



Family Policy in the U.S.: Some Examples

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Family Policies in the U.S.

- Reflect and promote:
 - Individualism
 - Self-sufficiency
 - Family as 'personal' realm
- Make clear distinctions between:
 - 'worthy' people who cannot support themselves such as the disabled
 - 'unworthy' – able bodied men and women

Means- Tested vs. Social Insurance.

- Selective / means test: individuals need to meet eligibility requirements to qualify for benefits
 - Generally means they need to meet a certain income threshold

Means- Tested vs. Social Insurance

- Social Insurance:
 - Provide benefits to whole population
 - Intended to insure individuals vs unemployment, disability, old age;
- Not directly aimed at poverty but major impact because of large scale



Family Policies in the U.S.

- Poverty Threshold:
 - Estimated annual cost of a minimal food budget designed by the U.S. Dept of Agriculture (USDA) and multiplied by 3
 - Varies by family size and the number of related children under age 18

Poverty Threshold in U.S.

- 2011 Poverty Guidelines:

Persons in Family	48 States	Alaska	Hawaii
1	\$10,890	\$18,380	\$16,930
2	\$14,710	\$18,380	\$16,930
4	\$22,350	\$27,940	\$25,710

Poverty in the U.S.

- 2010: 14.3% of the population = 44 million individuals
- Children most likely to be impoverished – 21%
- Female-headed households – 30% (vs. 6 % of married-couple families)

Means-Tested Programs

- Temporary Assistance for Needy Families - TANF
- Supplemental Nutrition Assistance Program
- Supplemental Security Income
- Medicaid
- Earned Income Tax Credit

Social Insurance Programs



- Social Security retirement
- Social Security Disability Insurance program
- Unemployment Insurance
- Workers' Compensation
- Medicare

TANF

- Almost all benefits – families with low income, assets, children
 - Single-mother families with no fathers main recipients
 - Federal block grant / states supplement with own revenues
 - 5 years of benefits over a lifetime
 - Work requirements
 - Benefit formula determined by states

Medicaid

- Subsidized medical care - families with low income and assets
- TANF recipients generally covered / and children who may not be on TANF
- Benefits to elderly for expenditures not covered by Medicare
- Low-income disabled



State Children's Health Insurance Program (SCHIP)

- Federal govt pays a share of state costs for programs that provide medical care to low-income children not eligible for Medicaid
- States set eligibility requirements and the services to be provided

Earned Income Tax Credit

- Provides benefits to individuals who have earnings below a certain threshold
- Benefits are provided in form of a credit in federal income tax
- Credit is proportional to earnings and up to 3 children in a family

Other Means-Tested Programs

- Housing assistance - vouchers for private housing / units in public housing
- Head Start:
 - Provides pre-school children from poor families with school readiness programs, nutritional assistance and health screening

Poverty Policies

- No comprehensive cash transfer program that covers all poor families
- Specific groups supported:
 - Mothers and children
 - Disabled
 - Elderly



Cost of Poverty Reducing Policies

- Means-tested programs:
 - Medicaid has highest expenditures
 - SSI, EITC, housing: 40-50 billion range
 - SNAP, TANF are next in expenditure

Elderly and Social Security

- US one of 150 countries that provides some form of assistance
- 1900 – 2/3 of men over 65 were working
- 2010 – 17% of eligible workers
- 1935 – Social Security Act passed
- Today seen as earned right for seniors

Elderly and Social Security

- Retirement benefits taxed on earnings;
- 2010 – cap \$106,800
 - Employer: 6.2%
 - Employee: 6.2%
- Increasing # of individuals living longer
- Decreasing # of individuals paying in

Elderly and Social Security

- Potential changes to Social Security:
 - Raising retirement age
 - Increasing tax rate above 6.2%
 - Eliminating regressive tax rate so all income is taxed and not just the first \$106,800
 - Changing to a means-tested rather than universal program

Elderly and Medicare

- Founded 1965
- Federal health insurance program for people age 65 and older
- Universal program
- Almost 90% of users have gap insurance
- Health care providers reimbursed at lower rate
- Funded through Social Security taxes

Elderly and Medicare

- 1960 – 5 workers per beneficiary
- 2040 – 1.9 workers per beneficiary
- Projected to consume 6.4% of GDP
- Controversy: Why do Elders have a health care program and children do not?

Issues Discerning Benefits

- Social insurance programs – not targeted to poor, thus may go to non-poor families
- Means-tested programs:
 - Income eligibility levels above poverty
 - Even for those under poverty line: do they reach the very bottom?

Evaluations

- Impact of most individual programs on overall poverty not large
- More impacts on specific demographic groups
 - Largest impacts on the disabled and elderly



Thank You!