Chapter 16

Welfare and Education Policy:

Providing for Personal Security and Need

**Chapter Outline**

I. Poverty in America

A. The Poor: Who and How Many?

B. Living in Poverty: By Choice or Chance?

II. The Politics and Policies of Social Welfare

A. Social Insurance Programs

1. Social Security

2. Unemployment Insurance

3. Medicare

B. Public Assistance Programs

1. Supplemental Security Income (SSI)

2. Temporary Assistance for Needy Families (TANF)

3. Head Start

4. Earned Income Tax Credit (EITC)

5. In-Kind Benefits: Food Stamps and Housing Vouchers

6. Medicaid

C. Culture and Social Welfare

1. Inefficiency

2. Inequity

III. Education as Equality of Opportunity

A. Public Education: Leveling through the Schools

B. Improving America’s Schools

1. School Choice

2. Mandatory High-Stakes Testing

IV. The American Way of Promoting the General Welfare

**Learning Objectives**

Having read the chapter, you should be able to do each of the following:

1. Discuss the issue of poverty in the United States and its concentration within certain social groups.
2. Debate the competing arguments that poverty is largely a result of either choice or circumstance.
3. Note the different types of public assistance programs and their problems and successes.
4. Examine social welfare as a partisan issue, discussing the vastly different approaches advocated by each major party.
5. Define the term *entitlement* and differentiate between social insurance and public assistance programs.
6. Explain how the American belief in equality of opportunity affects social welfare policy.
7. Discuss the attitude of the American public toward social welfare within a cultural context.
8. Discuss which welfare reforms may possibly occur in the future.
9. Describe the impact that public education has on equality of opportunity and how the federal role in education has changed over time.
10. Discuss some of the education reforms that are in practice or considered options to try to improve the performance of students in the United States.
11. Contrast the American and European strategies toward public welfare and note some of the important points of the current debate over how to ensure healthcare in America.

**Chapter Summary**

The United States has a complex social welfare system of multiple programs addressing specific welfare needs. Each program applies only to those individuals who qualify for benefits by meeting the specific eligibility criteria. In general, these criteria are designed to encourage self-reliance or, when help is necessary, to ensure that laziness is not rewarded or fostered. This approach to social welfare reflects Americans’ traditional belief in individualism.

Poverty is a large and persistent problem in the United States. About one in nine Americans falls below the government-defined poverty line, including a disproportionate number of children, female-headed families, minority-group members, and rural and inner-city dwellers. The ranks of the poor are increased by economic recessions and are reduced through government assistance programs.

Welfare policy has been a partisan issue, with Democrats taking the lead on government programs to alleviate economic insecurity and Republicans acting to slow down or decentralize these initiatives. Changes in social welfare have usually resulted from presidential leadership in the context of public support for the change. Welfare policy traditionally has involved programs to provide jobs and job training, education programs, income measures, and especially individual-benefit programs.

Individual-benefit programs fall into two broad categories: social insurance and public assistance. The former includes programs such as social security for retired workers and Medicare for the elderly. Social insurance programs are funded by payroll taxes paid by potential recipients, who thus, in a sense, earn the benefits they later receive. Because of this arrangement, social insurance programs have broad public support. Public assistance programs, in contrast, are funded by general tax revenues and are targeted toward needy individuals and families. These programs are not controversial in principle; most Americans believe that government should assist the truly needy. However, because of a widespread belief that most welfare recipients could get along without assistance if they tried, these programs do not have universal public support, are only modestly funded, and are politically divisive.

Social welfare is a contentious issue. In one view, social welfare is too costly and assists too many people who could help themselves; another view holds that social welfare is not broad enough and that too many disadvantaged Americans live in poverty. Because of these irreconcilable beliefs and because of federalism and the widely shared view that welfare programs should target specific problems, the existing system of multiple programs, despite its administrative complexity and inefficiency, has been the only politically feasible solution.

The balance between economic equality and individualism tilts more heavily toward individualism in the United States than in other advanced industrialized democracies. Other democracies, for example, have government-paid health care for all citizens, whereas the United States does not, although the recently enacted health care reform bill provides coverage to many of the previously uninsured.

Compared to other democracies, the United States attempts to more equally educate its children, a policy consistent with its cultural emphasis on equality of opportunity. Like social welfare, however, education is a partisan issue involving disputes over the federal government’s role, school choice, spending levels, and mandatory high-stakes testing.

**Focus and Main Points**

This chapter examines the problems that federal social welfare programs are designed to alleviate and describes how these programs operate. It also addresses public education policies. This chapter seeks to provide an informed basis for understanding issues of social welfare and education and to show why disagreements in these areas are so substantial. The issues involve hard choices that inevitably require trade-offs between federal and state power and between the values of individual self-reliance and egalitarian compassion. The main points of this chapter are as follows:

* *Poverty is a large and persistent problem in America, affecting about one in seven Americans, including many of the country’s most vulnerable—children, female-headed families, and minority-group members*.
* *Welfare policy has been a partisan issue, with Democrats taking the lead on government programs to alleviate economic insecurity and Republicans acting to slow down or qualify these initiatives*.
* *Social welfare programs are designed to reward and foster self-reliance or, when this is not possible, to provide benefits only to those individuals who are truly in need*. U.S. welfare policy is not based on the assumption that every citizen has a right to material security.
* *Americans favor social insurance programs (such as social security) over public assistance programs (such as food stamps).* As a result, most social welfare expenditures are not targeted toward the nation’s neediest citizens.
* *A prevailing principle in the United States is equality of opportunity, which in terms of policy is most evident in the area of public education.* America invests heavily in its public schools and colleges.

**Major Concepts**

poverty line

As defined by the federal government, the annual cost of a thrifty food budget for an urban family of four, multiplied by three to allow also for the cost of housing, clothes, and other expenses. Families below the poverty line are considered poor and are eligible for certain forms of public assistance.

negative government

The philosophical belief that government governs best by staying out of people’s lives, giving individuals as much freedom as possible to determine their own pursuits.

positive government

The philosophical belief that government intervention is necessary in order to enhance personal liberty and security when individuals are buffeted by economic and social forces beyond their control.

entitlement programs

Any of a number of individual-benefit programs, such as social security, that require government to provide a designated benefit to any person who meets the legally defined criteria for eligibility.

social insurance

Social welfare programs based on the “insurance” concept, requiring that individuals pay into the program in order to be eligible to receive funds from it. An example is social security for retired people.

means test

The requirement that applicants for public assistance must demonstrate that they are poor in order to be eligible for the assistance.

public assistance

A term that refers to social welfare programs funded through general tax revenues and available only to the financially needy. Eligibility for such a program is established by a means test.

in-kind benefit

A government benefit that is a cash equivalent, such as food stamps or rent vouchers. This form of benefit ensures that recipients will use public assistance in a specified way.

effective tax rate

The actual percentage of a person’s income that is spent to pay taxes.

equality of opportunity

The idea that all individuals should be given an equal chance to succeed on their own.

Practice Exam

(Answers appear at the end of this chapter.)

**Multiple Choice**

1. The federal poverty line for a family of four in 2009 was set at roughly \_\_\_\_\_\_\_\_.

a. $10,000

b. $22,000

c. $28,000

d. $39,000

e. $44,000

2. About \_\_\_\_\_\_\_\_ percent of American children live in poverty today.

a. 2

b. 5

c. 10

d. 20

e. 40

3. What legislation abolished the AFDC, replacing it with the program titled Temporary Assistance for Needy Families?

a. the 1990 Earned Income Tax Credit Act

b. the 2000 Equity Assurance Bill

c. the 1985 Social Reform Act

d. the 1996 Welfare Reform Act

e. the Social Security Act

4. In the United States,

a. income is distributed equally.

b. income is distributed more equally than in any other industrialized democracy.

c. income is distributed equally, more equally than in any other industrialized democracy.

d. citizens in the top fifth get 50 percent of all income.

e. citizens in the lowest fifth get 30 percent of all income.

5. Unemployment benefits

a. are usually terminated after ten weeks.

b. provide a recipient with an average of one-half their employed wage.

c. are funded by federal payroll taxes.

d. can be extended by the president, but only with approval of the Senate.

e. provide a recipient with 100% of their employed wage, but that amount decreases with each week in unemployment.

6. During the Great Depression, the unemployment level in the United States reached \_\_\_\_\_\_\_\_ percent.

a. 5

b. 10

c. 15

d. 20

e. 25

7. Medicare was

a. created in 1865.

b. supported by political conservatives when it was first established.

c. supported by a wide bipartisan margin when it was first established.

d. created in 1965 and was supported by liberals when first established.

e. created in 1935.

8. Which of the following is part of the TANF law?

a. Single mothers will lose a portion of their benefits if they refuse to cooperate in identifying the father of their children for child support purposes.

b. Unmarried teenage mothers qualify for welfare benefits only if they remain in school and live with a parent or legal guardian.

c. Within two years, the head of most families on welfare will have to find work or risk the loss of benefits.

d. Americans’ eligibility for federal cash benefits is limited to no more than five years in their lifetime.

e. All these answers are correct.

9. Most of federal spending in the area of subsidized housing is on

a. tax breaks.

b. the construction of low-income housing.

c. rent vouchers.

d. repairs to meet health standards.

e. None of these answers is correct.

10. Which of the following is true of public-school finance?

a. About one-third of all revenue comes from the federal government.

b. About one-half of all revenue comes from the federal government.

c. About two-thirds of all revenue comes from local government.

d. About 90 percent of all revenue comes from state and local governments.

e. None of these answers is correct.

11. The \_\_\_\_\_\_\_\_ requires national testing in reading, math, and science, and ties funding to test performance.

a. G.I. Bill

b. No Child Left Behind Act

c. Morrill Act

d. Elementary and Secondary Education Act

e. Higher Education Act

12. Welfare was traditionally the responsibility of state governments until the \_\_\_\_\_\_\_\_.

a. 1850s

b. 1870s

c. 1890s

d. 1930s

e. 1960s

13. Which of the following is true of social security and Medicare?

a. They were both created when Republicans controlled the presidency.

b. They were both created when Democrats controlled the presidency.

c. They were both created when Republicans controlled Congress.

d. They were both created when Democrats controlled Congress.

e. They were both created when the Democrats controlled both the presidency and the Congress.

14. Food stamps are considered which type of benefit?

a. cash-assistance

b. earned-income

c. in-kind

d. tax-credit

e. free-rider

15. The Social Security Act was passed in \_\_\_\_\_\_\_\_.

a. 1929

b. 1933

c. 1935

d. 1937

e. 1941

16. Of the following nations, citizens in \_\_\_\_\_\_\_\_ are somewhat more supportive of a free-market economy and its effects on the welfare of citizens.

a. the United States

b. Great Britain

c. Germany

d. France

e. Belgium

17. Which of the following is true of TANF eligibility rules?

a. States can choose to impose more restrictive rules in some areas.

b. States cannot allow exceptions to any of the rules.

c. The eligibility guidelines are initially created by each state and then modified by the federal government.

d. States that choose to modify eligibility rules must then provide 100% of funding.

e. The eligibility rules do not apply to unwed mothers that are pregnant or have been the victims of domestic violence.

18. What has been the biggest challenge facing the states in the implementation of the TANF program?

a. the determination of eligibility of an individual for assistance

b. the creation of effective welfare-to-work programs

c. the funding of the state portions of TANF responsibility

d. training case workers to counsel aid recipients

e. keeping track of how aid recipients spend their individual funding

19. Medicaid

a. was created in 1960.

b. provides health care for all Americans who are not retired.

c. provides health care for the poor and middle-income Americans.

d. was created in 1965 and provides health care for the poor.

e. None of these answers is correct.

20. What is the current social security tax?

a. 1 percent payroll tax on employees and employers

b. 3.5 percent payroll tax on employees and employers

c. 6.2 percent payroll tax on employees and employers

d. 10.5 percent payroll tax on employees and employers

e. 20 percent payroll tax on employees and employers

**True/False**

1. About one in seven Americans lives at or below the poverty line.

a. True

b. False

2. The “feminization of poverty” reflects the fact that single-parent, female-headed families are roughly five times as likely as two-income families to fall below the poverty line.

a. True

b. False

3. A higher percentage of white Americans live below the poverty line than Hispanics and African Americans.

a. True

b. False

4. The term *means test* refers to a tax on part of the social security income of wealthier retirees.

a. True

b. False

5. The major difference between social insurance programs and public assistance programs is that social insurance programs are available only to the financially needy.

a. True

b. False

6. Social insurance programs enjoy a greater degree of support among the American public than do public assistance programs.

a. True

b. False

7. The National Education Association claims that the No Child Left Behind law forces teachers to teach to the national tests and thereby undermines classroom learning.

a. True

b. False

8. The United States ranks first in the world in the proportion of adults receiving a college education.

a. True

b. False

9. The United States has relatively low child poverty rates compared with Western European countries.

a. True

b. False

10. The U.S. government spends much less on public housing than on tax breaks for homeowners, most of whom are middle- and upper-income Americans.

a. True

b. False

**Essay**

1. What is the federal definition of poverty? Under this definition, how many poor people are there in the United States?

2. Trace the evolution of the Head Start program from its inception to the present time.

3. What is the difference between positive and negative government?

4. Why is the future viability of the social security program in question?

5. How did the Aid for Families with Dependent Children program change over time from its original intended purpose? How did the TANF program, or Temporary Assistance for Needy Families, change the practices of the AFDC?

Answers to the Practice Exam

**Multiple Choice Answers**

* + 1. b 11. b
    2. d 12. d
    3. d 13. e
    4. d 14. c
    5. c 15. c
    6. e 16. a
    7. d 17. a
    8. e 18. b
    9. c 19. d
    10. d 20. c

Multiple Choice Explanations

1. The federal poverty level in 2009 was $22,000 (b); many liberals believe that this figure is too low.
2. More than one-fifth (d) of American children live in poverty, the highest rate among industrialized nations.
3. The 1996 Welfare Reform Act (d) abolished AFDC, replacing it with the program titled Temporary Assistance for Needy Families (TANF). TANF’s goal is to reduce long-term welfare dependency by limiting the length of time recipients can receive assistance and by giving the states an incentive to place welfare recipients into jobs.
4. The United States has the highest degree of income inequality of any industrialized democracy. The lowest fifth get less than a twentieth of all income. The top fifth get half of all income (d).
5. The federal government collects the payroll taxes that fund unemployment benefits; thus, the correct answer is (c).
6. The unemployment level reached 25 percent (e) during the Depression, prompting citizens’ demands for relief from the federal government.
7. Medicare was created in 1965 with the support of liberal Democrats (d) at the time of passage.
8. All provisions (e) are included in the 1996 Temporary Assistance for Needy Families law.
9. Low-income persons are also eligible for subsidized housing. Most of the federal spending in this area is on rent vouchers (c), an in-kind benefit.
10. More than 90 percent of all public school revenue comes from state and local governments (d).
11. The controversial No Child Left Behind Act (b) of 2001 established these requirements; the other laws do not deal specifically with testing.
12. The federal government started to play a significant role in social welfare in the 1930s (d) during the New Deal.
13. Franklin Roosevelt (D) was president in 1935 when Social Security was created and Lyndon Johnson (D) was president in 1965 when Medicare was created. Democrats controlled Congress in both instances, so (e) is the correct answer.
14. In-kind benefits (c) are non-cash payments to recipients.

15. The Social Security Act was passed in 1935 (c), during the Roosevelt administration and the Great Depression.

16. The difference in attitude toward government-sponsored welfare and market mechanisms between the United States and Europe are a result of different patterns of historical development. The United States is somewhat more accepting of market forces as an allocator of goods to individuals than Europe because democracy in America grew out of a tradition of limited government that emphasized personal liberty, which included a belief in self-reliance. Thus, the correct answer is (a).

17. Although states can grant exceptions to some of the TANF eligibility rules, the exceptions are limited. States can even choose to impose more restrictive rules in some areas. Thus, the correct answer is (a).

18. In the implementation of the TANF program, the biggest challenge facing the states has been the creation of welfare-to-work programs that are effective enough to qualify people for secure jobs. Thus, the correct answer is (b).

19. Medicaid was established in 1965 and provides health care for poor people who are already on welfare (d).

20. The social security payroll tax is currently set at 6.2 percent (c) on employees and employers.

**True/False Answers**

1. b 6. a

2. a 7. a

3. b 8. a

4. b 9. b

5. b 10. a

**Essay Answers**

1. Officials in the federal government define the poverty line as the annual cost of a thrifty food budget for an urban family of four, multiplied by three to account for other costs such as housing and clothing. In 2009, the poverty line was established at about $22,000 for a family of four. Families whose income falls below this line are officially considered poor. Roughly one in eight Americans (approximately 35 million people) officially lives in poverty at the present time.
2. The United States does have a federal education program, Head Start, dedicated to helping poor children. Established in the 1960s during the Johnson administration, it provides preschool education to low-income children in order to help them succeed when they begin kindergarten. At no time in its history, however, has the Head Start program been funded at a level that would allow all eligible children to participate. The low point   
     
   was reached in the 1980s when there was only enough money to allow the enrollment of one in ten of those eligible. Today, less than half of all eligible children get to participate.
3. Negative government maintains that government governs best by staying out of people’s lives, and thereby gives them as much freedom as possible to determine their own pursuits and encourages them to be self-reliant. Yet in the midst of the Great Depression in the 1930s, Americans started to change their views about government, due in large part to Franklin Roosevelt’s New Deal. A new attitude reflected a belief in positive government, where government intervention was deemed necessary in order to enhance personal liberty and security when individuals are victims of economic and social forces beyond their control.
4. Americans qualify for social security benefits by paying payroll taxes during their working years; the money they receive upon retirement is funded by payroll taxes on current workers. This arrangement poses a significant long-term threat to the viability of the social security program because people live longer than they once did. As a result, there will be fewer workers relative to the number of retirees, and the inflow of payroll taxes from workers will be less than the outflow of social security benefits to retirees. Some adjustments to the current social security program are needed to keep it solvent into the future.
5. Aid for Families with Dependent Children was created in the 1930s as survivors’ insurance to assist children whose fathers had died prematurely. AFDC was an entitlement program, which meant that any single parent (and in some states two parents) living in poverty could claim the benefit and keep it for as long as a dependent child was in the household. After it grew much larger than originally envisioned, and many families became content to live permanently on the aid, the 1996 Welfare Reform Act abolished AFDC, replacing it with the program titled Temporary Assistance for Needy Families (TANF). TANF’s goal is to reduce long-term welfare dependency by limiting the length of time recipients can receive assistance and by giving the states an incentive to get welfare recipients into jobs.