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# THE POLICY CIRCLE

## SAFETY NET PROGRAMS





# WHAT IS THE SOCIAL SAFETY NET?



AMERICA'S SOCIAL SAFETY PROGRAMS PLAY A KEY ROLE IN HELPING AMERICANS WHO LOSE THEIR JOB OR FALL INTO POVERTY GET BACK ON THEIR FEET, AND ENSURING THAT PEOPLE WHO AREN'T ABLE TO WORK BECAUSE OF A DISABILITY OR OLD AGE ARE STILL ABLE TO ACHIEVE A DECENT STANDARD OF LIVING. SOCIAL SAFETY PROGRAMS FILL A KEY ROLE IN ECONOMIC DOWNTURNS OR NATURAL DISASTERS THAT OVERWHELM THE CAPACITY OF SMALLER-SCALE PRIVATE CHARITY GROUPS.

AMERICA HAS HAD STATE AND LOCAL LEVEL SAFETY NET PROGRAMS FOR THE POOR, THE ELDERLY, AND PEOPLE WITH DISABILITIES SINCE THE COLONIAL ERA. THE FIRST FEDERAL-LEVEL SOCIAL PROGRAMS LIKE SOCIAL SECURITY WERE CREATED IN RESPONSE TO THE GREAT DEPRESSION. DURING THE 1960S, PRESIDENT LYNDON JOHNSON OVERSAW THE SECOND MAJOR EXPANSION OF THE SOCIAL SAFETY NET WITH THE CREATION OF MEDICARE AND MEDICAID.

THESE PROGRAMS WERE DESIGNED WHEN THE US POPULATION WAS MUCH YOUNGER ON AVERAGE, WITH SEVERAL WORKING-AGE ADULTS PAYING TAXES INTO THE PROGRAM FOR EACH RECIPIENT OF MEDICARE AND SOCIAL SECURITY.

FACTORS LIKE INCREASED HEALTHCARE COSTS, RISING LIFE EXPECTANCY, AND THE GROWING NUMBER OF BABY BOOMERS RETIRING MEAN THAT REFORMS TO THE SOCIAL SAFETY WILL BE NECESSARY TO AVOID RAISING TAXES, INCREASING THE FEDERAL DEBT, OR MASSIVELY DECREASING BENEFITS PAID OUT.

# ➤ FACTS TO KNOW ◀


A NUMBER OF DIFFERENT FEDERAL AGENCIES ADMINISTER GOVERNMENT ASSISTANCE PROGRAMS. STATES AND MUNICIPALITIES SERVE AS INTERMEDIARIES BETWEEN BENEFICIARIES AND THESE FEDERAL AGENCIES. INDIVIDUALS USUALLY APPLY FOR PROGRAMS AT STATE OR LOCAL OFFICES. STATES ARE ALSO IN CHARGE OF BLOCK GRANTS DISTRIBUTED BY FEDERAL AGENCIES.

ENTITLEMENT PROGRAMS, SUCH AS MEDICAID, MEDICARE, SOCIAL SECURITY, AND UNEMPLOYMENT INSURANCE, ARE ENACTED BY LAW. OTHER GOVERNMENT ASSISTANCE PROGRAMS NOT MANDATED BY LAW ARE REFERRED TO AS WELFARE PROGRAMS AND PROVIDE BENEFITS TO LOW-INCOME FAMILIES; EXAMPLES INCLUDE REFUNDABLE TAX CREDITS, HOUSING ASSISTANCE, AND NUTRITION PROGRAMS.

IN 2020, THERE WERE 70 MILLION SOCIAL SECURITY BENEFICIARIES AND 61 MILLION MEDICARE BENEFICIARIES. BOTH OF THESE PROGRAMS WILL COVER MORE INDIVIDUALS AS AMERICA'S POPULATION AGES. THE TWO PROGRAMS FACE A COMBINED \$100 TRILLION CASH SHORTFALL OVER THE NEXT 30 YEARS.



FUNDING FOR PROGRAMS LIKE MEDICARE AND SOCIAL SECURITY IS DEPENDENT ON PAYROLL TAXES. CURRENT BENEFIT FORMULAS HAVE BENEFITS GROWING FASTER THAN REVENUE DUE TO THE DECLINE IN THE NUMBER OF WORKERS RELATIVE TO BENEFICIARIES. TODAY, FEWER THAN 3 WORKERS ARE PAYING FOR EACH BENEFICIARY, COMPARED TO MORE THAN 16 WORKERS PER BENEFICIARY IN 1950. BY LAW, FEDERAL TRUST FUND SPENDING CANNOT EXCEED REVENUE ONCE RESERVES ARE DEPLETED, MEANING BENEFICIARIES WILL SEE CUTS IN THEIR BENEFITS.

# GOVERNMENT EXPENDITURES




ABOUT 60% OF THE FEDERAL BUDGET IS AUTOMATIC SPENDING REQUIRED BY LAW FOR SOCIAL SECURITY, MEDICARE, AND MEDICAID PAYMENTS. DISCRETIONARY SPENDING, THE PORTION OF FEDERAL SPENDING SET IN CONGRESS'S ANNUAL BUDGETS, ONLY MAKES UP AROUND 27% OF TOTAL GOVERNMENT SPENDING.

BETWEEN 2000 AND 2019, DISCRETIONARY SPENDING AVERAGED 7.2% OF GDP. IT INCREASED TO 7.8% OF GDP (1.6 TRILLION) IN 2020. BETWEEN 2000 AND 2019, MANDATORY SPENDING OUTLAYS AVERAGED 11.7% OF GDP. THIS INCREASED TO 21.8% OF GDP (\$4.6 TRILLION) IN 2020.



MANDATORY SPENDING ON SOCIAL SECURITY, MEDICARE, AND MEDICAID AMOUNTED TO \$2.5 TRILLION DOLLARS IN 2020. THIS IS AROUND TRIPLE THE \$714 BILLION DEFENSE BUDGET, THE SINGLE LARGEST PORTION OF DISCRETIONARY SPENDING.

THE 2021 COVID-19 RELIEF BILL EXPANDED ELIGIBILITY AND FUNDING FOR 8 OF 13 SAFETY NET PROGRAMS. FOR EXAMPLE, IN 2019 THE GOVERNMENT SPENT \$8.3 BILLION ON THE CHILD CARE PROGRAM BLOCK GRANTS, AND THE RELIEF BILL ADDED \$38.3 BILLION. IN 2019, HUD SPENT \$60 BILLION ON HOUSING ASSISTANCE, AND THE RELIEF BILL ADDED \$41.3 BILLION.





# ➤ FRAMING THE ISSUE ◀



THE US HAS SPENT SEVERAL TRILLION DOLLARS ON ANTI-POVERTY PROGRAMS SINCE PRESIDENT LYNDON JOHNSON'S "GREAT SOCIETY" PROGRAMS BEGAN IN THE 1960S, BUT TOP-DOWN PROGRAMS IMPOSED BY WASHINGTON HAVE NOT BEEN ABLE TO ELIMINATE POVERTY IN AMERICA. A NEW APPROACH TO COMBATTING POVERTY IN AMERICAN MAY REQUIRE EMPOWERING COMMUNITIES WHO UNDERSTAND THE PROBLEMS THEY FACE BETTER THAN BUREAUCRATS IN WASHINGTON OR THEIR STATE CAPITAL.

THE STIMULUS CHECKS REPRESENT A DIFFERENT APPROACH FROM HOW THE SOCIAL SAFETY NET TYPICALLY WORKS IN AMERICA. OPPONENTS OF THE INCOME SUPPORT ARGUE THAT DIRECT FINANCIAL ASSISTANCE CREATES DISINCENTIVES TO WORK AND CITE ISSUES WITH ELIGIBILITY CUTUUFFS. SUPPORTS OF THE INCOME SUPPORT ARGUE THAT A GUARANTEED MINIMUM INCOME COULD REPLACE THE MAZE OF EXISTING PROGRAMS.

THE CURRENT SOCIAL SAFETY NET FOR RETIRED PEOPLE AND ELDERLY AMERICANS WILL HAVE TO ADAPT TO A MUCH OLDER AMERICAN SOCIETY WHERE BETTER MEDICAL TECHNOLOGY IS HELPING AMERICANS TO LIVE LONGER, AND CHANGING ATTITUDES TO WORK AND RETIREMENT. A PERSISTENT GAP BETWEEN WHAT THE PROGRAM PAYS OUT AND WHAT IT COLLECTS IN PAYROLL TAXES MEANS THAT TODAY'S YOUNGER AMERICAN MAY NOT BE ABLE TO RELY ON SOCIAL SECURITY AS A SUFFICIENT SOURCE OF INCOME WHEN THEY REACH RETIREMENT AGE.

ACROSS ALL PROGRAMS, THE DILEMMA BOILS DOWN TO HOW BEST TO MEET THE NEEDS OF THE NATION, WHILE CONSIDERING WHICH BENEFITS SHOULD BE OFFERED, WHETHER PROGRAMS WILL MAKE INDIVIDUALS DEPENDENT ON GOVERNMENT SUPPORT, AND TOTAL SPENDING. FOR EXAMPLE, MILLIONS OF AMERICANS LOST HEALTH COVERAGE DURING THE PANDEMIC, BUT A FULLY PUBLIC HEALTH COVERAGE OPTION THAT WOULD COVER ALL AMERICANS WOULD REQUIRE RESTRUCTURING THE ECONOMY AND AT LEAST DOUBLING GOVERNMENT SPENDING AND TAXATION.



# ➤ SOLUTIONS ◀

## EMPOWER COMMUNITIES THROUGH BOTTOM-UP APPROACHES TO POVERTY

ANTI-POVERTY PROGRAMS CAN FUNCTION THE BEST WHEN THEY HELP AMERICANS IN POVERTY TO HELP THEMSELVES. THIS MEANS MAXIMIZING THE DECISION-MAKING ABILITIES OF INDIVIDUALS AND HOUSEHOLDS AND AVOIDING TOP-DOWN SOLUTIONS IMPOSED ON COMMUNITIES BY EXPERTS OR POLITICIANS FAR AWAY FROM THE PROBLEM AT HAND.

## CIVICS AND FINANCIAL EDUCATION

BECAUSE GOVERNMENT SPENDING ON SOCIAL SAFETY NET PROGRAMS IS NOT PART OF THE DISCRETIONARY BUDGET DEBATED BY CONGRESS EACH YEAR, MANY AMERICANS ARE UNFAMILIAR WITH AMERICA'S MAJOR SOCIAL SAFETY PROGRAMS AND HOW THEY ARE FUNDED.

ADDITIONALLY, MORE EXTENSIVE PERSONAL FINANCE LESSONS IN PUBLIC SCHOOL CURRICULUMS CAN EQUIP YOUNG PEOPLE WITH THE KNOWLEDGE THEY NEED TO SAVE, INVEST, AND BUDGET MORE EFFECTIVELY. DOES YOUR STATE OR SCHOOL DISTRICT'S FINANCIAL EDUCATION STANDARDS ADDRESS SAVING OR INVESTING FOR A LONG-TERM GOAL LIKE RETIREMENT?

## POLITICAL DIALOGUE ON HOW TO STRENGTHEN AND REFORM AMERICA'S SOCIAL SAFETY NET

LARGE PARTS OF AMERICA'S SOCIAL SAFETY NET ARE UNSUSTAINABLE IN THEIR CURRENT FORM. A LONG TERM SOLUTION WILL REQUIRE A GRAND BARGAIN THAT PEOPLE BOTH SIDES OF THE AISLE CAN LIVE WITH. DISCUSSION AND DEABTE ABOUT THE BEST WAY TO PROVIDE BENEFITS FOR CURRENT RECIPIENTS WITHOUT PASSING ON COSTS TO FUTURE GENERATIONS IN THE FORM OF DEBT AND HIGHER TAXES DOESN'T HAVE TO WAIT FOR TRUST FUNDS TO RUN OUT.

# ➤ WHAT YOU CAN DO ◀

## MEASURE -

FIND OUT WHAT YOUR STATE AND DISTRICT ARE DOING ABOUT SOCIAL SAFETY NET PROGRAMS.

DO YOU KNOW THE STATE OF POVERTY, SOCIAL SECURITY, OR HEALTH CARE IN YOUR COMMUNITY OR STATE? HOW MUCH DOES YOUR STATE SPEND ON SAFETY NET PROGRAMS? HOW MANY BENEFICIARIES ARE THERE?

BALLOTPEDIA HAS ECONOMIC, SOCIAL, LEGAL, AND DEMOGRAPHIC IMMIGRATION INFORMATION ON A STATE-BY-STATE BASIS.



## IDENTIFY -

WHO HEADS THE DEPARTMENT OF HUMAN SERVICES IN YOUR STATE? WHO ARE CONTACTS FOR PROGRAM AGENCIES, SUCH AS SNAP, TANF, OR UNEMPLOYMENT INSURANCE? WHO ARE THE MEMBERS OF (COALITIONS, BOARDS, ETC.) IN YOUR STATE? WHAT STEPS HAVE YOUR STATE'S OR COMMUNITY'S ELECTED AND APPOINTED OFFICIALS TAKEN?



## REACH OUT -

ALL IT TAKES IS A SMALL TEAM OF TWO OR THREE PEOPLE TO SET A PATH FOR REAL IMPROVEMENT. FIND ALLIES IN YOUR COMMUNITY OR IN NEARBY TOWNS AND ELSEWHERE IN THE STATE.

FOSTER COLLABORATIVE RELATIONSHIPS WITH: FAITH-BASED ORGANIZATIONS, LOCAL HOSPITALS, COMMUNITY ORGANIZATIONS, SCHOOL BOARDS, AND LOCAL BUSINESSES.

PLAN -  
SET MILESTONES BASED ON YOUR STATE'S LEGISLATIVE CALENDAR OR LOCAL COMMUNITY CALENDAR.



## EXECUTE -

LOOK AT YOUR PAY CHECK TO SEE WHAT TAXES ARE BEING TAKEN OUT, AND WHAT THEY GO TOWARDS. CONSIDER THE WORKFORCE IN YOUR COMMUNITY AND PLACE OF EMPLOYMENT; DOES IT INCLUDE ADULTS OVER THE AGE OF 65?

KEEP AN EYE ON LEGISLATION RELATED TO SOCIAL SAFETY NET PROGRAMS IN YOUR STATE. EXPLORE SOCIAL SECURITY REFORM OPTIONS WITH THIS INTERACTIVE REFORMER TOOL, FROM THE COMMITTEE FOR A RESPONSIBLE FEDERAL BUDGET. TAKE A LOOK AT APPLICATIONS FOR PROGRAMS SUCH AS SNAP, TANF, OR UNEMPLOYMENT INSURANCE TO UNDERSTAND COMPLIANCE REQUIREMENTS.