

Journal 4/25 (B Day 4/26)

What do you know about Government Assistance (Welfare)?

Write everything you know or think you know.

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Unit 6: Social Inequalities

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Government Response to Poverty

- In 1964 President Lyndon B. Johnson declared a “war on poverty”
- Today close to 46.7 million Americans live in poverty
 - Close to the same rate as when LBJ was president

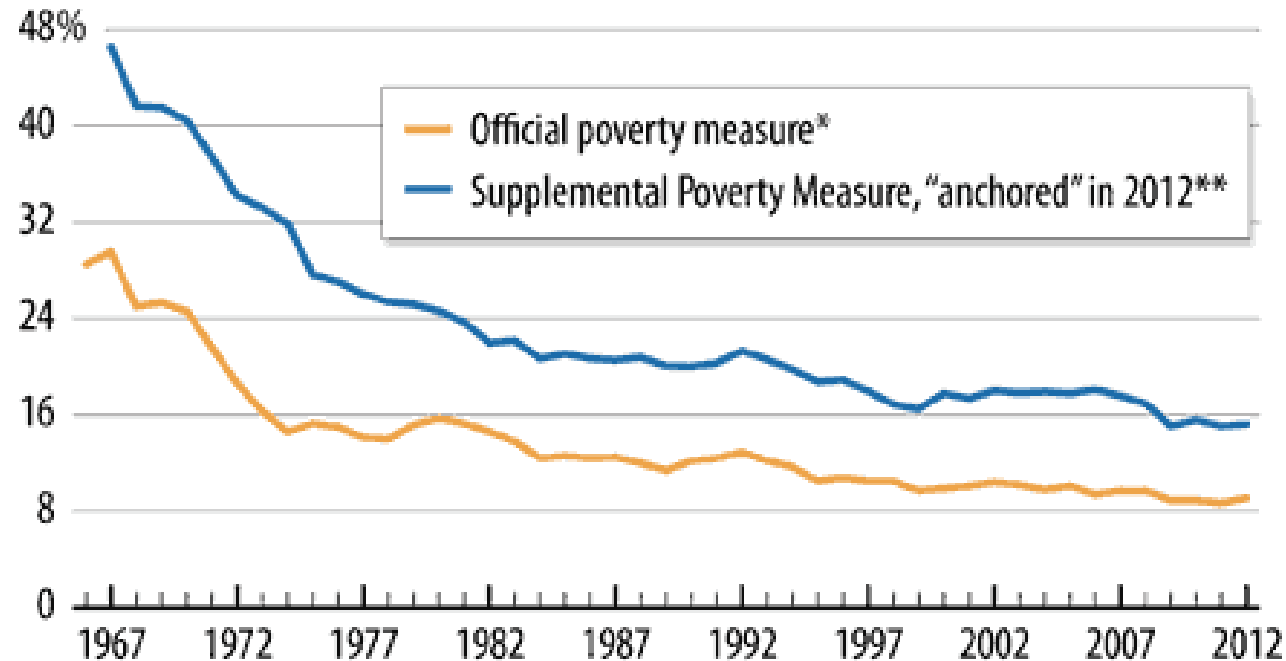


Government Responses to poverty

- While the rate of poverty has stayed the same, poverty among the elderly is 1/3 of what it was in 1966 due to increased Social Security benefits and the introduction of Medicare
 - Medicare – Govt health insurance for people 65+

Elderly Poverty Rate Has Fallen Substantially

Percent of people aged 65 and older living in poverty



*Counts cash income only and uses the official poverty line

**Counts cash income plus non-cash benefits, reflects the net impact of the tax system, subtracts certain expenses from income, and uses a poverty line based on today's cost of certain necessities adjusted back for inflation

Source: Christopher Wimer et al., "Trends in Poverty with an Anchored Supplemental Poverty Measure," Columbia Population Research Center, December 2013.

Government Responses to Poverty

- The US Govt. uses various social-welfare programs to try to reduce inequality
- Two methods
 - Transfer Payments
 - Subsidies

Transfer Payments

Transfer payments

Redistribute money within society by funneling a percentage of tax revenues to groups that need public assistance (poor, unemployed, elderly, disabled)

- Supplemental Security Income (SSI)
 - Income support for 65+ and for blind and disabled adults/children
- Temporary Assistance for Needy Families (TANF)
 - Cash payments to poor families with children



Subsidies

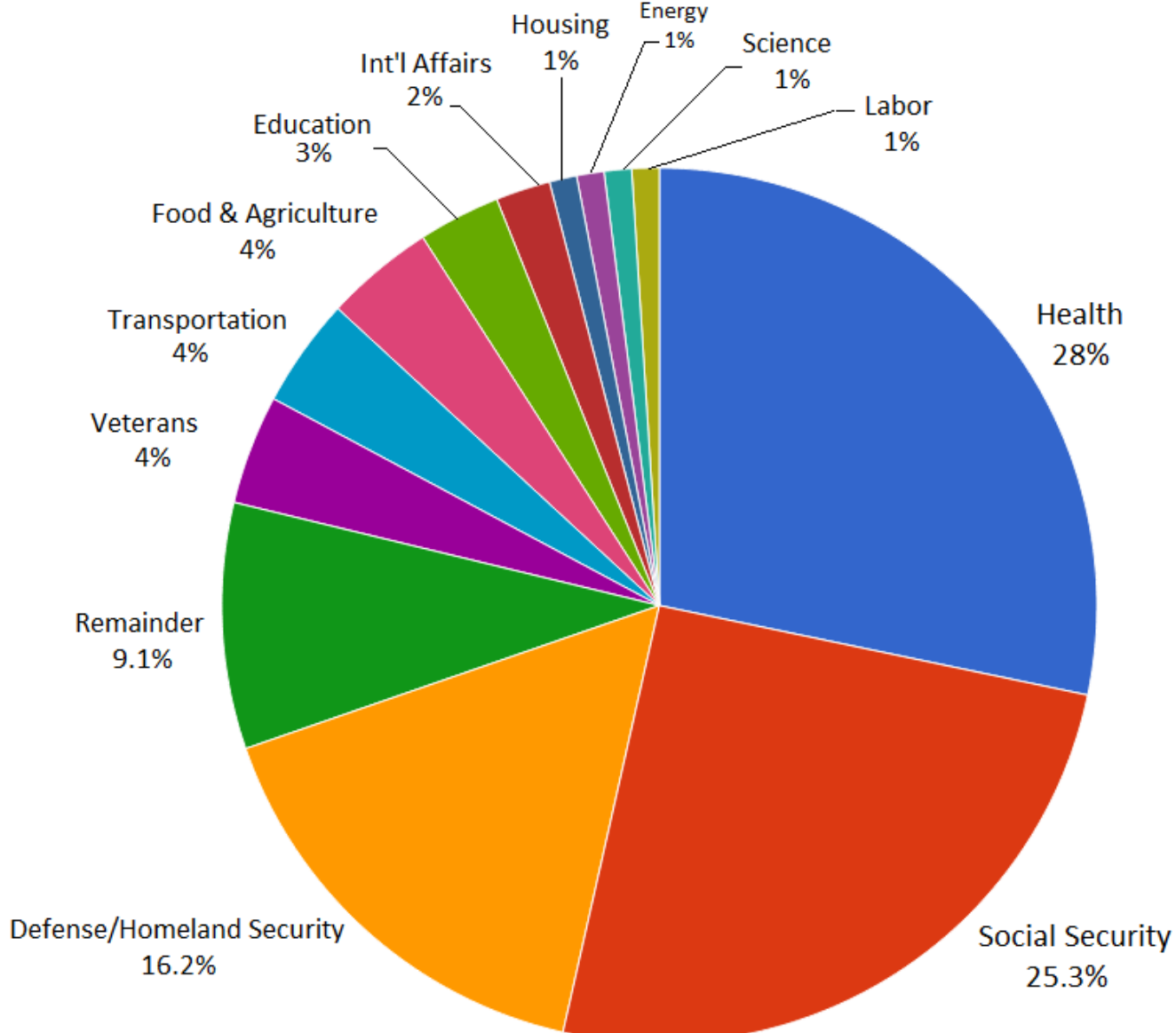
Subsidies

Transfer goods and services rather than cash

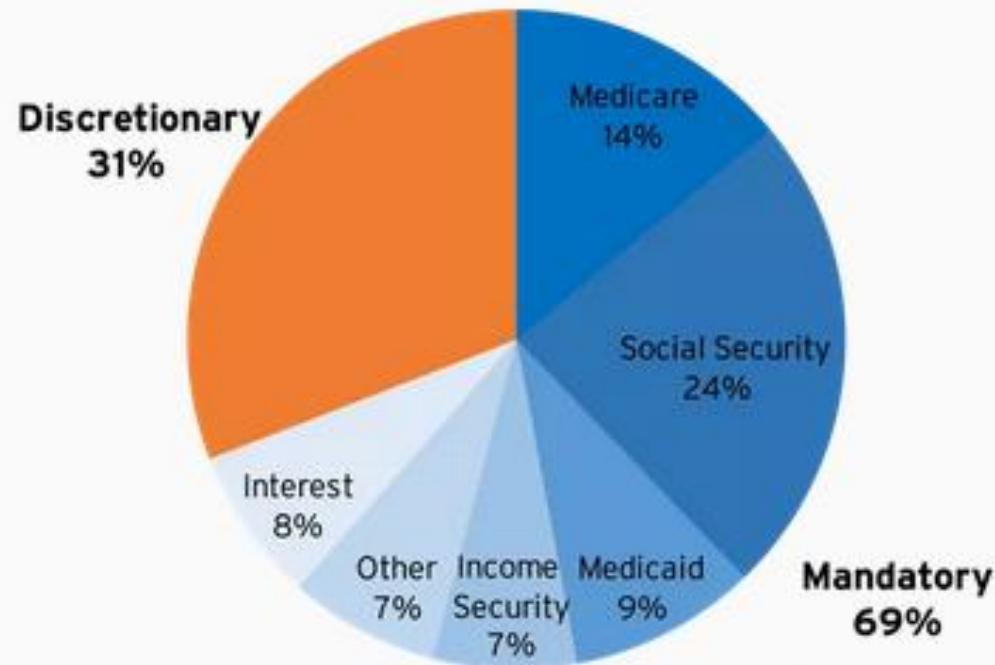
- Supplemental Nutrition Assistance Program (SNAP)
 - Nutrition assistance to millions of eligible, low-income individuals and families
- Public Housing / Section 8
 - Vouchers are given to eligible, low-income individuals and families to bridge the gap for affordable rent



Percent of spending, including discretionary and mandatory

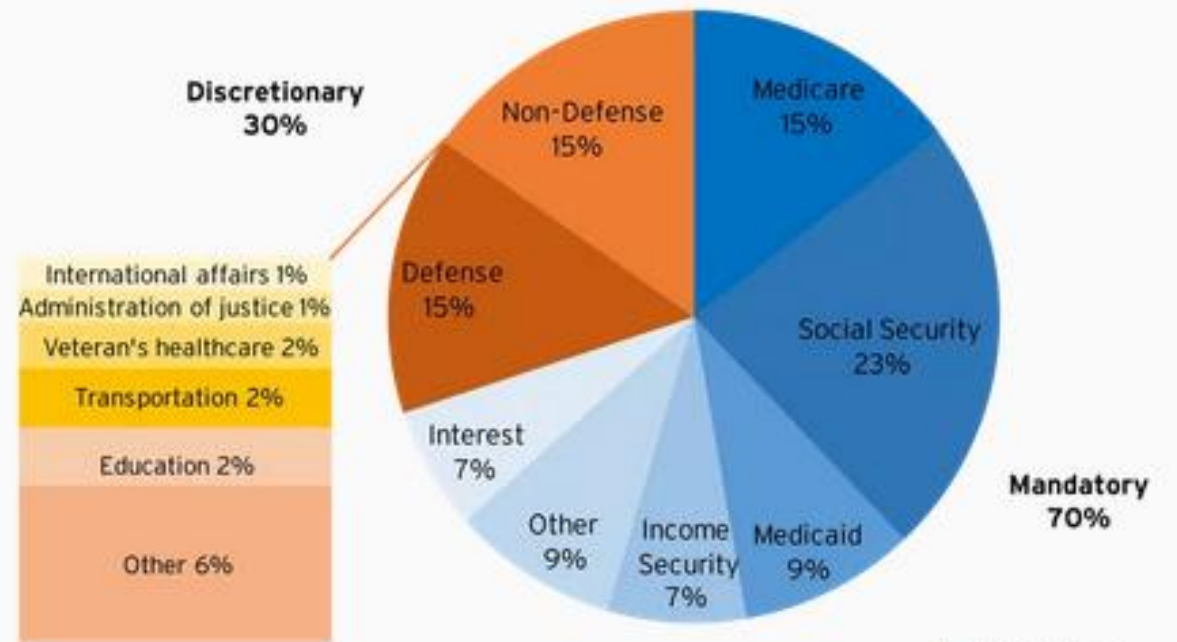


COMPOSITION OF MANDATORY SPENDING (2018)



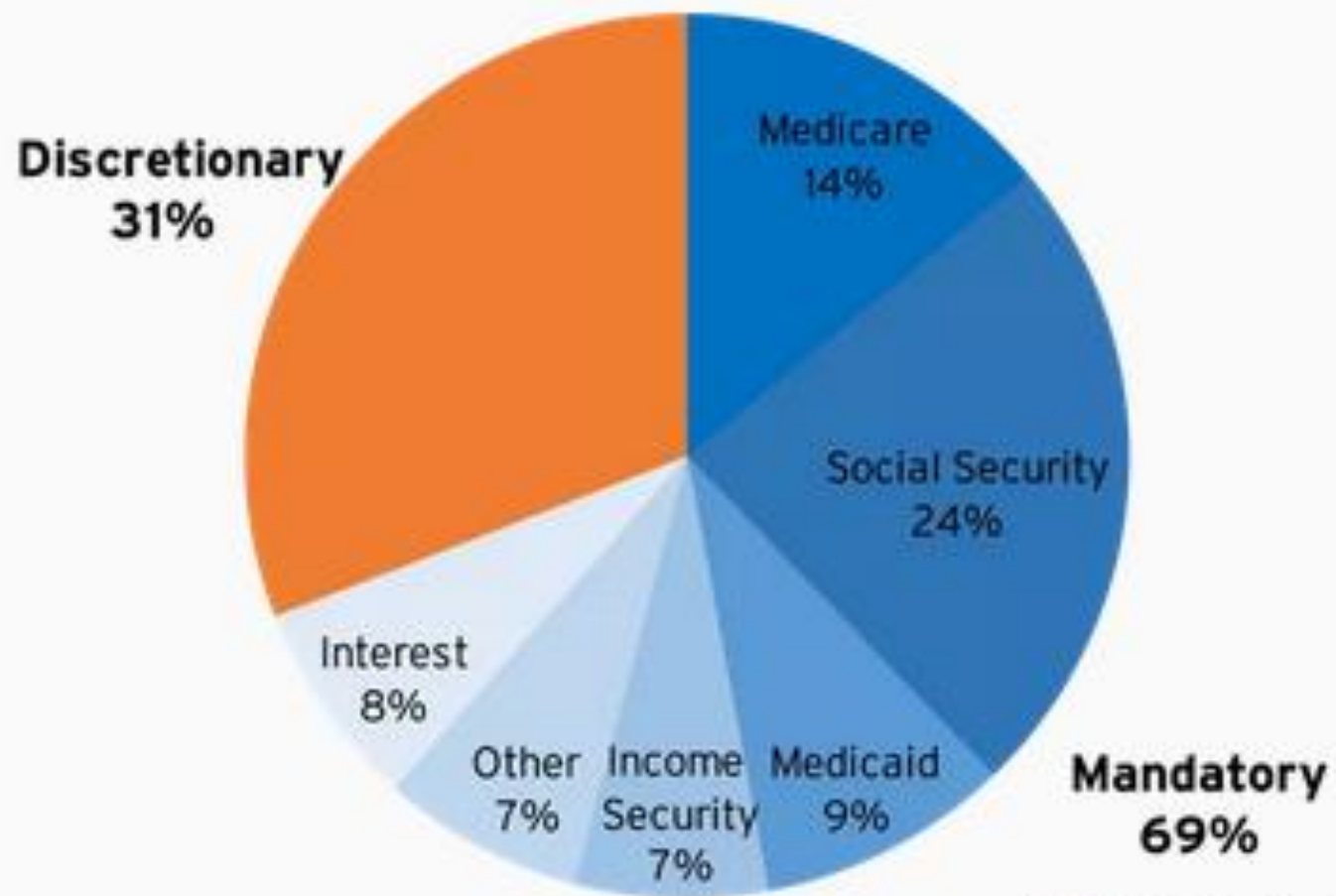
Source: Congressional Budget Office, Haver

COMPOSITION OF DISCRETIONARY SPENDING (2017)



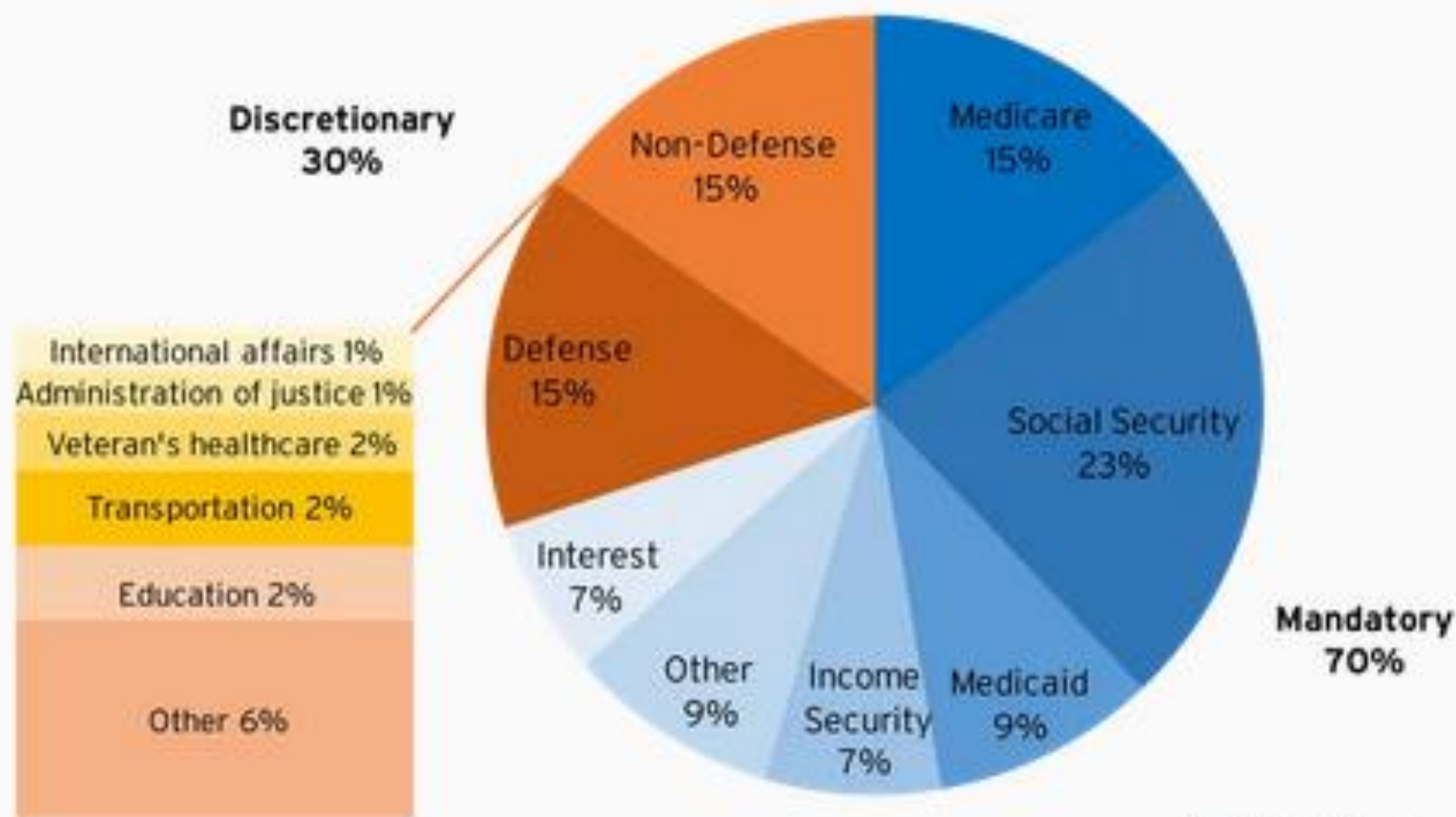
Source: Congressional Budget Office, Haver. Data are for 2017.
Note: Numbers may not add up due to rounding.

COMPOSITION OF MANDATORY SPENDING (2018)



Source: Congressional Budget Office, Haver

COMPOSITION OF DISCRETIONARY SPENDING (2017)

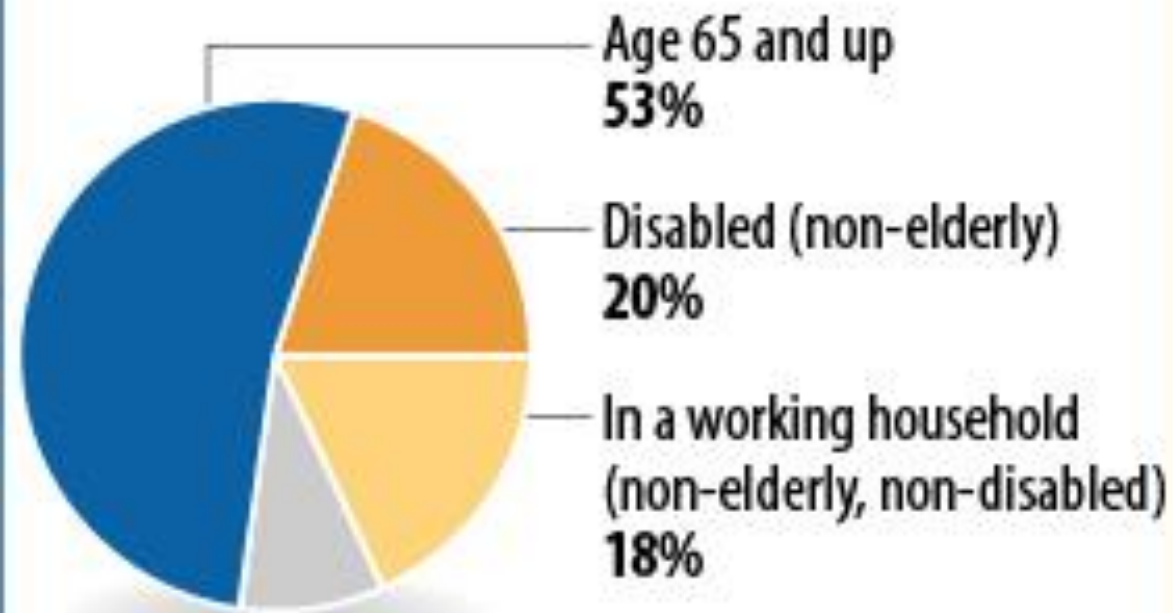


Source: Congressional Budget Office, Haver. Data are for 2017.
Note: Numbers may not add up due to rounding.

Figure 1

Over Nine-Tenths of Entitlement Benefit Spending Goes to the Elderly, Disabled, or Working Households

Share of entitlement benefits, 2010



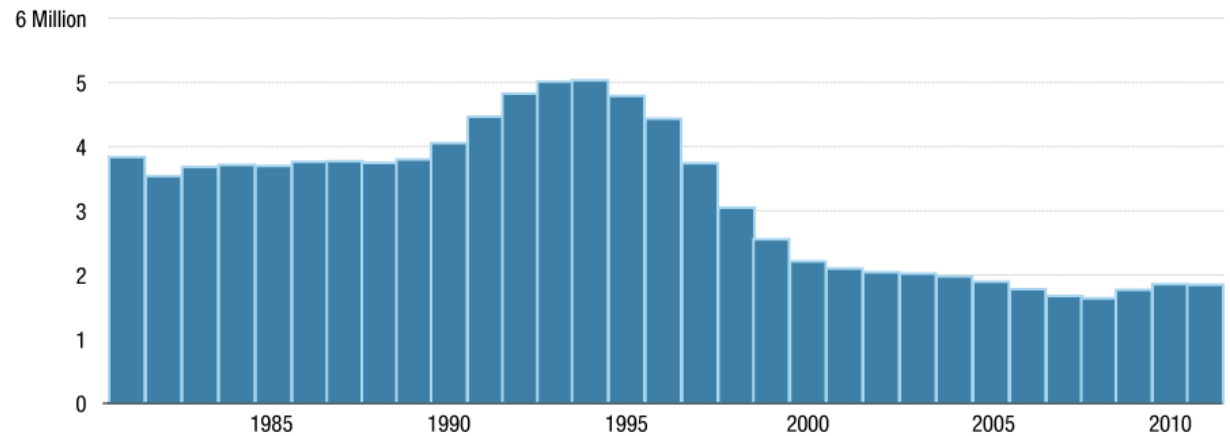
Source: CBPP analysis of data from Office of Management and Budget, U.S. Departments of Agriculture, Health and Human Services, and Labor, and the U.S. Census Bureau.

Disability

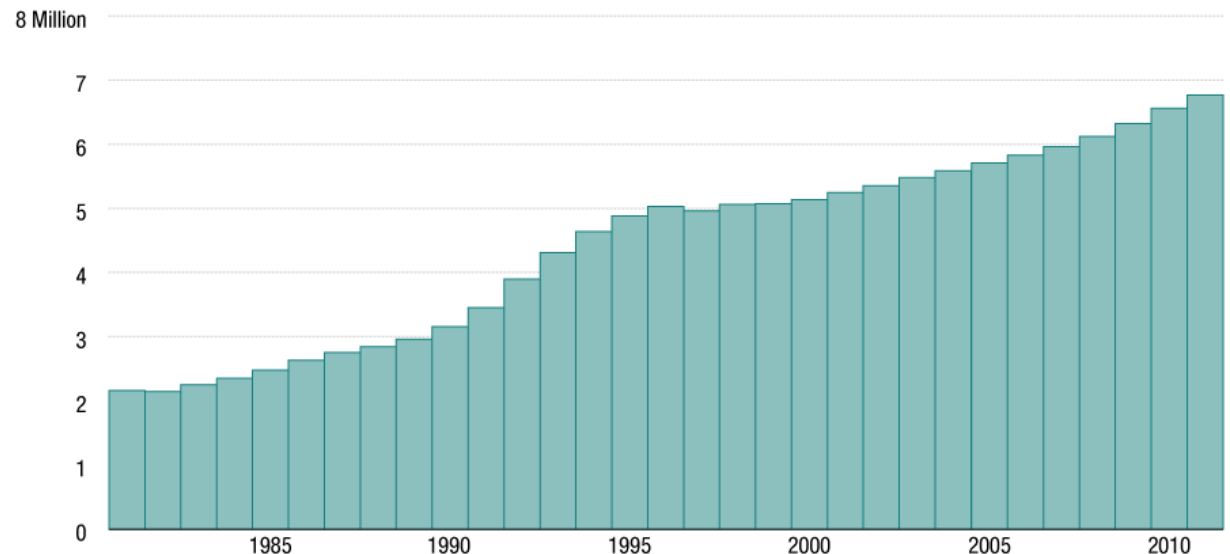
Disability - any continuing condition that restricts everyday activities

- Are not a part of the workforce
- 30% of welfare recipients are on disability
- Leading causes are back injury, joint pain, and cardiovascular disease
 - Linked to aging work force and rise in obesity

As The Number Of Families On Welfare Declined ...



... The Number Of Low-Income People On Disability Rose



Who Receives Benefits

- 77 percent of Medicaid recipients were in a household where at least one adult was employed (full- or part-time)
- 80% of SNAP recipients were in a household where at least one adult was employed (full- or part-time)
- 2015 report by the U.S. Census Bureau confirms that many recipients of other government assistance programs are employed.
 - 10% of full-time workers received government assistance in 2012, while 25% of part-time workers did

Unpredictable Work Schedules

17% of American workers have constantly-changing shift schedule

- Employees can wind up spending time, and money, commuting to their job, only to be told to leave early, or that they're not needed at all that day
- a lack of predictable hours can lead to difficulty obtaining or keeping government benefits for some workers



Poverty in California

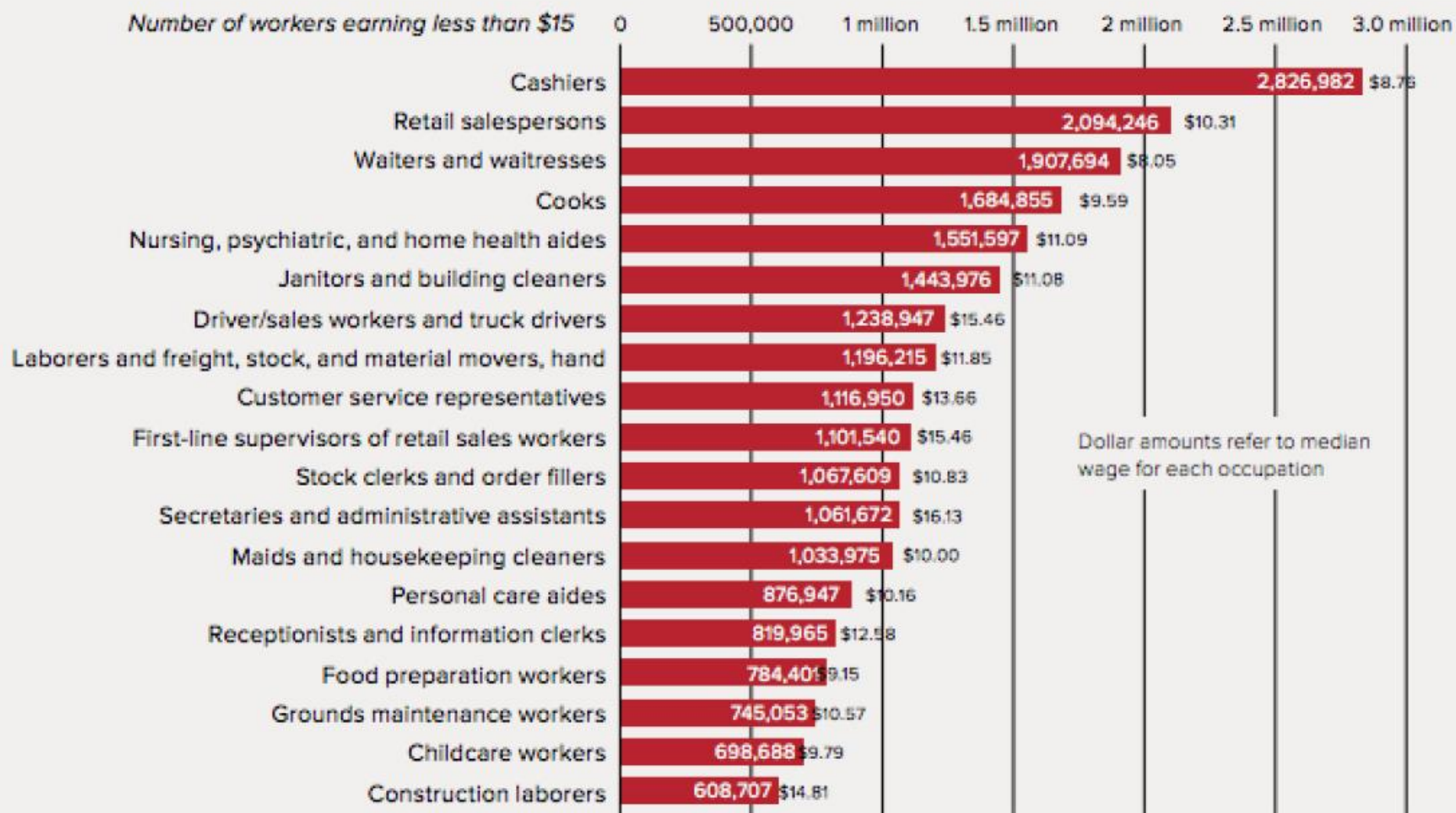
- \$11/hr = \$22,800/yr (@ 40hr and 52 weeks)
- CA Poverty Line \$30,000 for a household of 4
- USA Poverty Line \$24,250 for a household of 4
- Two-fifths (38.7%) of state residents were in poverty or near poverty in 2015

Poverty in California

Most poor families in California are working

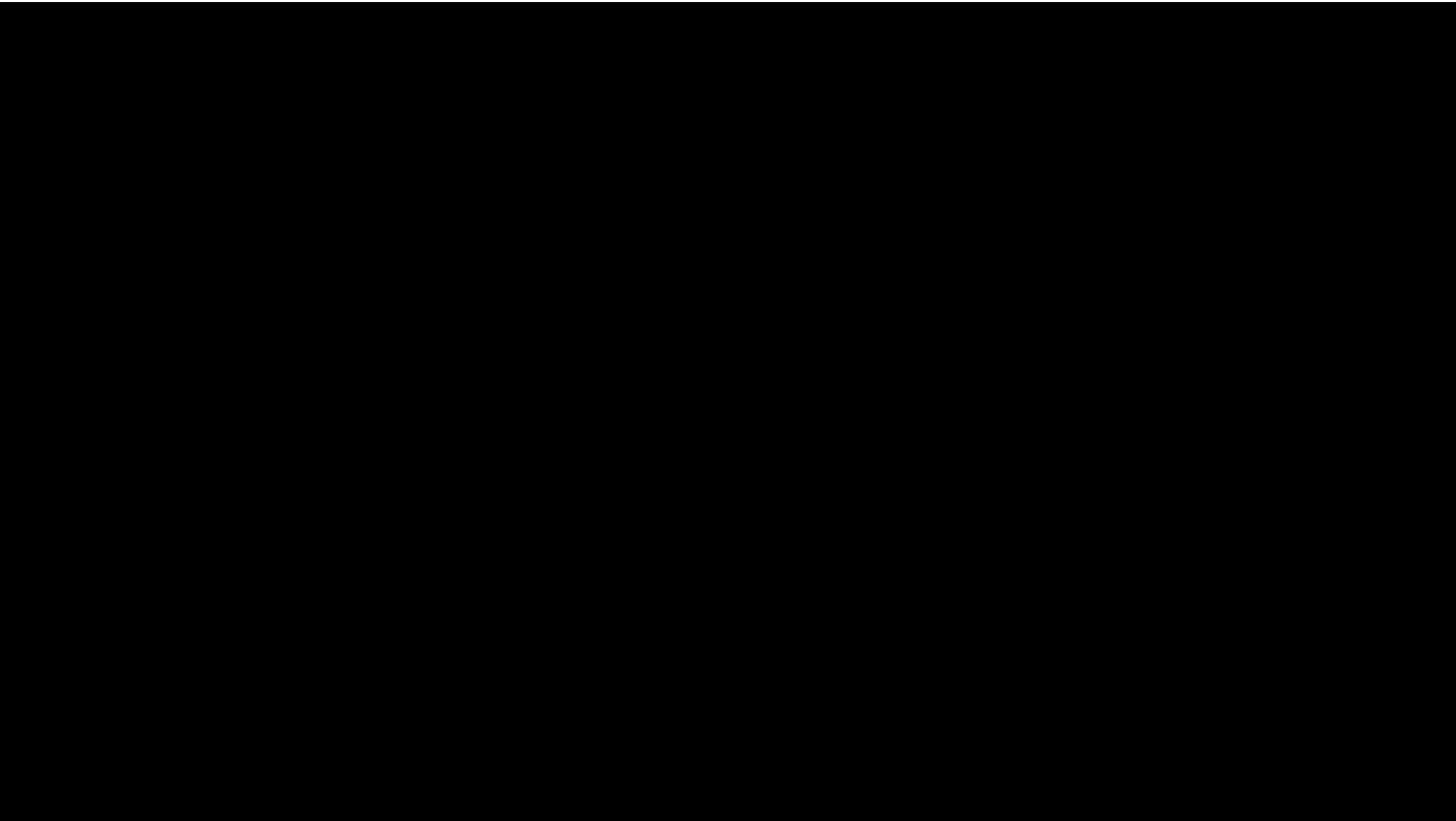
- In 2015, 79.4% of poor Californians lived in families with at least one working adult, excluding families made up only of adults age 65 and older.
- For 55.8% of those in poverty, at least one family member reported working full-time.
- For another quarter (23.6%), at least one adult was working part-time.

Figure 1.4. Occupations with the most workers earning less than \$15



Source: NELP calculations from Current Population Survey Merged Outgoing Rotation Group files 2012-2014.

Note: Wages used in calculation do not include overtime, tips or commission.



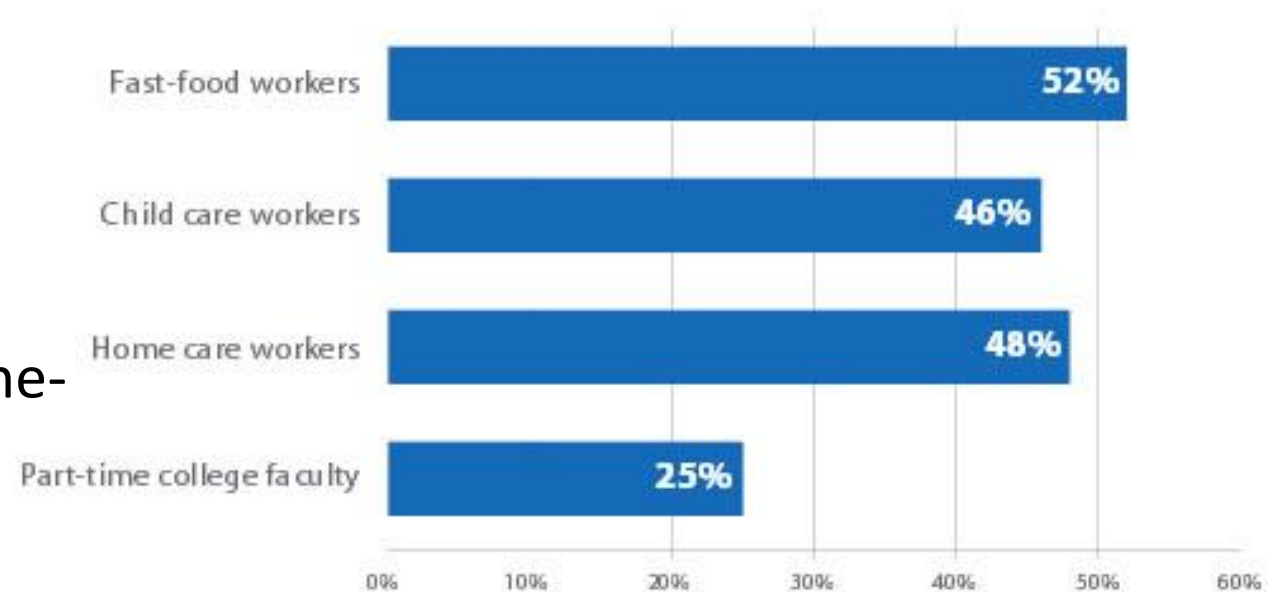
This is life on \$7.50/hr

<https://www.youtube.com/watch?v=-SCB1t28nDU>

The Cost of Welfare

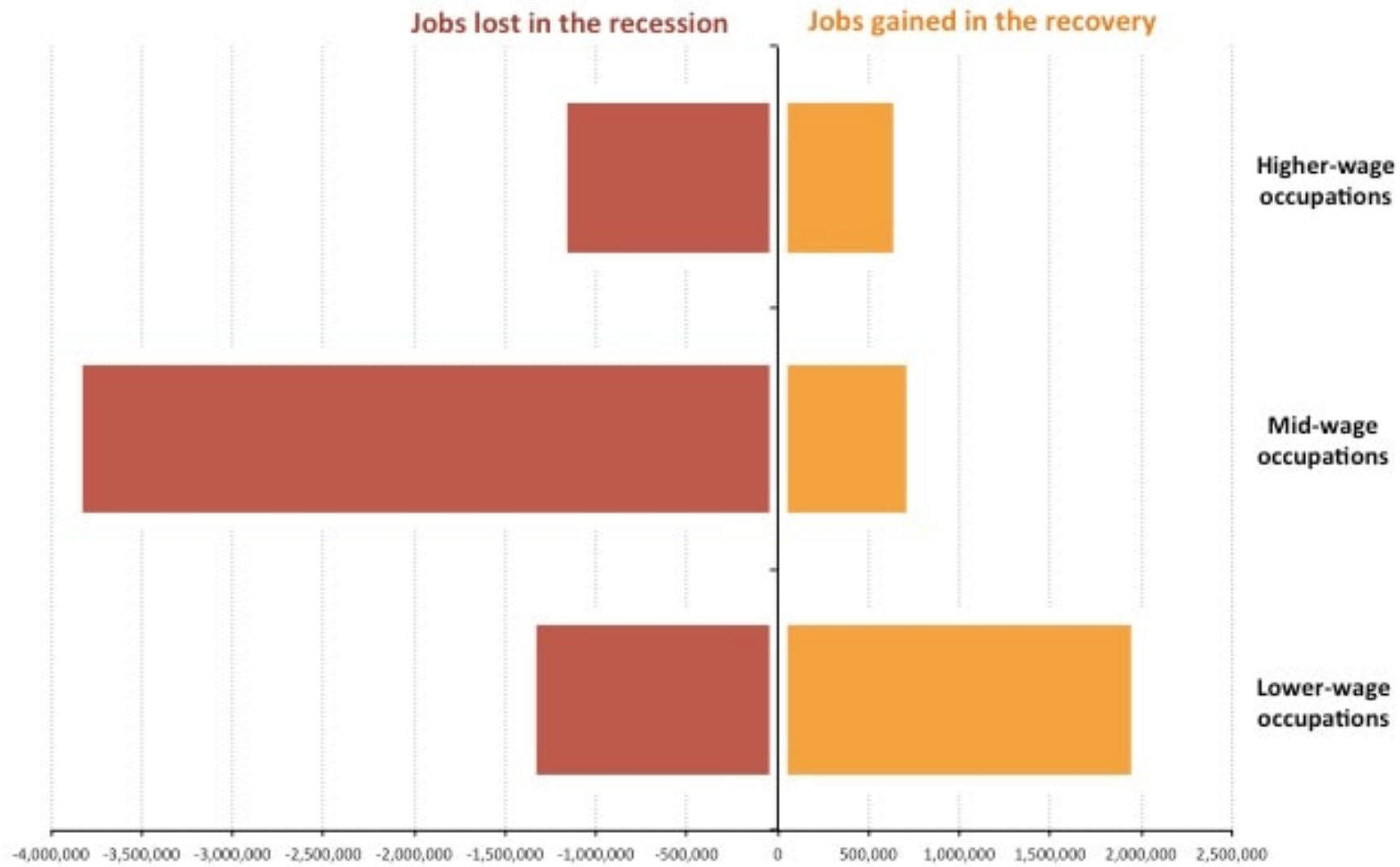
- Persistent low wages are costing taxpayers approximately \$153 billion every year in public support to working families
- Reliance on public assistance can be found among workers in a diverse range of occupations, including frontline fast-food workers (52%), childcare workers (46%), home care workers (48%) and even part-time college faculty (25%).

Source - <http://laborcenter.berkeley.edu/the-high-public-cost-of-low-wages/>



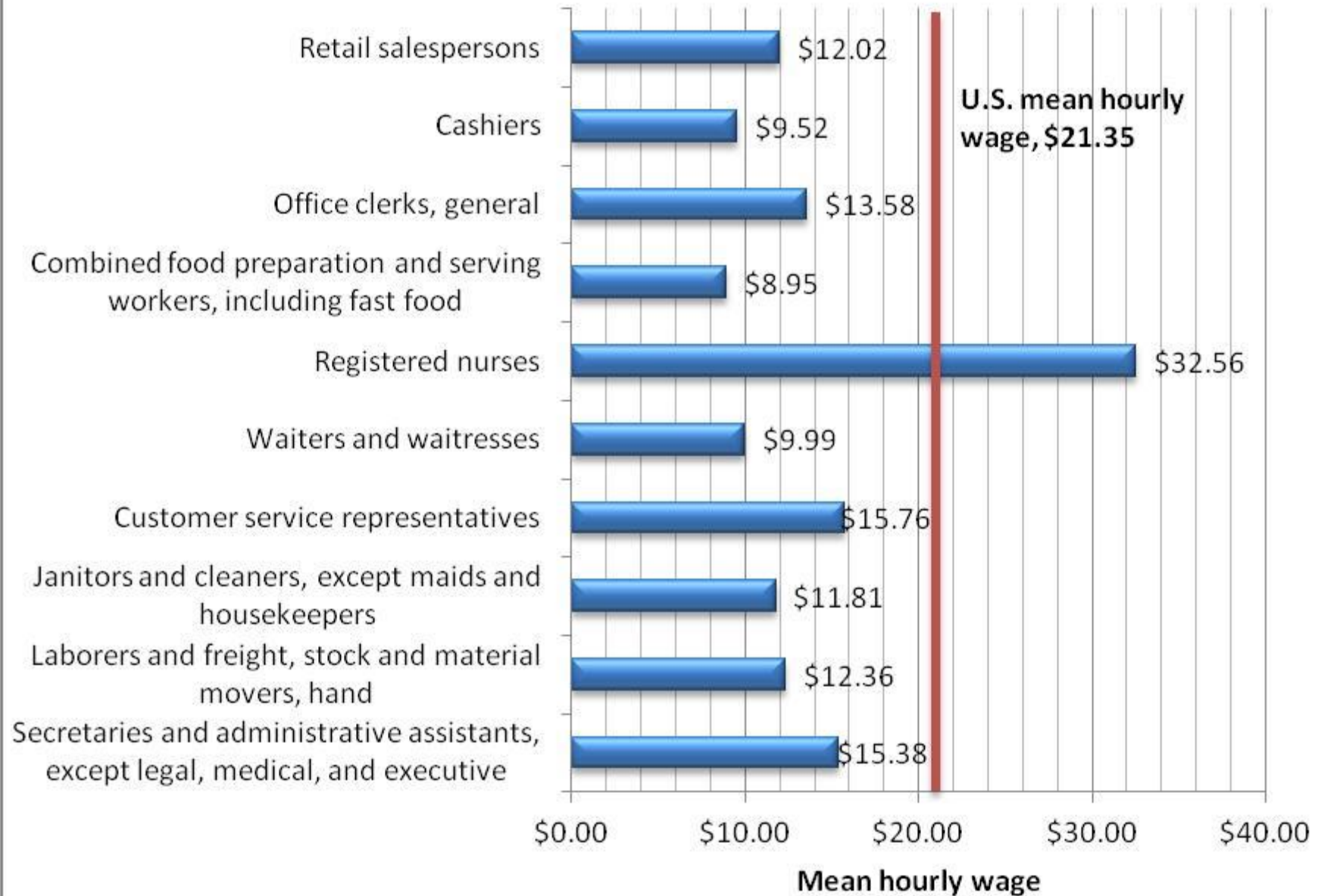
Notes: Workers and/or their dependents were enrolled in at least one of these four programs: Medicaid/CHIP, TANF, SNAP, and SSI. The home care category includes workers in two main occupations: home health aides and personal care aides.

Net change in occupational employment, during and after the Great Recession



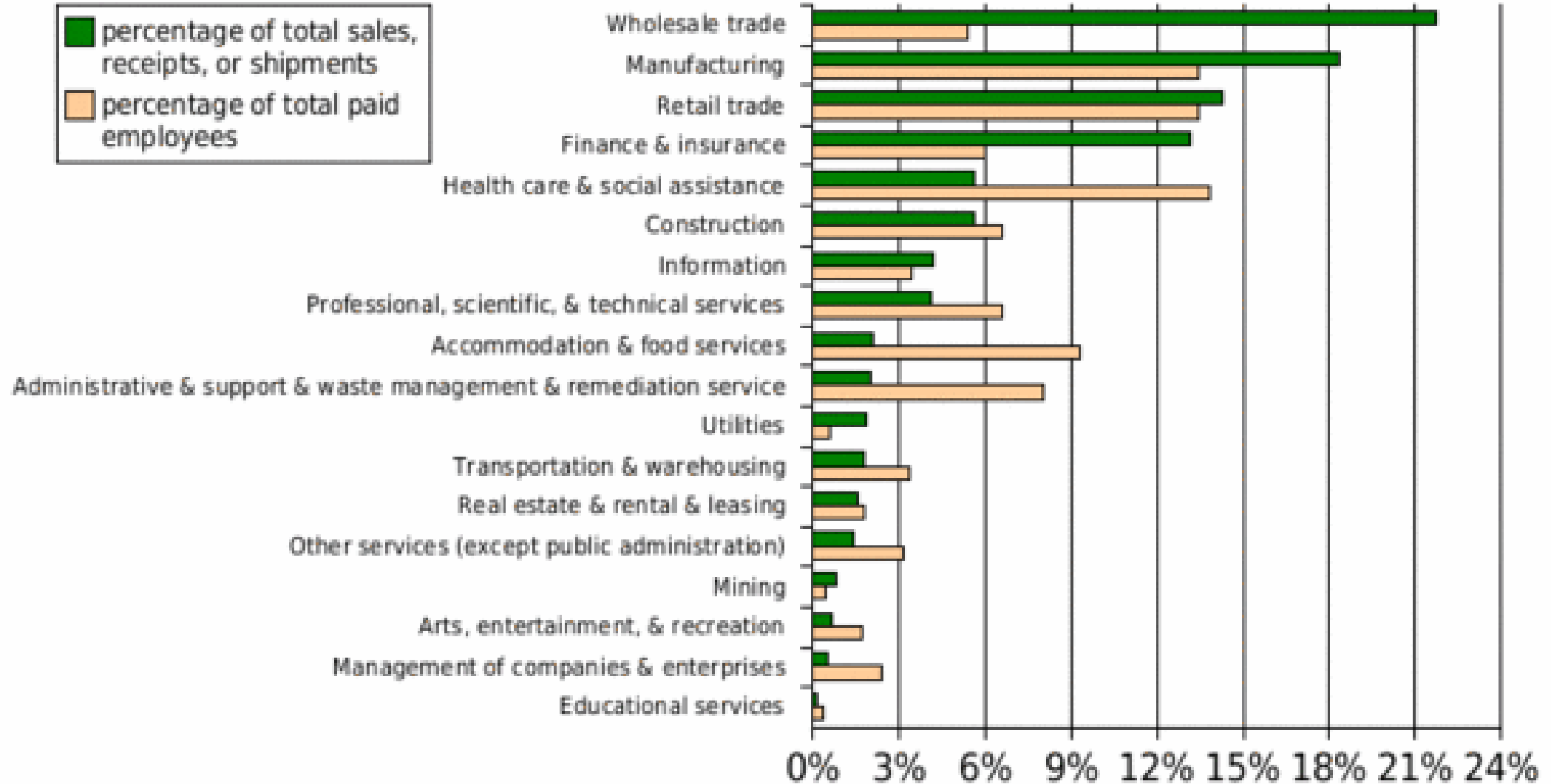
Source: www.nelp.org/LowWageRecovery

Nine out of ten of the largest occupations in 2010 pay far less than the U.S. mean wage.



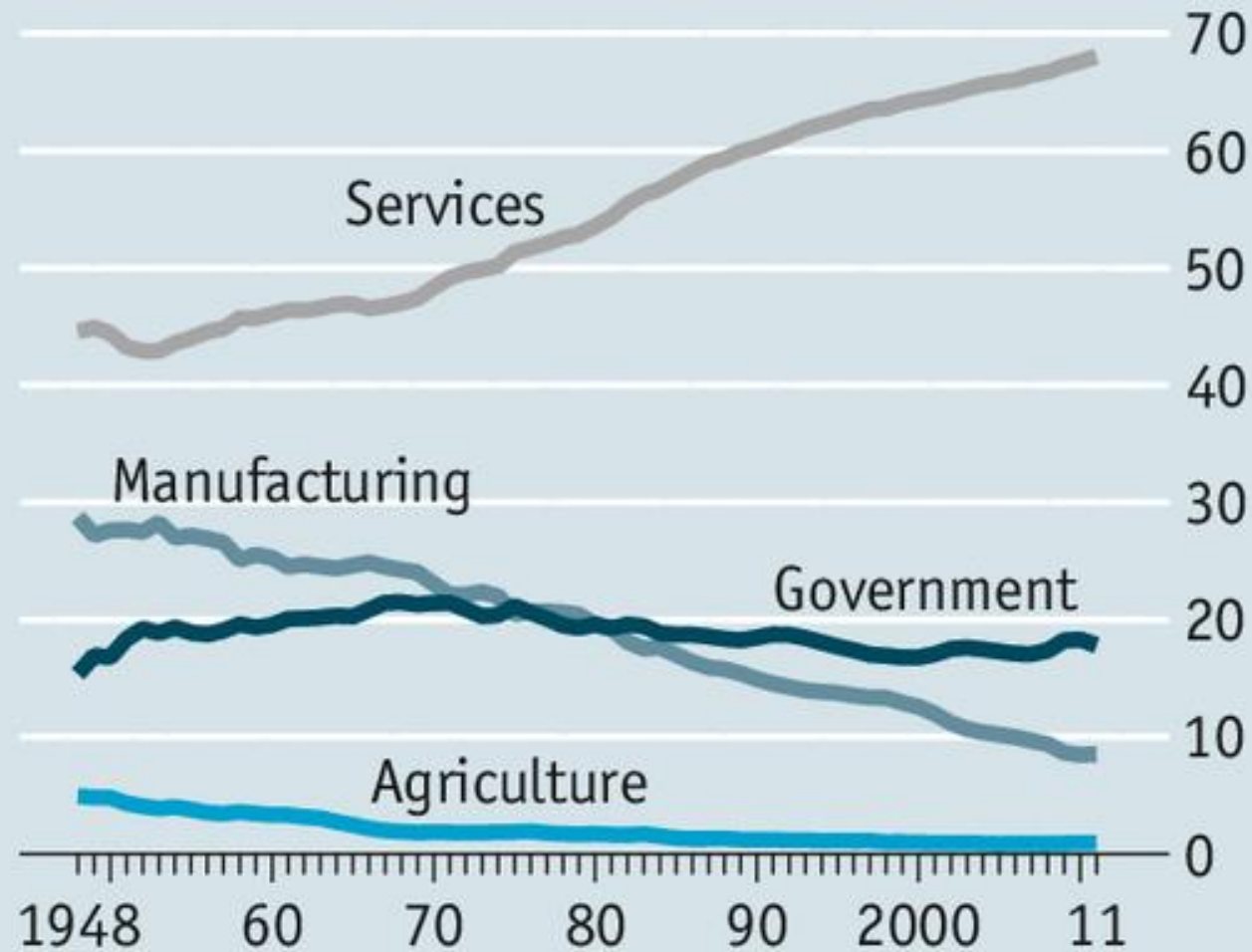
Source: Bureau of Labor Statistics, May 2010 OES, 2011.

Sectors of the US economy - firms with payroll - total sales vs paid employees (2002)



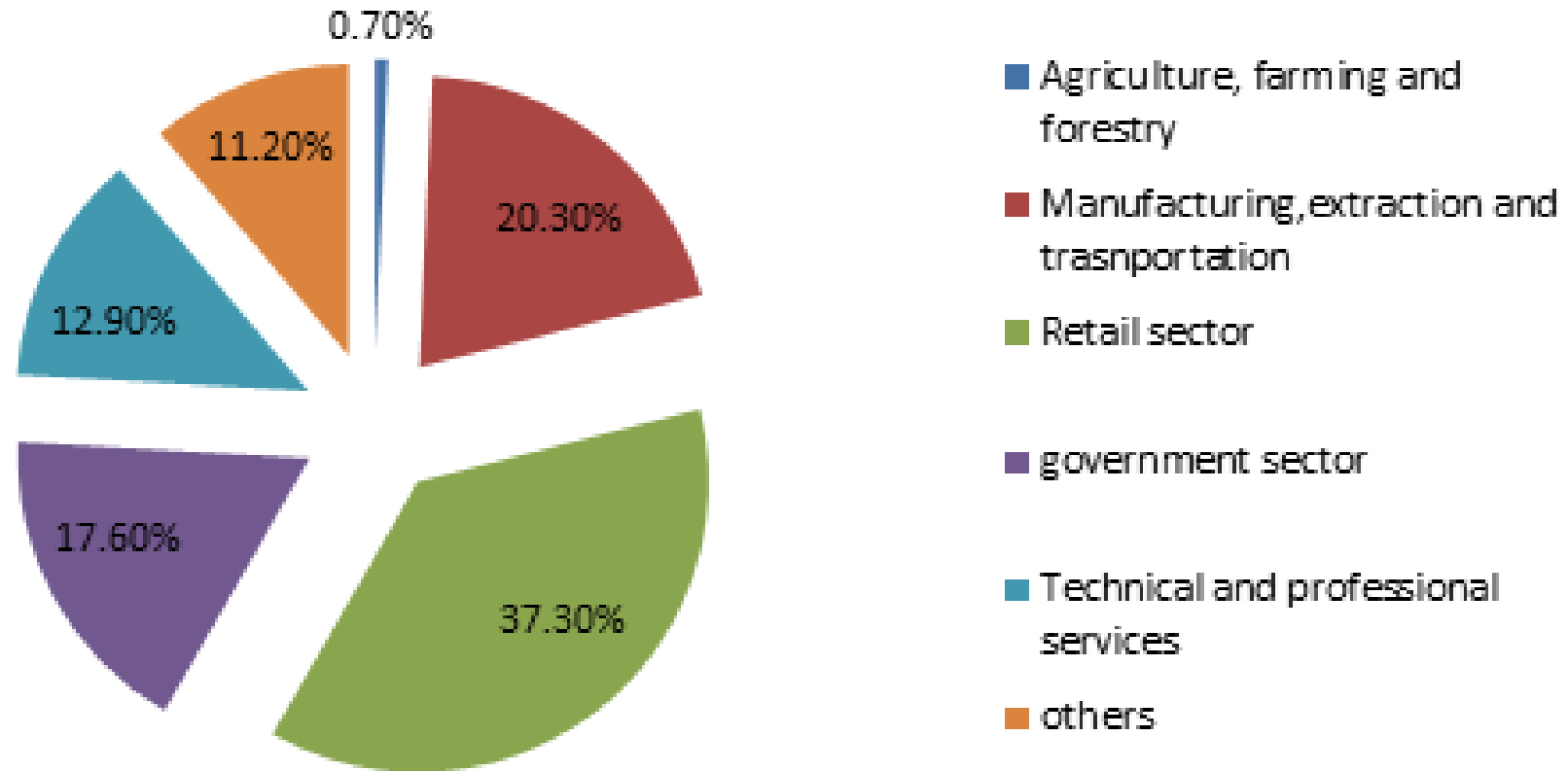
Not what it was

US employment by sector, % of total employment

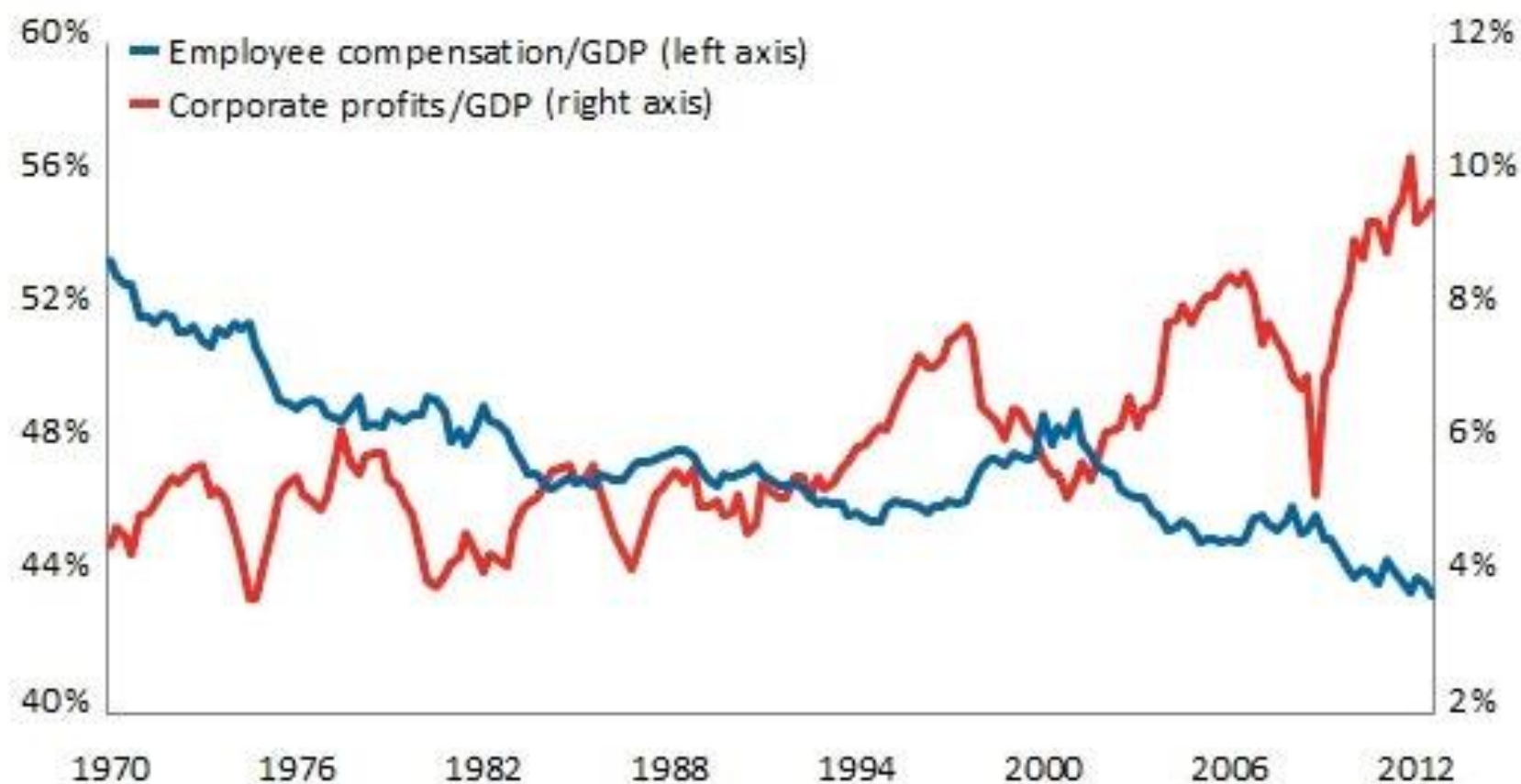


Source: US Bureau of Labour Statistics

US labor force by occupation



Corporate profits continue to grow as a share of the US economy while wages decline



Source: Federal Reserve

The Cost of Low Wages

Walmart Workers Cost Taxpayers \$6.2 Billion In Public Assistance

- Walmart's low-wage workers cost U.S. taxpayers an estimated \$6.2 billion in public assistance including food stamps, Medicaid and subsidized housing
- a single Walmart Supercenter cost taxpayers between \$904,542 and \$1.75 million per year, or between \$3,015 and \$5,815 on average for each of 300 workers
- Profit in 2017: \$124.6 Billion



If you make \$50,000 per year, you pay:

- \$247.75 a year for defense
- \$3.98 a year for natural disaster relief (FEMA)
- \$22.88 a year for unemployment insurance
- \$36.82 a year for SNAP (food stamps)
- \$6.96 a year for welfare
- \$43.78 a year for retirement and disability to government workers (civilian and military)
- \$235.81 a year for Medicare
- \$4,000 a year in corporate subsidies

Are you *sure* you're pissed off at the right people?

Corporate Welfare

Corporate Welfare - government support or subsidy of private business, such as by tax incentives

