

## Social and Welfare Policy

- I. Understanding Social Policy
  - a. No way to know precisely when government should get involved.  
Social/economic transformations alter public views
    - i. Great Depression – created broad public support for new programs such as unemployment insurance
    - ii. Increased number of women in workplace – new ideas about combining work-family resp.
- II. Goals of Social Policy
  - a. Protect against the risks and insecurities that most people face – least controversial
    - i. Illness, disability, temp. unemployment, old age
    - ii. Social Security, medical insurance for the elderly – considered successful
  - b. Promoting *equality of opportunity*
    - i. Admire the ideal, no agreement on how to address inequalities
      - 1. what about those suffered from the past?
      - 2. recognize that poverty can be a result of inequality
  - c. Assisting the poor
    - i. Americans take pride in work ethic, self-sufficiency
    - ii. Recognize result of inequality – high rate among minorities
- III. The Development of a “Social Welfare System” – policies concerned with economic insecurity
  - a. Do not have long history of taking public responsibility for inequality (belief in individualism, frontier ethos)
  - b. Americans conceive of poverty in two ways
    - i. Deserving poor – widows, orphans, those rendered dependent by misfortune
      - 1. public believed would be taken care of by private efforts
    - ii. Undeserving poor – able-bodied persons unwilling to work, transients, others the community “did not approve of
    - iii. As a result, relied heavily on private charities (“Christian Love”), based in sense of moral obligation
      - 1. some government intervention – Civil War pensions, child labor laws
  - c. The “Traditional Approach”
    - i. Dominated by the public sector, lasted until 1929
    - ii. Replaced by large-scale public policy approach
  - d. Two large-scale public policy approaches
    - i. Instituting policies aimed at changing economic rules about conditions of work
      - 1. “labor regulation” – commerce clause, etc.
      - 2. 1935 – National Labor Relations (Wagner) Act
        - a. Set minimum wage, allowed workers to bargain collectively, start unions

3. Can go further than Wagner act
  - a. Earned Income Tax Credit – provide relief for employed parents whose earnings are close to or below the poverty line
  - b. “Sixty Days Notice” before closing plants (1988)
- ii. Set in place policies seeking to change the economic rules determining the quality of life for those who could/would not work
  1. Makes up “Social Welfare System”

IV. SOCIAL SECURITY – “old age insurance”

- a. Considered a **contributory program** - financed by taxation, also known as “forced savings”
- b. Employer/Employee pay equal amounts deducted from paycheck (now 7.65% of income)
  - i. Sends message that people cannot be trusted to save voluntarily.
- c. Is not “real insurance” in that contributions do not accumulate in personal account, do not receive benefits in proportion to contributions
  - i. Average retiree receives equivalent of lifetime of contributions within four to eight years
    1. most receive far more than they put in
  - ii. Redistribution of Wealth occurs (from high income to middle/low)
  - iii. Adjusted through **indexing**, annual process to modify benefits using **cost of living adjustments (COLAs)**.
    1. Contributions also increase
- d. **Half of all workers do not have private pension (retirement) plan and will rely solely on Social Security**
  - i. Without Social Security, half of all seniors would be living below the poverty line
- e. The **politically ideal program** –
  - i. Provided liberal benefits under conservative financial means
    1. Conservatives liked fact that revenue was paid for through Social Security tax rather than income tax
    2. Liberals liked idea of government providing benefits
    3. everyone liked idea of making elderly voters happy
- f. **Reforming** Social Security
  - i. Needs for reform:
    1. Baby boomers – born between 1946-1964
      - a. Larger numbers, longer life expectancies will cause problems when they retire in 2011
      - b. Political power will enable them to block legislation limiting benefits or raising retirement age
    2. Benefits are not drawn from an **interest bearing account** – paid for from taxes from current workers
      - a. To continue to grow, may have to borrow from the federal Treasury, leaving younger Americans saddled with more debt
      - b. SS Trust Fund expected to go bankrupt by 2044
  - ii. Reform **proposals** - still not enough to solve budget woes

1. Shifting to “*private investment*” in high-yield stocks, bonds
    - a. Pres. Bush supports – opponents skeptical about benefits, risks involved
  2. Shift to *means testing* – determining amount based on demonstrated need
  3. Raising *minimum retirement age*
  4. *Altering current payroll tax structure* (make it progressive rather than capping at \$87,900)
- iii. Opponents of Reform – argue that SS is not a retirement account, but “*social insurance*” that provides income protection to workers

V. Medicare

- a. Single greatest expansion of contributory programs since 1935
- b. National Health insurance for the elderly and the disabled
  - i. Limited to a *financing program*, recipients purchase all health services in the free market, government pays for – little government control over the quality of the services, or the fees charged
  - ii. Not means tested, all former workers over 65 are eligible (and spouses)
- c. *Reform*
  - i. Prescription Drug Benefit – passed in 2003, effective 2006, covers about 75 percent of drug costs up to \$2250 a year
    1. Also increased payments to hospitals/doctors and assigned responsibility of administering drug benefit to insurance companies
    2. idea came from State of Union address in 2003

VI. Public Assistance Programs

- a. *Noncontributory Programs* – programs that assist people based on demonstrated need rather than contributions they have made (“*welfare*”)
- b. *Aid to Families with Dependent Children* – until 1996, replaced by *TANF Block Grant* – FEDERALISM!!!!
  - i. Means tested
  - ii. Even in most generous states, TANF benefits fall below poverty level
  - iii. Very successful, increased security of poor, elderly
- c. made most significant advances in 1960s-70s (Great Society).
  - i. Increased programs
    1. *Medicaid* – provides extended medical services to all low income persons who have established eligibility
    2. *food stamps* – “in-kind benefit” program established in 1960s
  - ii. More difficult to terminate benefits
    1. *entitlement* programs inaugurated with Court ruling in *Goldberg v. Kelly*
      - a. Court ruled that benefits of AFDC could not be revoked without due process.

- b. Does not say beneficiary has “RIGHT” to program, and Congress can terminate program through legislation.
  - iii. Both these factors contributed to growing *welfare-state*
    - 1. although REAL federal spending on AFDC (adjusted for inflation) did not rise after 1970s
    - 2. AFDC not indexed to inflation, value of benefits fell by 1/3
- d. Noncontributory programs are *federal* not *national* – Use grants-in-aid to states to establish programs
  - i. Disparities in benefits from state-to-state
  - ii. Congress attempted to address in 1974 *Supplemental Security Income* program to augment benefits – uniform minimum benefits across the entire nation and includes mandatory COLAs.
- e. *Welfare Reform*
  - i. Welfare unpopular – recipients seen as “undeserving”
    - 1. did not “want” to work (when created during Progressive Era, intention of AFDC was to keep women out of workforce to protect children)
    - 2. Racial stereotyping – by 1973 46% were African American
  - ii. Despite opposition, difficult to reform – added work requirement in 1967
    - 1. Significant reform in 1988 – stricter work requirements, additional support (child care, etc.), child-support enforcement
  - iii. Clinton’s Reforms
    - 1. Vowed to “end welfare as we know it”
      - a. Increased earned income tax credit
    - 2. GOP pushed through “Personal Responsibility and Work Opportunity Reconciliation Act” in 1996
      - a. Created block grants
      - b. Established time limits, restricted recipients to 2 years of assistance, etc.
      - c. Goals were to
        - i. Reduce caseloads
        - ii. Promote work
        - iii. Reduce out-of-wedlock births
    - d. Successful in limiting welfare – caseloads dropped 58% nationwide
    - e. Yet to deal w/prolonged recession/economic downturn

- VII. How Can Government Create Opportunity?
    - a. Education Policies
      - i. Most policy provided by state/local governments
      - ii. Most important national policies all since WWII
        - 1. GI Bill of Rights 1944, National Defense Education Act 1958, Elementary and Secondary Education act of 1965
          - a. GI Bill aimed at post-secondary ed.
          - b. Sputnik – motivated Government to improve education in math/science
      - iii. *A Nation At Risk - 1983*
        - 1. Reagan era report which identified low education standards as cause of declining economic competitiveness
        - 2. Reagan’s initiatives (& H.W. Bush’s) were all “advisory”
      - iv. Clinton/W. Bush expand federal government’s role
        - 1. No Child Left Behind (2001) – more “accountability” and stronger testing standards.
          - a. States still administer tests, set standards
      - v. Vouchers?
      - vi. Charter Schools?
- VIII. Health Policies
  - a. **Public Responsibility accepted for *PUBLIC health*, not private (until recently)**
    - i. National Institute of Health (1937)
      - 1. Smoking/disease link
      - 2. Cancer/AIDS research
    - ii. Environmental Protection Agency
      - 1. laws addressing air, water pollution
    - iii. OSHA 1970
      - 1. workplace safety
    - iv. Consumer Product Safety Commission (1972)
      - 1. laws improving safety of products
    - v. Medicare/Medicaid
  - b. **Delivery of Services** between doctors/patients
    - i. Clinton’s failed health plan would have expanded federal administration of the health care system
    - ii. Congress passed State Children’s Health Insurance Program – provides federal funds to states so they can offer health care to more low-income children
- IX. Who is poor?
  - a. Minorities, women, children disproportionately poor
  - b. Social model of Social Security was that of male breadwinner
    - i. Goal was to keep women from having to work