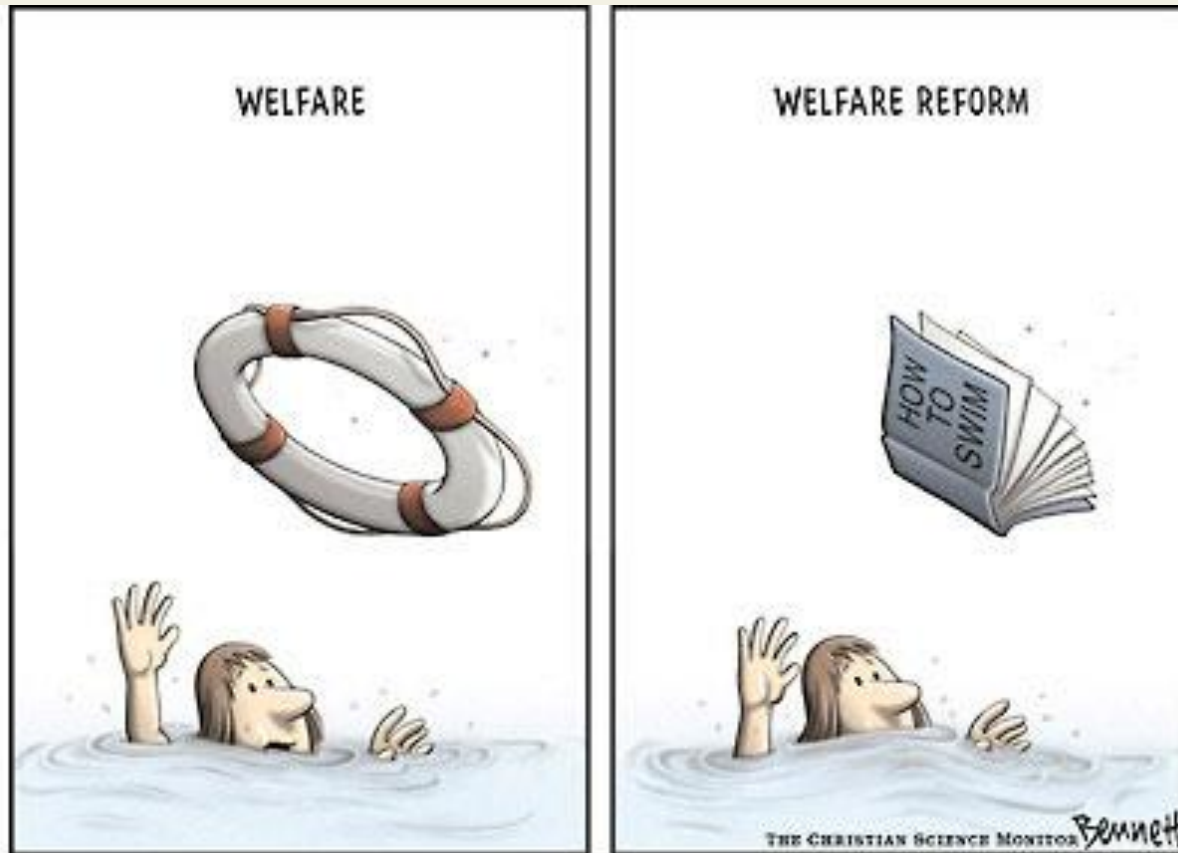


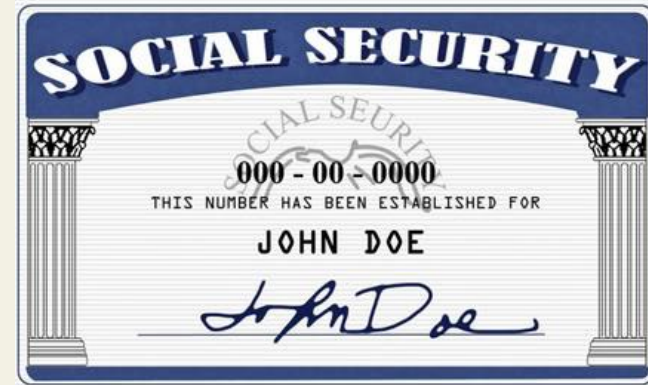
Social Welfare Policymaking

Chapter 18



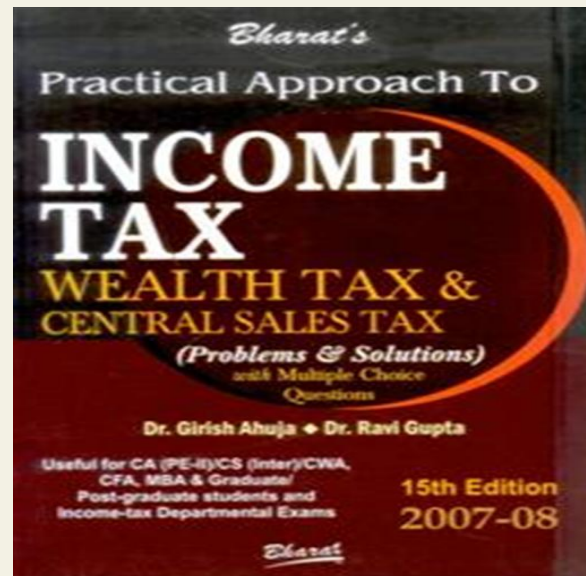
Social Welfare Programs

- Two main types:
 - Entitlement programs: Government benefits that certain qualified individuals are entitled to by law, regardless of need. This includes Social Security and Medicare.
 - Means-tested programs: Government programs only available to individuals below the poverty line. This includes TANF and Medicaid.



Income, Poverty, and Public Policy

- Income: amount of funds collected between any two points in time.
- Wealth: amount of assets already owned.

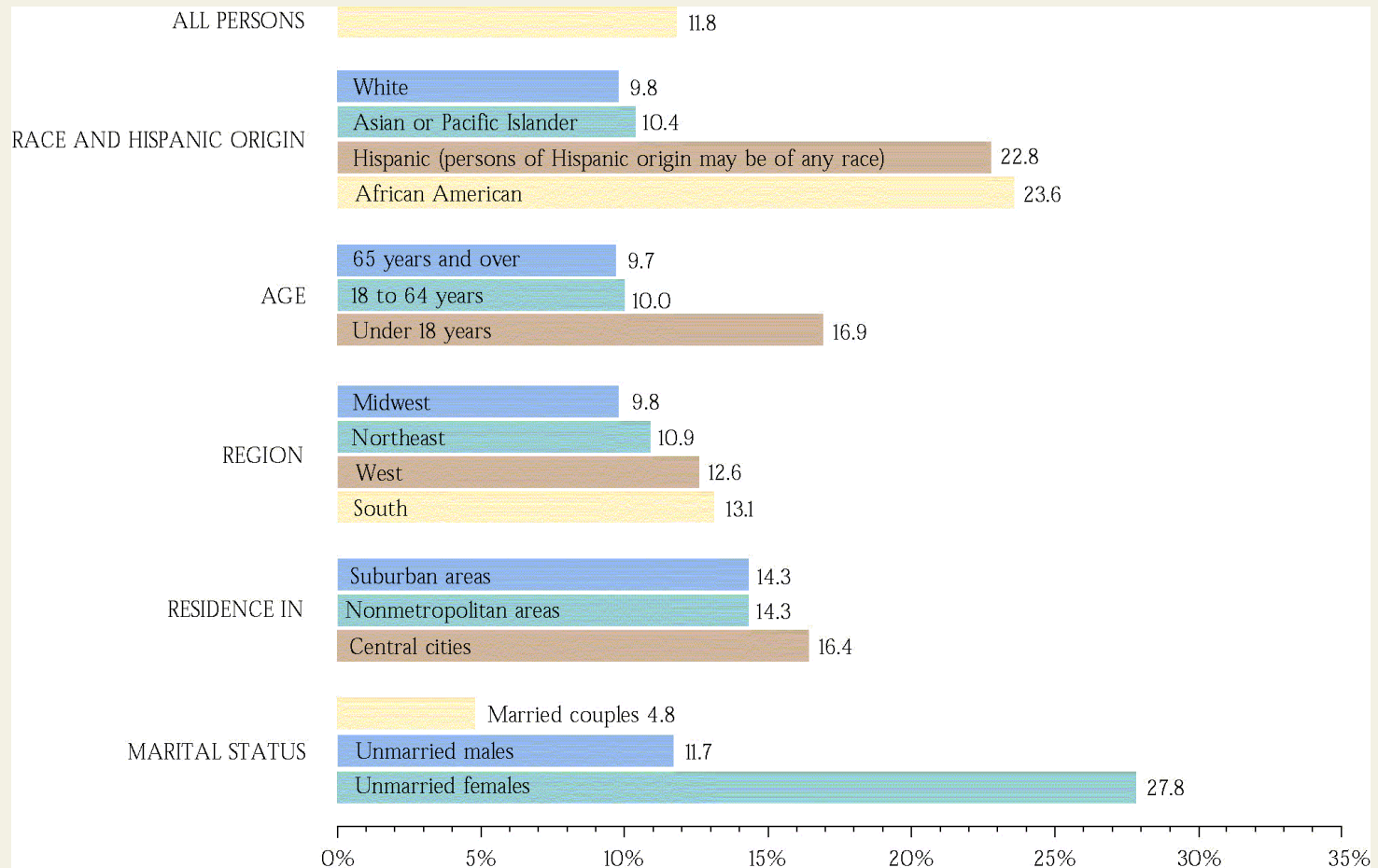


Income, Poverty, and Public Policy

- Poverty Line: what a family must spend for an “austere” standard of living.
- In 2008 a family of three had a poverty line of just over \$18,000.
- Many people move in and out of poverty in a year’s time.
- There are high rates of poverty among unmarried women.

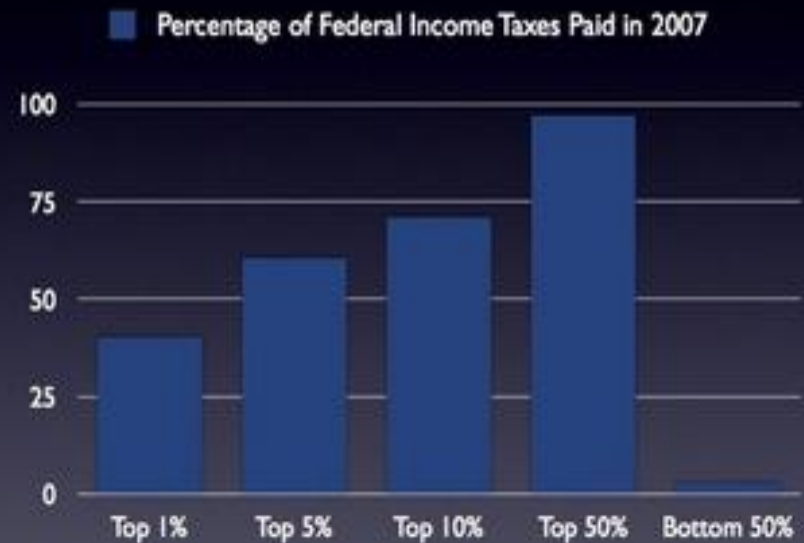


The Demographics of Poverty



Government Policies

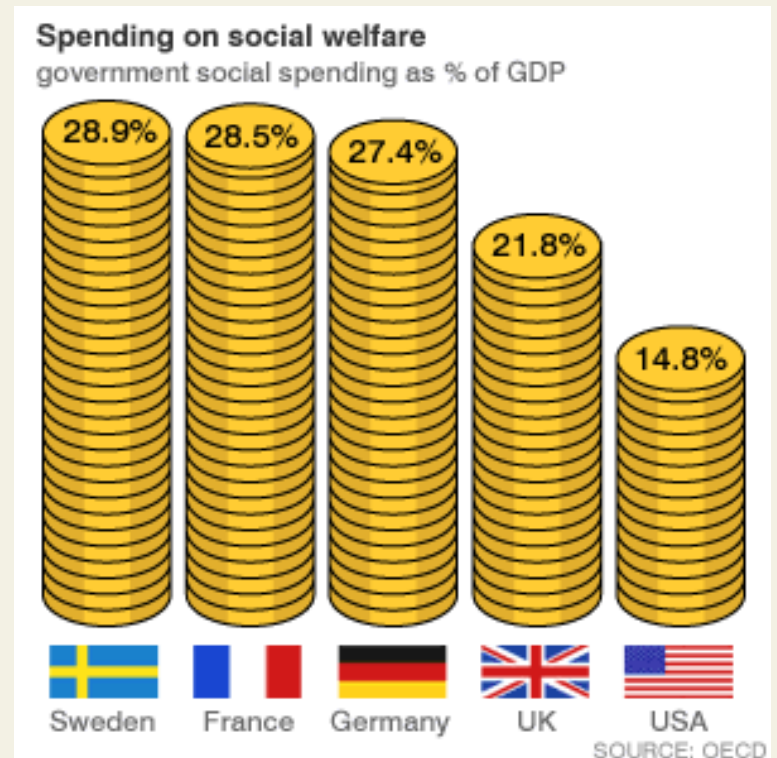
- Progressive tax: people with higher incomes pay a greater percentage.
- Proportional tax: all people pay the same percentage of their income.
- Regressive tax: the poor pay a higher percentage of their income than the rich



Government Policies

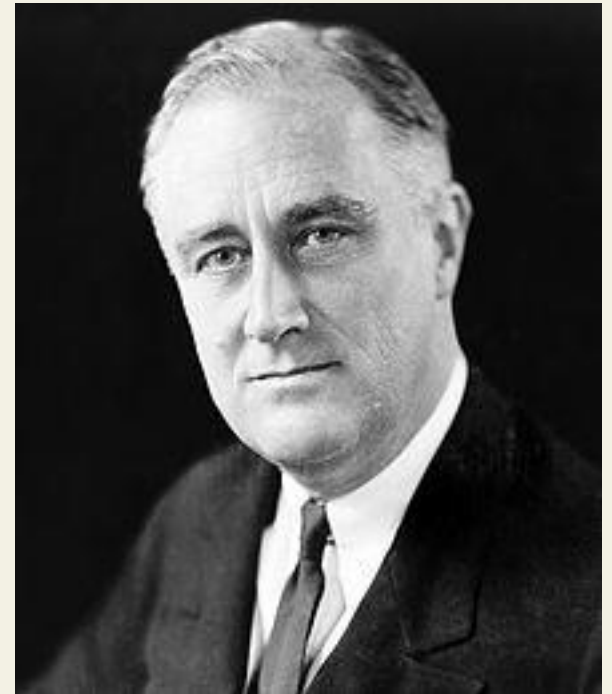
Government Expenditures.

- Transfer payments: benefits given by the government directly to individuals
- Some transfer benefits are actual money.
- Other transfer benefits are “in kind” benefits where recipients get a benefit without receiving actual money.
- Some are entitlement programs, others are means-tested.



The Great Depression and the New Deal

- The Great Depression led many citizens to want the government to help protect against economic downturns and causes of poverty beyond their control.
- The Social Security Act of 1935 was the first major step by the federal government to help protect people against absolute poverty.



The Great Society

- Johnson declared a “war on poverty.”
- Medicare, school-aid programs and welfare were created.
- Other programs were designed to provide training and jobs, not just transfer payments.



Reagan and Changes to Welfare

- Reagan played a lead role in getting attention on benefit programs.
- Many programs had benefits reduced, and people were removed from benefit rolls.
- Democrats worked to prevent cuts and protect the truly poor.



The Welfare Reform Act

- Temporary Aid to Needy Families replaced Aid to Families with Dependent Children.
- The new program put a 5 year limit on the amount of time a person could receive benefits.
- It also gave the states money in a block grant to run their own welfare programs.



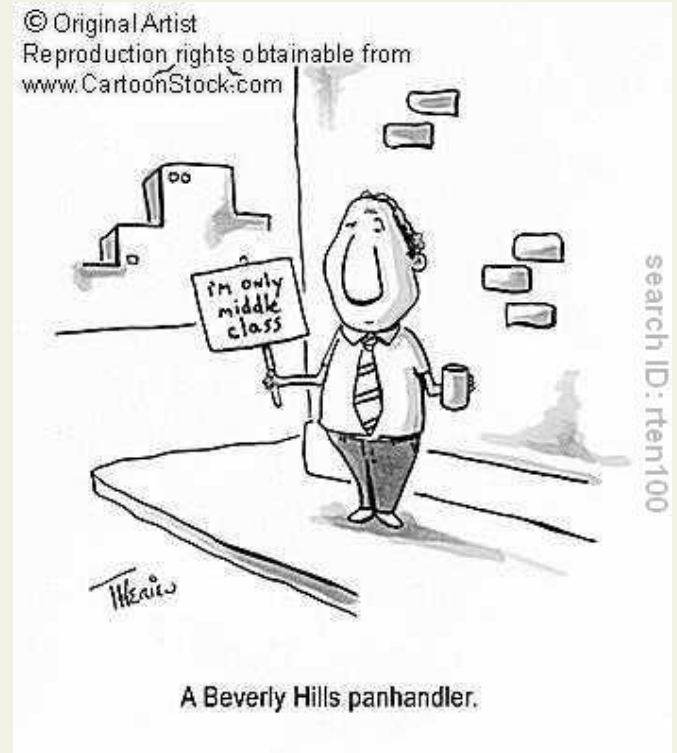
The Future of Social Security and Medicare

- Social Security is running out of money
- There are several plans to improve Social Security's financial future
 - Cut benefits
 - Raise the retirement age
 - Raise tax rates
 - Allow people to invest on their own



The Future of Social Welfare Policy

- Programs for the poor are not as popular as programs for the elderly.
- The percentage of people in poverty has not changed significantly since the 1960's.
- But there is little agreement on if the programs help people in poverty or not.



The Future of Social Welfare Policy

- Social Welfare Policy Elsewhere
 - Many industrialized nations have much more extensive social welfare programs than the U.S.
 - But the tax rates are higher in those countries than in the U.S.
 - Other countries (especially in the EU) are reforming their welfare programs. Cuts to social programs are called “austerity measures.”

