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:

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<th>Persons in Family</th>
<th>48 States</th>
<th>Alaska</th>
<th>Hawaii</th>
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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
• 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!