The Poverty Industry: The Exploitation Of America's Most Vulnerable Citizens (Families, Law, And Society)
Government aid doesn't always go where it's supposed to. Foster care agencies team up with companies to take disability and survivor benefits from abused and neglected children. States and their revenue consultants use illusory schemes to siphon Medicaid funds intended for children and the poor into general state coffers. Child support payments for foster children and families on public assistance are converted into government revenue. And the poverty industry keeps expanding, leaving us with nursing homes and juvenile detention centers that sedate residents to reduce costs and maximize profit, local governments buying nursing homes to take the facilities' federal aid while the elderly languish with poor care, and counties hiring companies to mine the poor for additional funds in modern day debtor's prisons. In The Poverty Industry, Daniel L. Hatcher shows us how state governments and their private industry partners are profiting from the social safety net, turning America's most vulnerable populations into sources of revenue. The poverty industry is stealing billions in federal aid and other funds from impoverished families, abused and neglected children, and the disabled and elderly poor. As policy experts across the political spectrum debate how to best structure government assistance programs, a massive siphoning of the safety net is occurring behind the scenes. In the face of these abuses of power, Hatcher offers a road map for reforms to realign the practices of human service agencies with their intended purpose, to prevent the misuse of public taxpayer dollars, and to ensure that government aid truly gets to those in need.

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Foster children aren’t people. To state governments they are a “revenue generating mechanism”. States actively seek out disabled, removed and orphaned children to apply for and seize their federal benefits without their knowledge, and without giving them any of the money. Daniel Hatcher has discovered a whole industry sector, combining private companies and government that do nothing but generate profits out of the misery of unfortunate children, nursing home patients, and the poor caught in minor crimes. This nightmare of a book is staggeringly well documented with the states’ and the firms’ own proud documents. Everyone in power knows it goes on. And it gets worse by the day with their enthusiastic encouragement. States are arrogant about keeping their poverty activities private. They claim once a child is in custody, the sovereign right of the state supersedes any court proceedings seeking accountability. That includes due process, denied to victims. They claim seizing a child’s assets helps support children. It is both illegal and unconstitutional, but whatever. The company MAXIMUS seems to be the biggest private player, with 13,000 employees dedicated to maximizing revenues for Human Services agencies in the US, Canada, Australia, etc. And they commit fraud. Soon after admitting to fraudulently filing Medicaid claims, they won a contract to help prevent Medicaid fraud. (This is also typical in Washington, which charges military vendors with billions in fraud, then awards them additional billions in new contracts. And some of those military contractors are now players in the poverty industry.) Private companies have penetrated essentially every corner of the poverty industry.

This book, that lifts the lid on exploitation affecting some of America’s most vulnerable citizens, is something that you want to hope is made-up, misunderstood or otherwise not true. As it is, there is no suggestion that the author or the publisher are being economical with the truth, so the only other interpretation is that there is something to get very angry about. Make no mistake, this reviewer is politically more right-of-centre than anything else and does believe in free and open economies, yet there are some things that you just do not do and cynically manipulating the system to (apparently) legally take money otherwise intended for those who are needy or vulnerable is one of
them. Heck, one is seething even with the benefit of several thousand kilometres distance between Finland and the United States! The author contends, in this well-written, accessible and source-positive book, that government aid is being accurately directed to places that morally, at least, it should not go to. State care agencies sit hand-in-hand with commercial companies to take various disability and survivor benefits from children to benefit the state and its accounts. Who gives a bleep about the children, the disabled and the poor, huh? If that is not bad enough, it is alleged that nursing homes and juvenile detention centres are sedating residents with psychotropic drugs to reduce costs and maximize profits. It is a multibillion-dollar industry, says the author, yet you don’t seem to hear a lot of angry people demanding change. Are they ignorant to what is said to be going on, or do they just not care since, well, they are poor, crippled or just the rubbish.

This book makes my blood boil. University of Baltimore law professor Daniel Hatcher has exposed a perspective on the welfare state that is as disgusting as it is unsurprising. In The Poverty Industry: The Exploitation of America’s Most Vulnerable Citizens, Hatcher examines the widespread practice of federal and state governments working with providers and private firms to siphon off funds intended for the poor and elderly to fund other government budgets and agencies. Put crudely, a target population, e.g. foster children or elderly nursing home residents, qualify for federal grant money. State governments contract with private firms for "revenue maximization" to discover what sources of additional funding individuals may qualify for. Then the state accesses those funds, such as by being named as payee for a minor in foster care, and absorbs those funds into the general state budget. Hatcher gives example after example of the various ways state and local governments accomplish this. The resulting "poverty-industrial complex" results in "Medicaid funds . . . often not used for Medicaid purposes." "Child welfare agencies . . . obtain foster children’s Social Security benefits for state use," while "states and their revenue contractors seek out loopholes and illusory schemes to maximize and divert the aid to other uses." I don’t share Hatcher’s absolute opposition to the use of contractors to maximize revenue. It’s the practice of diverting funds to uses other than the benefit of the children, disabled individuals, or retirees for whom the funds are intended that troubles me.
