, **a debt-financed $18 billion annual investment in infrastructure yields** a $29 billion increase in GDP and **216,000 net new jobs by the end of the first year**, with the increased levels then sustained over the next decade.

Underinvestment costs thousands of jobs

Andrew Hull, Duke, “Infrastructure Investment Creates American Jobs”, October 2014, <http://www.cggc.duke.edu/pdfs/aam_report_oct15_7vm62z7l5.pdf>, SF

Why do we raise taxes to invest in transportation? Because transportation investment boosts productivity and the wealth generating potential of the entire economy. It also increases personal mobility and quality of life. The key benefit, however, has nothing to do with “job creation” in the construction trades. In fact, we want to create as few jobs as possible in those sectors because we want to get as much road transportation mobility and reliability as possible for as little cost as possible in terms of investment and payroll for construction workers. **Underinvestment costs the United States over 900,000 jobs, including more than 97,000 American manufacturing jobs.**

The American Jobs Act would have created 2.6 million jobs if it wasn’t blocked

Travis Waldron, Think Progress, November 26, 2012, “How Increasing Infrastructure Spending Provides A Major Boost To Our Economy”, <http://thinkprogress.org/economy/2012/11/26/1239091/how-increasing-infrastructure-spending-provides-a-major-boost-to-our-economy/>, SF

After the success of his first stimulus, **President Obama pushed for another investment into infrastructure in 2011. The American Jobs Act, independent analysts found, would have created as many as**[**2.6 million jobs**](http://thinkprogress.org/economy/2012/09/07/812251/republicans-blocked-jobs-act-one-year/)**and boosted the economy by as much as two percentage points,** but Republicans blocked it. Instead, House Republicans chose to disinvest in the economy, pushing for [$871 billion in cuts](http://www.americanprogress.org/issues/budget/news/2012/03/20/11340/new-ryan-budget-disinvests-in-america/) to investment spending — much of it in infrastructure — in their latest budget. But while the GOP has argued in favor of tax cuts for the wealthy to boost the economy, the San Francisco Fed paper proves that the “failed stimulus” they often decry actually provides major benefits to the economy, especially during downturns and slow recoveries.

### The Multiplier Effect

The multiplier effect can be as high as eight

Daniel Wilson, Federal Reserve Bank of San Fransisco, “Highway Grants: Road to Prosperity?”, November 26, 2012, <http://www.frbsf.org/economic-research/publications/economic-letter/2012/november/highway-grants/>, SF

Based on the results shown in Figure 1, we find that multipliers for federal highway spending are large. On initial impact, the multipliers range from 1.5 to 3, depending on the method for calculating the multiplier. **In the medium run, the multipliers can be as high as eight.** Over a 10-year horizon, our results imply an average highway grants multiplier of about two.

Every 1 dollar invested yields 2 dollars in growth

Daniel Wilson, Federal Reserve Bank of San Fransisco, “Highway Grants: Road to Prosperity?”, November 26, 2012, <http://www.frbsf.org/economic-research/publications/economic-letter/2012/november/highway-grants/>, SF

One concept often used to assess the effectiveness of government spending is the multiplier. The fiscal multiplier represents the dollar change in economic output for each additional dollar of government spending. Thus, a multiplier of two implies that, **when government spending increases by one dollar, output rises by two dollars.**

Every 1 dollar invested increases output by 3 dollars

Lawrence Summers, Harvard, Washington Post, “Invest in infrastructure that pays for itself”, October 7, 2014, <https://www.washingtonpost.com/opinions/lawrence-summers-invest-in-infrastructure-that-pays-for-itself/2014/10/07/6149d3d6-4ca0-11e4-babe-e91da079cb8a_story.html>, SF

When it takes these factors into account, **the IMF finds that a dollar of investment increases output by nearly $3**. The budgetary arithmetic associated with infrastructure investment is especially attractive at a time like the present, when there are enough unused resources that greater infrastructure investment need not come at the expense of other spending. If we are entering a period of secular stagnation, unemployed resources could be available in much of the industrial world for quite some time. Even when full employment returns, there is, as the IMF shows, a strong supply-side case for infrastructure investment at a time when public capital stocks — airports, highways and the like — relative to the size of the economy have fallen by one-third or more over the last generation.

The one dollar effect (too lazy to tag)

Eric Robinson, Thomas Jefferson Program, “THE ECONOMIC IMPACT AND FINANCING OF INFRASTRUCTURE SPENDING”, <https://www.wm.edu/as/publicpolicy/documents/prs/aed.pdf>, SF

Over twenty years, **$1.00 of spending on aggregate public investment results in about $0.96 in total tax revenue. For transportation and power investment, one single dollar returns over $4.24 in total, while spending on highways and streets results in $0.35 of total tax revenue. Sewer and water spending has significant returns as well, producing $2.03 in revenue per $1.00 spent over the same twenty-year period**. These values are also reported in Table Three in the previous section, along with a breakdown of expected revenue accrued to the federal government and state and local governments.

### GDP

Doubling infrastructure spending raises GDP by more than 10%

The World Bank, <https://www.slantnews.com/story/2015-11-27-why-declines-in-infrastructure-lead-to-wealth-inequality-and-worse>, SF

During the first decade of the 21st century, the income of the lowest 10 percent earners increased by almost 7 percent per year. This Latin American success at easing inequality has shown that government involvement is key for this process. Substantial measures in education and the social welfare system are required in the endeavor of building a supportive infrastructure. The investment pays off. **The World Bank estimates that, for developed countries, a doubling of invested infrastructure capital raises the gross domestic product (GDP) by 7-15 percent**.

The recent literature tends to find smaller (and more plausible) effects than those reported in Aschauer and subsequent studies. Among recent studies using a production function approach, the midpoint estimate of the elasticity of GDP with respect to infrastructure capital lies around 0.15 for developed countries, implying **that a doubling of infrastructure capital raises GDP by 15 percent.** Estimates from recent studies using broader country samples are similar. But all these capture only the direct effect of infrastructure on output, given the use of other productive inputs. There may be additional indirect effects accruing through changes in the use of the other inputs because of complementarities with infrastructure.

### Road Investment

1% increase in road investment leads to a 0.3% drop in poverty

Ernesto Pernia, ABD, “Infrastructure and Poverty Reduction ó What is the Connection?”, 2003, <http://www.adb.org/sites/default/files/publication/28071/pb013.pdf>, SF

A number of studies point to a significant impact of roads on poverty reduction through economic growth. Kwon (2000), analyzing Indonesian data, estimates a growth elasticity with respect to poverty incidence of ñ0.33 for good-road provinces and ñ0.09 for bad-road provinces. This implies that poverty incidence falls by 0.33% and 0.09%, respectively, for every 1% growth in provincial GDP. **Provincial roads also appear to directly improve the wages and employment of the poor, such that a 1%**

**increase in road investment is associated with a 0.3% drop in poverty incidence over five years.**

1% investment in rural roads leads to 0.07% decrease in income inequality

International Journal of Agricultural Management & Development, “Study of Effective Factors on Income Inequality Decrease in Rural Areas”, October 20, 2011, <http://www.sid.ir/en/VEWSSID/J_pdf/1025320120108.pdf>, SF

For having true Ahlowalia linear model, total factor productivity coefficient should be negative and meaningful. In this function total factor productivity coefficient is negative (-0.86) and meaningful. Also other coefficients of variables are negative that show their positive effect on income inequality decrease in rural areas of Iran. In model, investments in agricultural R&E and building roads (0.07, 0.09) have positive effect on income inequality decrease in rural areas of Iran. Every 1% investment in agricultural researches causes 0.09% decrease in income inequality. This matter is because of R&E effect on innovation and getting specialty in producing high quality productions. Also **every 1% investment in building rural roads leads to 0.07% decrease in income inequality**. Literacy rate (education) as a main variable in model has meaningful coefficient (-0.12) on income inequality decrease in rural areas. As 1% increase in literacy rate causes 0.12% decrease in income inequality. Electrification in rural areas is a meaningful variable and 1% increase in investment costs leads to 0.052% decrease in income inequality. Also 1% increasing in investment in watering installations causes 0.08% decrease in income inequality in rural areas of country . Trend variable of model is the representative of other effective variables as rural population or global price of agricultural products on income inequality decrease that because of making some econometric problems have not been entered in model. So in this model investment in rural education and agricultural R&E by having the biggest coefficients have more significance and are more effective on income inequality decrease

1% increase in highway investment increases GNP by 0.24%

John Taylor, Mackinac Center, [Economic Growth Benefits of Transportation Infrastructure Investment](https://www.mackinac.org/8411), April 16, 2007, <https://www.mackinac.org/8411>, SF

Although private investment in transportation infrastructure is growing, transportation funding is still overwhelmingly public. So when one asks if investment in transportation crowds out more productive private investments, one is essentially asking if public investment in transportation crowds out more productive private investments. Some research suggests the answer is no. According to economist David Aschauer, publicly funded roads increase the profitability of private investment (higher rates of return) and lead to increases in private investment with the expected economic growth benefits. Aschauer has suggested that **every one percent increase in highway infrastructure investment will increase GNP by as much as 0.24 percent.**

## Means-tested Welfare Bad

### General

Increase in welfare spending decreases the net wealth of poorer households

Pirmin Fessler, European Central Bank, “Private wealth across European countries: the role of income, inheritance and the welfare state”, September 2015, <http://www.ecb.europa.eu/pub/pdf/scpwps/ecbwp1847.en.pdf>, SF

Furthermore we show that given **an increase in welfare state expenditure, the percentage decrease in net wealth of poorer households is relatively stronger than for households in the upper part of the wealth distribution. This suggests that an increase in welfare state activity goes along with an increase - rather than a decrease - of observed wealth inequality**. We also illustrate that the effects on net wealth we establish are roughly in line with displacement effects found in the literature. Note, however, that our analysis deals with short rather than long term effects on wealth inequality. Welfare state policies might influence long term inequality through different channels. Possible effects on social mobility might for example lead to lower inequality in the long term.

Welfare spending creates a substitution effect with private wealth accumulation

Pirmin Fessler, European Central Bank, “Private wealth across European countries: the role of income, inheritance and the welfare state”, September 2015, <http://www.ecb.europa.eu/pub/pdf/scpwps/ecbwp1847.en.pdf>, SF

**Welfare state expenditures are substitutes for private wealth accumulation. The more insurance the state provides against the contingencies of life, the less need the households have to accumulate wealth for precautionary reasons. That translates to relatively lower average net wealth holdings for households in countries with higher welfare state expenditures.**

### Increased Costs

High income beneficiaries will opt out, increasing overall costs

Lynne Parramore, AlterNet, “6 Reasons Joseph Stiglitz and Other Top Economists Think Means-Testing Medicare & Social Security Is a Destructive Idea”, December 31, 2012, <http://www.alternet.org/news-amp-politics/6-reasons-joseph-stiglitz-and-other-top-economists-think-means-testing-medicare>, SF

**Means-testing will cause many high-income beneficiaries to view the programs as unfair, and they will opt out, purchasing their own insurance and retirement policies on the private market**. Programs like Medicare and Social Security depend on spreading risk across a large pool of people. **For example, the departure of higher-income beneficiaries from Medicare, who tend to be younger and healthier, would increase overall costs and diminish public support.**

### Dependence

Long term welfare recipients lose work habits and job skills

Matthew Spalding, CNN, “Why the U.S. has a culture of dependency”, September 21, 2012, <http://www.cnn.com/2012/09/21/opinion/spalding-welfare-state-dependency/>, SF

**Under a culture of dependency, poverty becomes a trap, and recipients get stuck. Long-term welfare recipients lose work habits and job skills and miss out on the marketplace contacts that lead to job opportunities**. That's a key reason the government should require welfare recipients to work as much as they can. What could be called "workfare" thus tends to increase long-term earnings among potential recipients.

Poverty rates are unchanged because welfare discourages work and marriage

Robert Rector, Senior Research Fellow, Heritage Foundation, “Make Welfare Work for the Poor”, 2012, <http://thf_media.s3.amazonaws.com/2013/Opportunity/Chapters/10-Welfare.pdf>, SF

**Despite such major expenditures, poverty rates have remained virtually unchanged since the 1960s, and the welfare system continues to grow.** Even worse, **our government’s massive spending on welfare has ended up hurting many of those it was intended to help. The current welfare system fails to promote self-sufficiency and often traps people into poverty by discouraging work and marriage.** For example, in 1964, just 7 percent of children in the United States were born to unwed mothers. Today, more than 40 percent of all births in the nation occur outside of marriage. Among black Americans, seven out of 10 children are born to unmarried mothers.

There was an increase in birth outside marriage

Robert Rector, Senior Research Fellow, Heritage Foundation, “Make Welfare Work for the Poor”, 2012, <http://thf_media.s3.amazonaws.com/2013/Opportunity/Chapters/10-Welfare.pdf>, SF

Despite such major expenditures, poverty rates have remained virtually unchanged since the 1960s, and the welfare system continues to grow. Even worse, our government’s massive spending on welfare has ended up hurting many of those it was intended to help. The current welfare system fails to promote self-sufficiency and often traps people into poverty by discouraging work and marriage. **For example, in 1964, just 7 percent of children in the United States were born to unwed mothers. Today, more than 40 percent of all births in the nation occur outside of marriage. Among black Americans, seven out of 10 children are born to unmarried mothers.**

Welfare dependence is one of the two leading causes of poverty in the US

Robert Rector, Senior Research Fellow, Heritage Foundation, “Make Welfare Work for the Poor”, 2012, <http://thf_media.s3.amazonaws.com/2013/Opportunity/Chapters/10-Welfare.pdf>, SF

**While the U.S. welfare system may have succeeded in boosting living standards of the poor, it has tragically failed to promote self-sufficiency**. Sound anti-poverty policy must address the causes, not merely the symptoms, of poverty. **The two greatest drivers of poverty today are the rise of unwed childbearing and the culture of dependence that discourages work.** Policy should focus on strengthening marriages in low-income communities and helping able-bodied welfare recipients to work or prepare for work as a condition of receiving aid.

### Infeasible

With increased welfare spending, the debt by the public could reach 200% of America’s GDP

Matthew Spalding, CNN, “Why the U.S. has a culture of dependency”, September 21, 2012, <http://www.cnn.com/2012/09/21/opinion/spalding-welfare-state-dependency/>, SF

The [national debt is at $16 trillion,](http://www.usdebtclock.org/)more than the [entire GDP of the United States](http://www.google.com/publicdata/explore?ds=d5bncppjof8f9_&met_y=ny_gdp_mktp_cd&idim=country:USA&dl=en&hl=en&q=united+states+of+america+gdp) last year. High as it is, that debt is about to soar. **More than 78 million baby boomers are retiring onto Social Security and Medicare in the next 15 years or so.** Under Obamacare, Medicaid is set to explode as well. **Within just one generation, total federal spending could reach nearly 36% of GDP, and the Congressional Budget Office says**[**debt held by the public could reach nearly 200% of GDP.**](http://www.cbo.gov/sites/default/files/cbofiles/attachments/LTBO_One-Col_2_1.pdf)

This would create opportunity cost with all other forms of government spending

Matthew Spalding, CNN, “Why the U.S. has a culture of dependency”, September 21, 2012, <http://www.cnn.com/2012/09/21/opinion/spalding-welfare-state-dependency/>, SF

**That will crowd out virtually all other government spending, including national defense. Future Congresses could impose deep cuts in social welfare programs across the board or raise massive taxes to support these exploding programs.** The results would be chaotic and unpredictable.

Welfare is the third most expensive government function

Robert Rector, Senior Research Fellow, Heritage Foundation, “Make Welfare Work for the Poor”, 2012, <http://thf_media.s3.amazonaws.com/2013/Opportunity/Chapters/10-Welfare.pdf>, SF

Since then, the U.S has spent $20 trillion on welfare programs to help the poor. In 2011 alone, government spent more than $927 billion on 79 such programs—nearly $9,000 per year for each poor and low-income American. **Means-tested welfare, or government aid to poor and low-income persons, is now the third most expensive government function. Even before the current recession, one out of every seven dollars in total federal, state, and local government spending went to means-tested welfare.**

### Penalizing Marriage

Families lose a third of their total household income

Kate Davidson, Wall Street Journal, “Do Welfare Programs Penalize Marriage?”, September 8, 2015, <http://blogs.wsj.com/economics/2015/09/08/do-welfare-programs-penalize-marriage/>, SF

In Arkansas, the state with the highest marriage penalties, **if a nonparent marries a parent with two children and each adult earns $20,000, they would lose approximately $13,248 in benefits, or roughly a third of their total household income,** according to the study.

# Affirmative Defense

## Means-Tested Welfare Bad

### AT: Obamacare

Larger portion of low/middle income worker’s income goes into health insurance

Merrill Matthews, Contributor, Forbes, “How ObamaCare Increases Income Inequality”, June 22, 2012, <http://www.forbes.com/sites/merrillmatthews/2012/06/22/how-obamacare-increases-income-inequality/#3840355a65b1>, SF

Because ObamaCare forces people to get comprehensive, and therefore expensive, health coverage, it actually makes the income inequality problem worse.  **Lower- and middle-income workers will see a much larger percentage of their income — which includes the employer’s contribution since that is part of total compensation — going to health insurance than higher-income workers.**

And while the president thinks that comprehensive coverage helps workers, it actually hurts them because **it represents a bigger portion of their income that someone else controls, and it means a loss of income as a greater percentage goes to health coverage.**

Compensation gains much higher for low income workers compared to high income workers

Chris Conover, Contributor, Forbes, “How Obamacare Will Fuel Economic Inequality In The U.S.”, September 11, 2014, <http://www.forbes.com/sites/theapothecary/2014/09/11/how-obamacare-will-fuel-economic-inequality-in-the-u-s/#74f003293b1a>, SF

Given that low wage workers are disproportionately affected by every $100 added to employer-paid health insurance premiums, it should be no surprise to learn that the authors of this study calculated that **for the lowest-paid 10% of workers, 112% of all the compensation gains between 1980-2009 were absorbed by more expensive health benefits, compared to only 8% for those in the highest decile of worker earnings.**

Employers will pay for healthcare in the form of foregone wages

Chris Conover, Contributor, Forbes, “How Obamacare Will Fuel Economic Inequality In The U.S.”, September 11, 2014, <http://www.forbes.com/sites/theapothecary/2014/09/11/how-obamacare-will-fuel-economic-inequality-in-the-u-s/#74f003293b1a>, SF

Under Obamacare, low wage workers who qualify for Exchange coverage will avoid being trapped in health plans whose ever-rising costs absorb a disproportionate share of their future compensation. **But the combination of the individual mandate and employer mandate will force low wage workers in larger firms not only to have more expensive coverage than they did in the past but also to pay for it in the form of foregone wages.  While their low-wage counterparts in small firms will have access to massive premium and cost-sharing subsidies on the Exchanges (subsidies amounting to upwards of**[**$18,000 a year for the lowest-income families**](http://www.forbes.com/sites/theapothecary/2013/07/17/the-devastating-obamacare-tax-on-low-income-workers-at-large-firms/)**), those in large firms will simply continue to be eligible for the relatively meager tax subsidies they always have had (amounting to only a 15.3% premium savings for those in the lowest income group**). Calculations by the Towers Watson researchers illustrate just how unevenly distributed this added burden will be over the next 15 years.

There are multiple loopholes in Obamacare

Chris Conover, Contributor, Forbes, “How Obamacare Will Fuel Economic Inequality In The U.S.”, September 11, 2014, <http://www.forbes.com/sites/theapothecary/2014/09/11/how-obamacare-will-fuel-economic-inequality-in-the-u-s/#74f003293b1a>, SF

Of course, in the real world, **employers and employees are going to find ways to avert the high costs of Obamacare. Millions of workers are going to move to part-time status, find an employer that doesn’t offer coverage or stop workin**g (since in each case, this would allow such workers to qualify for heavily-subsidized Exchange coverage).

Long-term harms of ACA outweigh

Casey Mulligan, University of Chicago, <http://www.forbes.com/sites/theapothecary/2014/09/11/how-obamacare-will-fuel-economic-inequality-in-the-u-s/#74f003293b1a>, SF

[University of Chicago](http://www.forbes.com/colleges/university-of-chicago/) economist Casey Mulligan has [toted up](http://online.wsj.com/articles/casey-b-mulligan-the-myth-of-obamacares-affordability-1410218437) all the adverse consequences that will ensue:

**The ACA’s long-term impact will include about 3% less weekly employment, 3% fewer aggregate work hours, 2% less GDP and 2% less labor income**. These effects will be visible and obvious by 2017, if not before. The employment and hours estimates are based on the combined amount of the law’s new taxes and disincentives and on historical research on the aggregate effects of each dollar of taxation. The GDP and income estimates reflect lower amounts of labor as well as the law’s effects on the productivity of each hour of labor.

### AT: Housing Assistance

Demand for housing assistance far outstrips the supply

Brad Wassink, US News, “Building Better Housing Assistance”, April 3, 2014, <http://www.usnews.com/opinion/economic-intelligence/2014/04/03/reform-housing-assistance-to-fight-poverty>, SF

Low-income housing assistance (for the non-elderly) is intended to provide struggling households with temporary support while they gain an economic foothold — a safeguard against homelessness. **But demand for that assistance far outstrips supply;** and unlike other means-tested programs, like food assistance, **many housing applicants must get on a waiting list to receive assistance.**

Brad Wassink, US News, “Building Better Housing Assistance”, April 3, 2014, <http://www.usnews.com/opinion/economic-intelligence/2014/04/03/reform-housing-assistance-to-fight-poverty>, SF

Those lists can be long. 70,000 applicants in the [District of Columbia](http://www.washingtonpost.com/local/in-dc-a-public-housing-waiting-list-with-no-end/2013/04/11/6073e7d2-a2cc-11e2-9c03-6952ff305f35_story.html) were waiting for one of just 8,000 public housing units in early 2013**. Many had been on the list for more than a decade — so long that the city has since stopped accepting applications.**

Large amount of the money doesn’t even go to the residents

Brad Wassink, US News, “Building Better Housing Assistance”, April 3, 2014, <http://www.usnews.com/opinion/economic-intelligence/2014/04/03/reform-housing-assistance-to-fight-poverty>, SF

A recent [white paper](https://socialinnovation.usc.edu/files/2014/03/Olsen-Alleviating-Poverty-through-Housing-Policy-Reform.pdf) from the University of Virginia’s Ed Olsen provides an explanation: **a large portion of housing assistance flows to the owners, builders and managers of low-income housing projects, not just to the residents who live in them. Tying those dollars directly to those in need would enable existing federal dollars to serve hundreds of thousands more people**. If both sides of the political aisle are truly concerned with combating poverty, low-income housing reform offers ample opportunity.

### AT: TANF

TANF brings long-term consequences, like dependency.

Liz Schott, CBPP, October 27, 2015, “TANF Continues to Weaken as a Safety Net”, <http://www.cbpp.org/research/family-income-support/tanf-continues-to-weaken-as-a-safety-net>, SF

Instead of providing the help that families need when they fall on hard economic times, **TANF has put poor families — and especially their children — at risk of much greater hardship with the potential for long-term negative consequences.  In addition, TANF does little to connect families to work to mitigate their need for assistance.  Recent congressional discussions to reauthorize the program, which was last renewed in 2005 for five years and has continued since 2010 through short-term extensions, include some improvements to TANF’s work efforts, but fail to bolster it as a cash safety net.** The end result is that TANF does less to lift families out of deep poverty than its predecessor Aid to Families with Dependent Children (AFDC), and it has contributed to a rise in families living in extreme poverty.

### AT: Creates Jobs

Long term welfare recipients lose work habits and job skills

Matthew Spalding, CNN, “Why the U.S. has a culture of dependency”, September 21, 2012, <http://www.cnn.com/2012/09/21/opinion/spalding-welfare-state-dependency/>, SF

**Under a culture of dependency, poverty becomes a trap, and recipients get stuck. Long-term welfare recipients lose work habits and job skills and miss out on the marketplace contacts that lead to job opportunities**. That's a key reason the government should require welfare recipients to work as much as they can. What could be called "workfare" thus tends to increase long-term earnings among potential recipients.

## Infrastructure Investment Good

### AT: No need to increase spending

Condition is very bad: losing money

Marcelle Arak, Fortune, An investment in America's infrastructure could cost taxpayers nothing, October 8, 2015, <http://fortune.com/2015/10/08/americas-infrastructure-investment-taxpayers/>, SF

The condition of infrastructure in the U.S. is very bad. **There are over 240,000 water main breaks each year, and the cost of rail congestion is enormous. For example, Midwest farmers alone lost over $500 million in 2013 and 2014 due to rail delays**. And anyone who has ridden on our potholed roads can attest firsthand that most of our major highways are in mediocre or poor condition.

Condition is very bad: D+ from American Society of Civil Engineers

Marcelle Arak, Fortune, An investment in America's infrastructure could cost taxpayers nothing, October 8, 2015, <http://fortune.com/2015/10/08/americas-infrastructure-investment-taxpayers/>, SF

Indeed, **the overall quality of roads, bridges, schools and other basic national and local facilities in the U.S. received a grade of D+ from the American Society of Civil Engineers** in 2013. Many commentators have highlighted this study, which is the most recent one, but nothing has happened since then.

Our infrastructure needs $1 trillion in investment

Marcelle Arak, Fortune, An investment in America's infrastructure could cost taxpayers nothing, October 8, 2015, <http://fortune.com/2015/10/08/americas-infrastructure-investment-taxpayers/>, SF

Sustained investment in U.S. infrastructure could add hundreds of thousands of jobs in the short term. Even a very modest program of $18 billion in annual investment in infrastructure, financed by debt, would yield, a $29 billion increase in GDP and a net addition of 216,000 jobs by the end of the first year, according to the [Economic Policy Institute](http://www.epi.org/publication/impact-of-infrastructure-investments/) think tank. **Our infrastructure needs, however, are substantially greater right now, possibly requiring well over $1 trillion, according to the American Society of Civil Engineers report**. So the impact on employment of a fully implemented program could easily surpass one million jobs.

Investment needs $2 trillion to be up to date

Travis Waldron, Think Progress, November 26, 2012, “How Increasing Infrastructure Spending Provides A Major Boost To Our Economy”, <http://thinkprogress.org/economy/2012/11/26/1239091/how-increasing-infrastructure-spending-provides-a-major-boost-to-our-economy/>, SF

**The United States has a massive infrastructure deficit, with independent analysts finding that the country could need as much as**[**$2 trillion in immediate investments**](http://www.washingtonpost.com/local/study-2-trillion-needed-for-us-infrastructure/2011/05/16/AFyppB5G_story.html)**just to bring its infrastructure up to date**. With the economy recovering slowly and our nation’s roads and bridges [crumbling](http://thinkprogress.org/economy/2011/09/09/315827/report-as-their-states-bridges-and-roads-crumble-gop-leaders-remain-opposed-to-infrastructure-investment/), a new paper from the San Francisco Federal Reserve found that making investments into infrastructure has substantial short- and medium-term benefits for the economy.

### AT: Hurts Economy

Benefits far outweigh costs

Marcelle Arak, Fortune, An investment in America's infrastructure could cost taxpayers nothing, October 8, 2015, <http://fortune.com/2015/10/08/americas-infrastructure-investment-taxpayers/>, SF

**The benefits of improved infrastructure spending on economic growth, however, would be considerably higher, so the actual cost to taxpayers is nothing, even if rates go up a little, as is expected once the Federal Reserve begins the return to normal. Most businesses would jump at the chance for a tiny real interest rate to support investments with a substantial positive return.** Thus, “business economics” says that this would be a wise decision.

# Negative Offense

## Means Tested Welfare Good

### Medicaid

Medicaid eliminates financial hardships that the poor have to endure

Jason Sattler, The National Memo, “Early Medicaid Success Is A Victory Against Inequality”, November 15, 2013, <http://www.nationalmemo.com/early-medicaid-success-is-a-victory-against-inequality/>, SF

**“Medicaid almost completely eliminated out-of-pocket catastrophic medical expenditures and reduced other measures of financial hardship, including borrowing money to pay medical bills or skipping payments on bills,”** according to the NIA. **“Health care use, including physician visits, preventive care, and prescription drugs, increased. Medicaid also increased the number of people who said that their health was the same or better than it was a year previously.”**

Majority of beneficiaries are in the bottom half of the income scale

Sahil Kapur, Supreme Court Correspondent, TPM, “Obamacare Will Reduce Income Inequality And Help Poorest: Study”, January 27, 2014, <http://talkingpointsmemo.com/dc/obamacare-inequality-brookings-study>, SF

**The "great majority" of beneficiaries of the law's subsidies and Medicaid expansion will be in the bottom half -- and the "overwhelmingly majority" in the bottom third -- of the income distribution.**

### Obamacare

Obamacare is a means-tested program

Bryan York, Washington Examiner, “'Affordable' care depends on the size of your Obamacare subsidy”, 10/31/13, <http://www.washingtonexaminer.com/affordable-care-depends-on-the-size-of-your-obamacare-subsidy/article/2538317>, SF

For some people that will be true. For others, not so much. Unlike Social Security and Medicare**, Obamacare is a means-tested entitlement program. It will give low-income Americans substantial taxpayer-paid subsidies with which to purchase insuranc**e. People who make a bit more will receive smaller subsidies, and those above a certain income level will receive no subsidies at all. If they have to purchase higher-priced coverage, that's their problem.

Obamacare penalizes nonpoor adults

Henry Aaron, Brookings Institute, “POTENTIAL EFFECTS OF THE AFFORDABLE CARE ACT ON INCOME INEQUALITY”, January 24, 2014, <http://www.brookings.edu/~/media/research/files/papers/2014/01/potential-effects-affordable-care-act-income-inequality-aaron-burtless/potential-effects-affordable-care-act-income-inequality-aaron-burtless.pdf>, SF

THE ARCHITECTS OF THE AFFORDABLE CARE ACT (ACA) sought to expand health insurance coverage, slow the growth of health care spending, and improve the quality of care. Changing the distribution of incomes was not a stated objective. Nonetheless, the ACA may do more to change the income distribution than any other recently enacted law. It does so by requiring employers to offer affordable health insurance to their full-time employees, by providing refundable tax credits to help make private health insurance affordable, and by expanding eligibility for Medicaid. **The law penalizes nonpoor adults who are offered affordable coverage and do not buy it. It reduces subsidies for some Medicare plans and imposes new taxes on the labor and investment incomes of high-income families.** In each of these ways, the new health law will change the net incomes of Americans at all income levels.

Increases income in bottom fifth, reduces everywhere else

Henry Aaron, Brookings Institute, “POTENTIAL EFFECTS OF THE AFFORDABLE CARE ACT ON INCOME INEQUALITY”, January 24, 2014, <http://www.brookings.edu/~/media/research/files/papers/2014/01/potential-effects-affordable-care-act-income-inequality-aaron-burtless/potential-effects-affordable-care-act-income-inequality-aaron-burtless.pdf>, SF

The study projected that **net enrollment in employer-provided insurance plans will shrink by 5.9 million, due to new employer mandates and the available of health insurance elsewhere. This shift**, the study said**, is likely to increase money wages (which does not count health insurance benefits as income) in the bottom one-fifth of the income distribution while reducing it elsewhere.**

### TANF

TANF is designed to stabilize poor families

Kate Coventry, Fiscal Policy Institute, March 7, 2014, “Tackling Income Inequality Through Critical Investments in TANF”, <http://www.dcfpi.org/tackling-income-inequality-through-critical-investments-in-tanf>, SF

Today’s District’s Dime focuses on Temporary Assistance for Needy Families (TANF), DC’s welfare-to-work program. **TANF is designed to stabilize families in times of need and help parents to get into jobs that will enable them to support their families**. The District has made great progress in improving job training but further investments are needed to ensure that all families have access to this training.

Increase in investment would substantially increase benefits

Kate Coventry, Fiscal Policy Institute, March 7, 2014, “Tackling Income Inequality Through Critical Investments in TANF”, <http://www.dcfpi.org/tackling-income-inequality-through-critical-investments-in-tanf>, SF

TANF job training slots can currently accommodate about 3,600 unemployed parents, but there are at least the same number of families who cannot get help because the program is full. With benefits now limited to 60 months, it is important that parents get job training and other services to prepare for work. While the Department of Human Services has begun to explore ways to increase the availability of job training, it’s unclear what the cost or scale would be. **A $30 million investment would double the number of job training slots available through the current TANF employment vendors.**

TANF brings families 50% over the poverty line

Kate Coventry, Fiscal Policy Institute, March 7, 2014, “Tackling Income Inequality Through Critical Investments in TANF”, <http://www.dcfpi.org/tackling-income-inequality-through-critical-investments-in-tanf>, SF

The current level of TANF benefits, just $428 a month for a family of three, leaves many families in a state of constant crisis. This is not surprising as DC’s **TANF** and food stamp **benefits bring families to just over 50 percent of the federal poverty line.** **A proposal before the Council to increase TANF benefits by at least 15 percent and add a cost-of-living adjustment for subsequent years would bring DC’s benefits to at least $492 per month.** This gain, while significant, still would leave benefits lower than in other high cost jurisdictions such as Boston ($618), Los Angeles ($638), New York City ($789), or Baltimore ($574).

### Housing Assistance

Empirically, housing assistance reduces inequality

Paul Johnson, Urban Institute, August 2015, “Housing Tax and Transfer Programs Decrease Inequality”, <http://www.urban.org/sites/default/files/alfresco/publication-pdfs/2000342-Housing-Tax-and-Transfer-Programs-Decrease-Inequality.pdf>, SF

Housing subsidies reduce inequality. **Without housing subsidies and the mortgage interest and real estate tax deductions, inequality as measured by the Gini coefficient is 0.424 (table 1). When housing subsidies are added to income, the Gini falls to 0.418. The share of income accruing to the bottom quintile rises from 4.9 to 5.2 percent, and the share accruing to the top quintile falls from 47.6 to 47.4 percent.**

Methodology

National Low Income Housing Coalition, “Housing Subsidies Affect Income Inequality”, August 31, 2015, <http://nlihc.org/article/housing-subsidies-affect-income-inequality>, SF

The study uses data from the 2013 Current Population Survey (CPS), which the federal government uses for its official measures of income, poverty, and inequality. CPS income data is then adjusted by the Transfer Income Model (TRIM) which measures the value of near-cash benefits, such as food stamps, housing subsidies, and itemized deductions.

### SNAP

### SSI

SSI reduced the aggregate poverty gap by more than 2/3

Center on Budget and Policy Priorities, “Introduction to the Supplemental Security Income (SSI) Program”, February 27, 2014, <http://www.cbpp.org/research/introduction-to-the-supplemental-security-income-ssi-program>, SF

**SSI is highly effective in reducing the aggregate poverty gap** — that is, the total amount of money needed to lift families out of poverty — among SSI recipients.  **In 2010, SSI reduced the aggregate poverty gap by over two-thirds.** [[18]](http://www.cbpp.org/research/introduction-to-the-supplemental-security-income-ssi-program" \l "_ftn18" \o ")Still, more than two-fifths of SSI recipients live in families with incomes below the poverty threshold, even after taking their benefits into account, and many more elderly or disabled persons in need of assistance do not get any benefits.[[19]](http://www.cbpp.org/research/introduction-to-the-supplemental-security-income-ssi-program" \l "_ftn19" \o ")The following reforms could increase benefit adequacy and improve SSI participation among eligible people.

Increase in spending is necessary

Center on Budget and Policy Priorities, “Introduction to the Supplemental Security Income (SSI) Program”, February 27, 2014, <http://www.cbpp.org/research/introduction-to-the-supplemental-security-income-ssi-program>, SF

Raise benefit levels.  Congress could consider increasing the basic SSI award to the poverty level.  If SSI benefits equaled 100 percent of the poverty level, the basic SSI award for individuals would increase from $721 to $973 in 2014 and the basic SSI award for couples would increase from $1,082 to $1,311.  Lawmakers could also examine how SSI benefits are adjusted from year to year.  Currently, SSI benefits increase with inflation by a cost-of-living adjustment but are never adjusted to reflect real wage growth in the economy.  Thus, unlike wages, SSI benefits have remained virtually unchanged in real terms for decades.[[20]](http://www.cbpp.org/research/introduction-to-the-supplemental-security-income-ssi-program" \l "_ftn20" \o ")

Center on Budget and Policy Priorities, “Introduction to the Supplemental Security Income (SSI) Program”, February 27, 2014, <http://www.cbpp.org/research/introduction-to-the-supplemental-security-income-ssi-program>, SF

Update the asset limits.  The asset limit of $2,000 for individuals and $3,000 for couples may prevent many elderly and disabled persons who are truly in need from qualifying for SSI.  These asset thresholds were last updated in 1989 — the only time they have increased since SSI was created in 1972.[[21]](http://www.cbpp.org/research/introduction-to-the-supplemental-security-income-ssi-program" \l "_ftn21" \o ")  (Moreover, that increase only partially captured the effects of inflation.)  If the asset limits had been indexed to inflation since 1989, they would be almost twice as high as they are today — and if they had been indexed since the program’s 1974 launch, they’d be almost four times as high (see Figure 5).[[22]](http://www.cbpp.org/research/introduction-to-the-supplemental-security-income-ssi-program" \l "_ftn22" \o ")  Furthermore, the decline of defined-benefit pension plans and the spread of defined-contribution and similar arrangements has created a pressing need to modernize the treatment of retirement savings in the SSI program.[[23]](http://www.cbpp.org/research/introduction-to-the-supplemental-security-income-ssi-program" \l "_ftn23" \o ")

# Negative Defense

## Means Tested Welfare Good

### AT: The Poverty Trap

Cash transfers don’t discourage work

Abhjit Banerjee, MIT, <http://www.nytimes.com/2015/10/21/business/the-myth-of-welfares-corrupting-influence-on-the-poor.html>, SF

Abhijit Banerjee, a director of the Poverty Action Lab at the [Massachusetts Institute of Technology](http://topics.nytimes.com/top/reference/timestopics/organizations/m/massachusetts_institute_of_technology/index.html?inline=nyt-org), [released a paper](http://economics.mit.edu/files/10849) with three colleagues last week that carefully assessed the effects of seven cash-transfer programs in Mexico, Morocco, Honduras, Nicaragua, the Philippines and Indonesia. It found “**no systematic evidence that cash transfer programs discourage work.”**

Welfare assistance has long term benefits that outweigh

Eduardo Porter, New York Times, “The Myth of Welfare’s Corrupting Influence on the Poor”, October 20, 2015, <http://www.nytimes.com/2015/10/21/business/the-myth-of-welfares-corrupting-influence-on-the-poor.html>, SF

On the other hand, **welfare provides very tangible benefits.**[**New research shows**](http://www.nber.org/papers/w20103)**that more cash welfare early in a child’s life improves the child’s longevity, educational attainment and nutritional status, and income in adulthood.**

SNAP increases benefits for employed adults

Jeff Spross, The Week, “3 reasons why work requirements for food stamps are a bad idea”, January 12, 2015, <http://theweek.com/articles/531513/3-reasons-why-work-requirements-food-stamps-are-bad-idea>, SF

**The Supplemental Nutrition Assistance Program (SNAP) — colloquially known as food stamps — was altered by the law so that unemployed adults who are not disabled or raising children can only receive assistance for three months.** After that, they must find at least 20 hours of work a week or be cut off. (Work training programs can also count, but only five states offer them.)

### AT: Promoting Single Parenthood

In a cross analysis of 14 policies, welfare programs don’t affect marriage

Virginia Knox, Syracuse University, “The Effects of Welfare Reform Policies on Marriage and Cohabitation”, April 2003, <http://www.mdrc.org/sites/default/files/full_513.pdf>, SF

We found that the vast majority (close to 80 percent) of those who entered these studies as single parents were neither married nor cohabiting at the time of the survey follow-up two to four years later. **The meta-analytic results further show that these programs generally did not affect marriage or cohabitation overall or for most subpopulations characterized by the parent’s age; prior marital status; race or ethnicity; prior welfare and work experience; and the age and number of her children.**

Still pulls mothers out of poverty

Ron Haskins, Brookings Institute, “How to reduce poverty and increase economic mobility”, October 27, 2015, <http://www.brookings.edu/research/testimony/2015/10/27-reduce-poverty-increase-economic-mobility-haskins>, SF

Now consider how work support programs impacted the poverty rate based on earnings only. Government transfer programs drove the poverty rate down from 54.3 to 41.7 percent in 1987-93,[[14]](file:///C:/Users/MMANNWEILER/AppData/Local/Microsoft/Windows/Temporary%20Internet%20Files/Content.Outlook/C5H027NS/10.27.15%20agriculture.foodstamps.poverty.1027151.docx" \l "_edn14) a reduction of about 23 percent. But when the work rate was much higher in 2000, the poverty rate based exclusively on earnings was only 40.8 percent, 25 percent lower than the comparable rate in the 1987-1993 period. Even better, **after single mothers received the package of work-based benefits, the 2000 poverty rate fell to 26.8 percent, a decline of 34 percent**.[[15]](file:///C:/Users/MMANNWEILER/AppData/Local/Microsoft/Windows/Temporary%20Internet%20Files/Content.Outlook/C5H027NS/10.27.15%20agriculture.foodstamps.poverty.1027151.docx" \l "_edn15)

### AT: De-incentivizes Work

Both people would still want work

John Aziz, The Week, “Does welfare make people lazy?”, March 18, 2014, <http://theweek.com/articles/449215/does-welfare-make-people-lazy>, SF

The broad strokes here shouldn't be particularly controversial. After all, a person who can get $500 a month for free is going to be a lot less desperate for work than someone who doesn't get $500 a month for free. **Both people may still be quite desperate** — $500 a month isn't exactly a ticket to Easy Street — but there should be no doubt about who is more desperate.

TANF is designed to stabilize poor families

Kate Coventry, Fiscal Policy Institute, March 7, 2014, “Tackling Income Inequality Through Critical Investments in TANF”, <http://www.dcfpi.org/tackling-income-inequality-through-critical-investments-in-tanf>, SF

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Increase in investment would substantially increase job slots

Kate Coventry, Fiscal Policy Institute, March 7, 2014, “Tackling Income Inequality Through Critical Investments in TANF”, <http://www.dcfpi.org/tackling-income-inequality-through-critical-investments-in-tanf>, SF

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## Infrastructure Investment Bad

### AT: Job Creation

Infrastructure is a bad vehicle for stimulus

Veronique de Rugy, George Mason University, “Infrastructure Spending a Bad Bet for Job Creation”, <http://mercatus.org/features/infrastructure-spending-bad-bet-job-creation>, SF

Veronique de Rugy testified before the Joint Economic Committee today about whether infrastructure spending is a good investment for job creation. Although **infrastructure** may be a good long-term investment, said de Rugy, it **is a particularly bad vehicle for stimulus and will not boost short-term job growth.**

These infrastructure projects suffer greatly through cost overruns, waste, fraud, and abuse

Veronique de Rugy, George Mason University, “Infrastructure Spending a Bad Bet for Job Creation”, <http://mercatus.org/features/infrastructure-spending-bad-bet-job-creation>, SF

**Government-funded infrastructure projects** often are not good investments either, said de Rugy, and **tend to suffer from massive cost overruns, waste, fraud, and abuse.**

### AT: Easily Feasible

TOO LAZY TO TAG IT

Scott Thomasson, Foreign Relations, “Encouraging U.S. Infrastructure Investment”, 2012, <http://www.cfr.org/infrastructure/encouraging-us-infrastructure-investment/p27771>, SF

Even if Congress passes a new highway bill, the country's infrastructure debacle is hardly resolved. Transportation is only one part of the problem, and the pending bills do not even raise investment in this sector from previous, insufficient levels. Nor do they address the biggest long-term problem for transportation—inadequate funding from the Highway Trust Fund. Since the mid-1950s, federal gas tax revenues have been deposited into the Highway Trust Fund and then allocated to states for transportation improvements. But the gas tax is not tied to inflation and has not been raised since 1993. At current spending and revenue levels, the trust fund will be insolvent within two years. Raising the gas tax would alleviate the funding problem, but both parties consider that and other new taxes to be political nonstarters.

### AT: Education Infrastructure

Vouchers increase educational attainment -> prefer means tested vouchers because specifically targets low-income

Harry Patrinos, World Bank, “How do School Vouchers Help Improve Education Systems?”, 9/13/12, <http://blogs.worldbank.org/education/how-do-school-vouchers-help-improve-education-systems>, SF

Colombia has a targeted voucher system. The Program for the Expansion of Secondary Education Coverage (PACES) was launched in 1991, to provide the poorest third of its population access to secondary education. The program was oversubscribed, so students selected by a lottery were provided with vouchers to attend private schools. Municipal governments provided 20 percent of the funding for PACES; the federal government provided the remainder. The program, which ran until 1997, covered 125,000 children in 216 municipalities. The unit cost per student for participating private schools was 40 percent lower than for non-participating private schools. The lottery allocation provided researchers with a natural experiment. Findings from the analysis showed that that **voucher beneficiaries have higher educational attainment. When compared with non-voucher students, voucher students were 6 percent less likely to repeat a grade; they scored 0.2 standard deviations higher on achievement tests and they were 20 percent more likely to take the college entrance exam. They were also less likely to be married  and earned more in wages.**

# Indicts

### i2 CATO – De-incentivizes work

CATO analysis over exaggerates; families still get welfare benefits even with a job

Peter Coy, Bloomberg, September 11, 2013, “Is Welfare Too Cushy”, <http://www.bloomberg.com/bw/articles/2013-09-11/is-welfare-too-cushy>, SF

But the Cato analysis suffers from a conceptual flaw that skews its results. **The authors compare a nonworking family that gets a full suite of benefits to a working family that gets no benefits and conclude**, not surprisingly, **that the nonworking family would be better off.**

That’s not the way the real world works. In the untidy world of poverty, many families without work don’t receive a full suite of benefits. And **because of reforms instituted over the past 20 years, families are able to retain some of their benefits even when an adult in the household gets a job. So the decrease in the amount of benefits that families get when a family member goes to work is smaller than Cato says, as is the disincentive against work.**