Welcome to

Poverty and the U.S. Safety Net

Dial: 888.790.3324   Passcode: 5393257

Today's Speaker

Andy King

Corporation for National and Community Service

Dr. Stephen Pimpare

University of New Hampshire at Manchester

Session Goals

By the end of the webinar, you will be able to:

- Identify the main social welfare programs in the US and explain their effects on poverty

- Explain what a "tax expenditure" is, and how it fits into the US social welfare state

- Reflect on how this information can be used in your service.
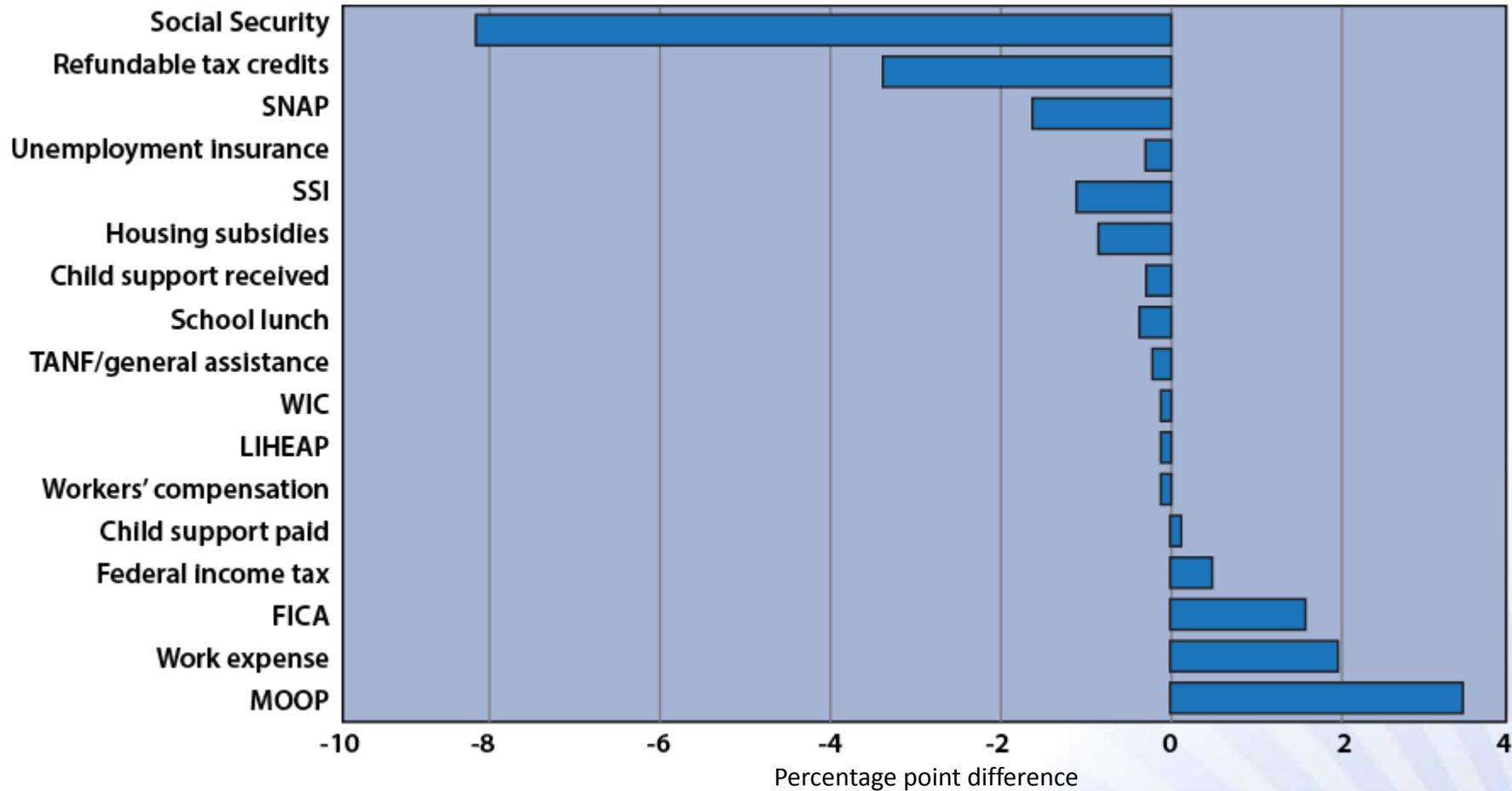
Poll Question

Have you or your family ever benefitted from a US social welfare program?

A. Yes

B. No

C. Not sure

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Trends in Poverty 1967-2012
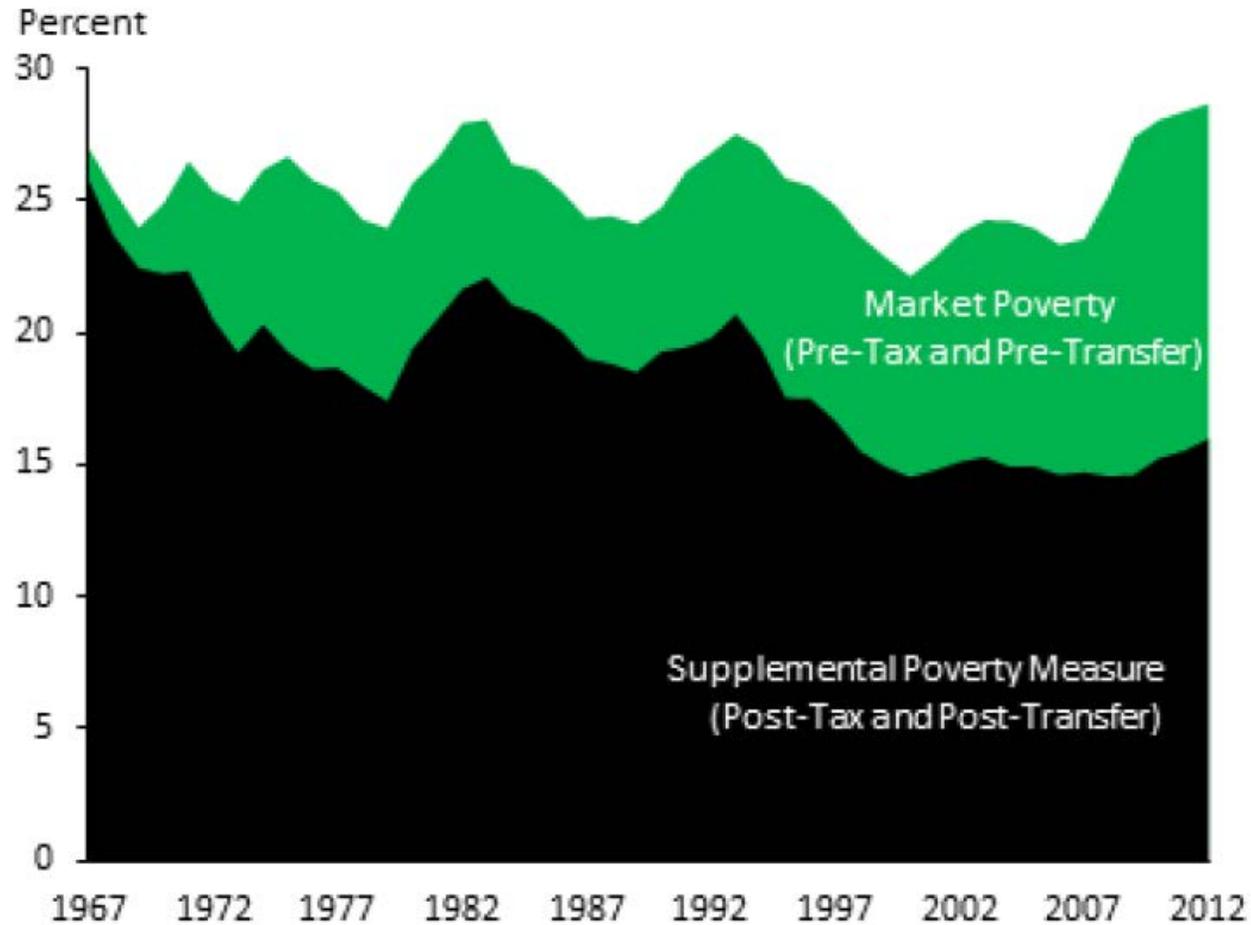
Difference in Supplemental Poverty Measure (SPM): 2014

Percentage point difference

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Social Security (Old Age Insurance)

Theory of Change: If older people have more income, they will be less poor; also reduces the burden on their adult children

- How it works: Sends cash to eligible older people to use as they wish; the higher their past earnings, the higher the monthly amount
  - Number of beneficiaries: 39.5 million retired workers per month in 2015
  - Total costs: about $600 billion for the year
  - Average benefit: $1,300/mo. in 2014 (max = $2,600/mo)

Impact of Social Security

Impact: Raised the incomes of 26 million people above the poverty line in 2014; elderly poverty rate would be 50% without SS (is now 14%)

- Overall 2014 poverty rate (SPM) = 15.3%
- Without Social Security, it would have been 23.5% for all groups

Earned Income Tax Credit (EITC)

Theory of Change: Working people with children should not be taxed into poverty; an annual lump sum can be a "forced savings" plan, too

- How it works: Refunds some or all federal income taxes (and state income taxes, in 26 states) to low-income working people, mostly those w/children. For some families, they get back even more than they paid in taxes
  - Number of beneficiaries: 27 million families in 2013
  - Total costs: $60.9 billion that year
  - Average benefit amount: $3,074/ year or $256/month for a family with children

Impact of the Earned Income Tax Credit (EITC)

Impact: With the Child Tax Credit, lifted 8.8 million people out of poverty in 2013, including more than 4.6 million children.

- 2014 poverty rate (SPM) = 15.3%
- Without the Earned Income Tax Credit, it would have been 18.4%

Supplemental Nutrition Assistance Program (SNAP)

Theory of Change: People having money available for food not only reduces their hunger but also frees up cash for other expenses

- How it works: Provides cash-like benefits that can be spent only on groceries, to families with income up to 130% of the poverty line
  - Number of beneficiaries: 46 million individuals in December 2015
  - Total costs: $69.6 billion last year
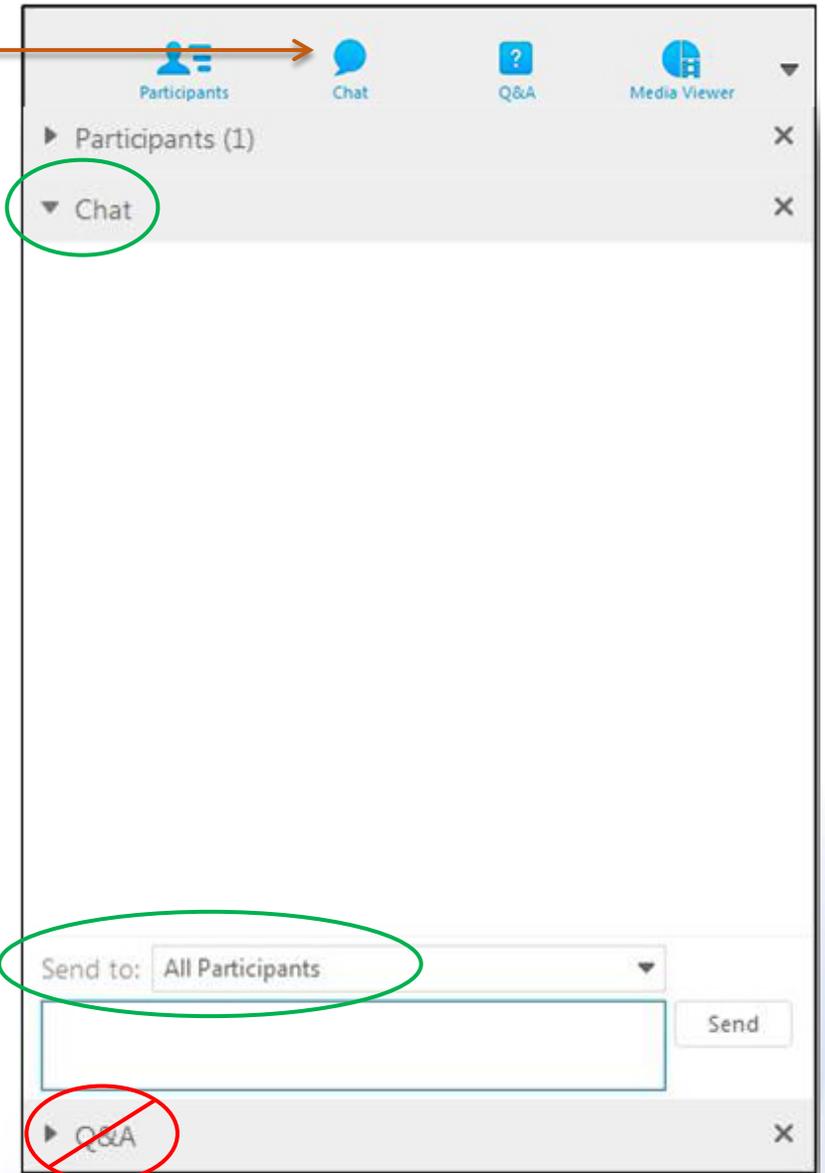 - Average benefit per person: $127/month ($258 per household)

Impact of SNAP

Impact: lifted 4.7 million people above the poverty line in 2013, including more then 2 million children [update to 2014]

- 2014 poverty rate (SPM) = 15.3%
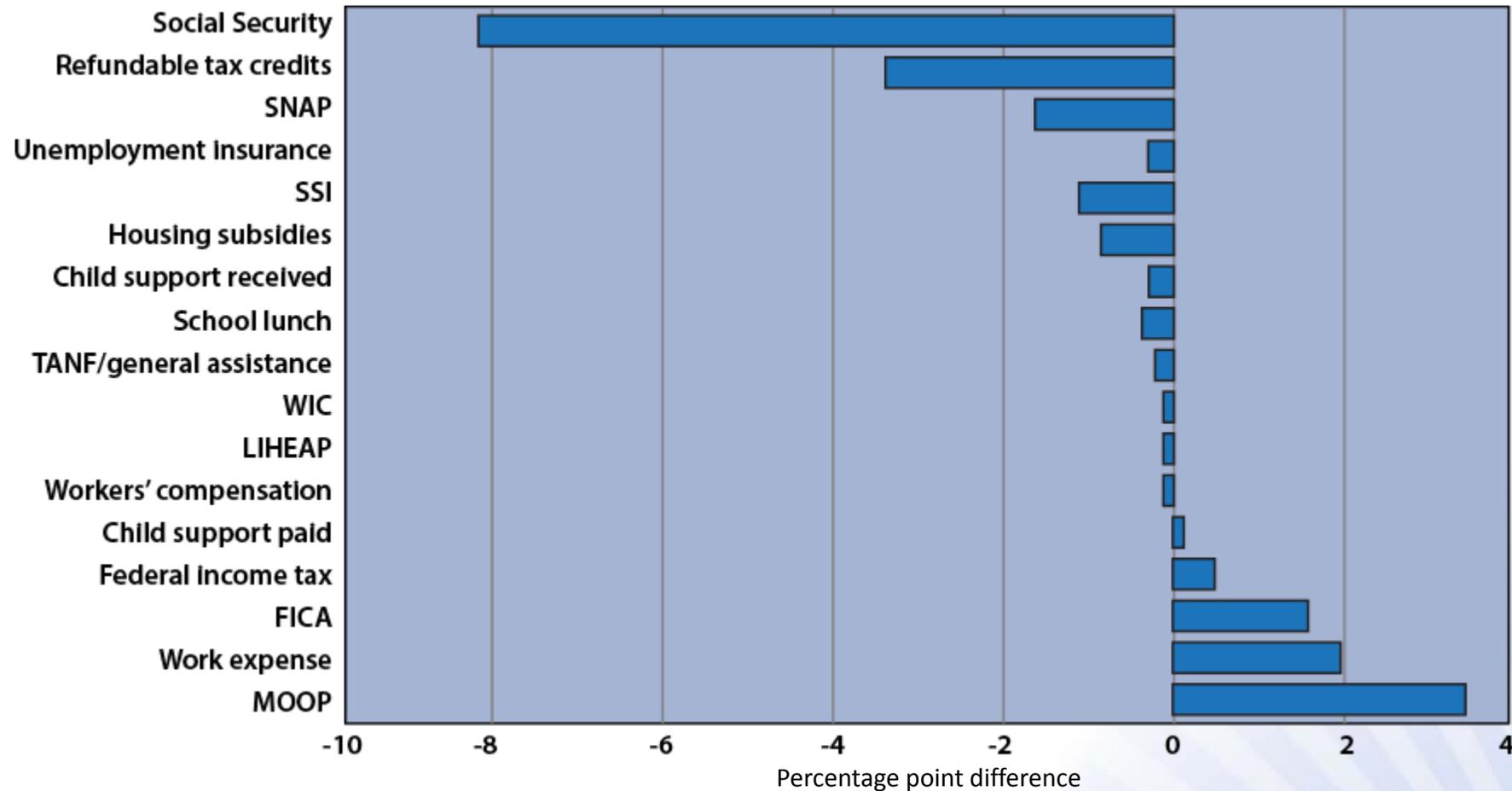- Without SNAP, it would have been 16.8%

Chat Question

- What have you noted in your work as a VISTA about how people struggling to get by interact with these programs?

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Participants
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Difference in Supplemental Poverty Measure Rates: 2014

Percentage point difference

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Benefits Going to Elderly, Disabled, and Working Poor
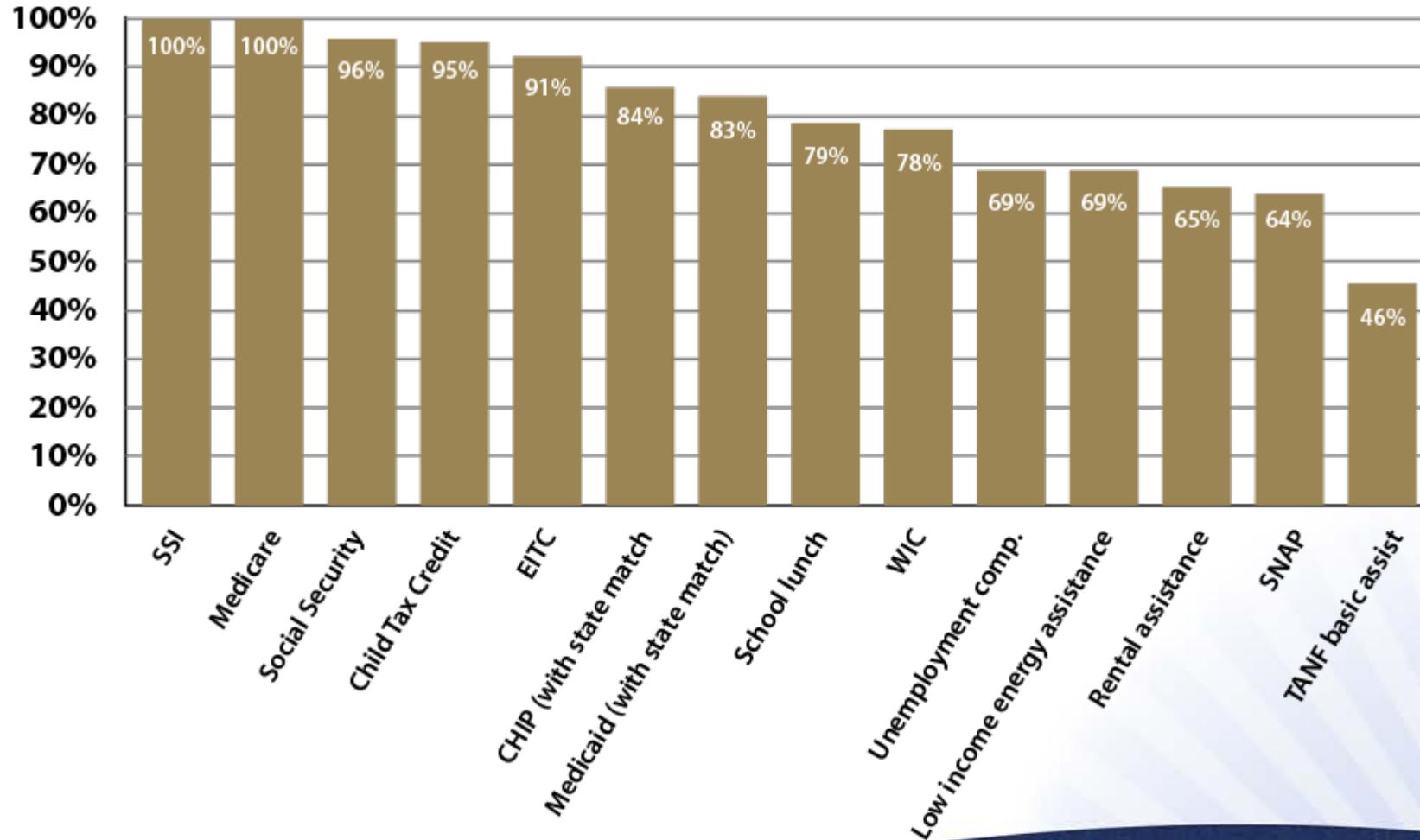
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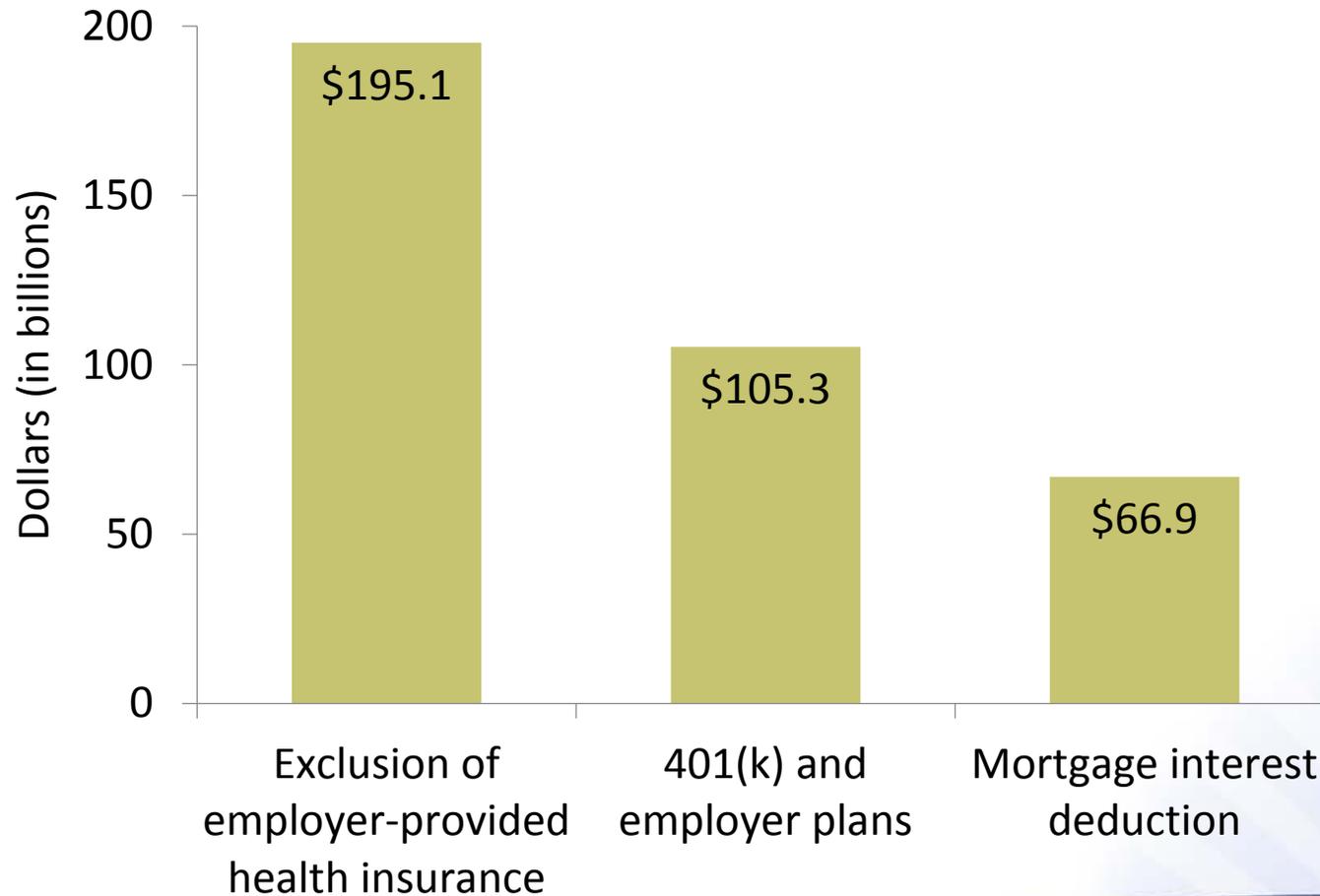
Questions

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▶ Participants (2)

▶ Chat

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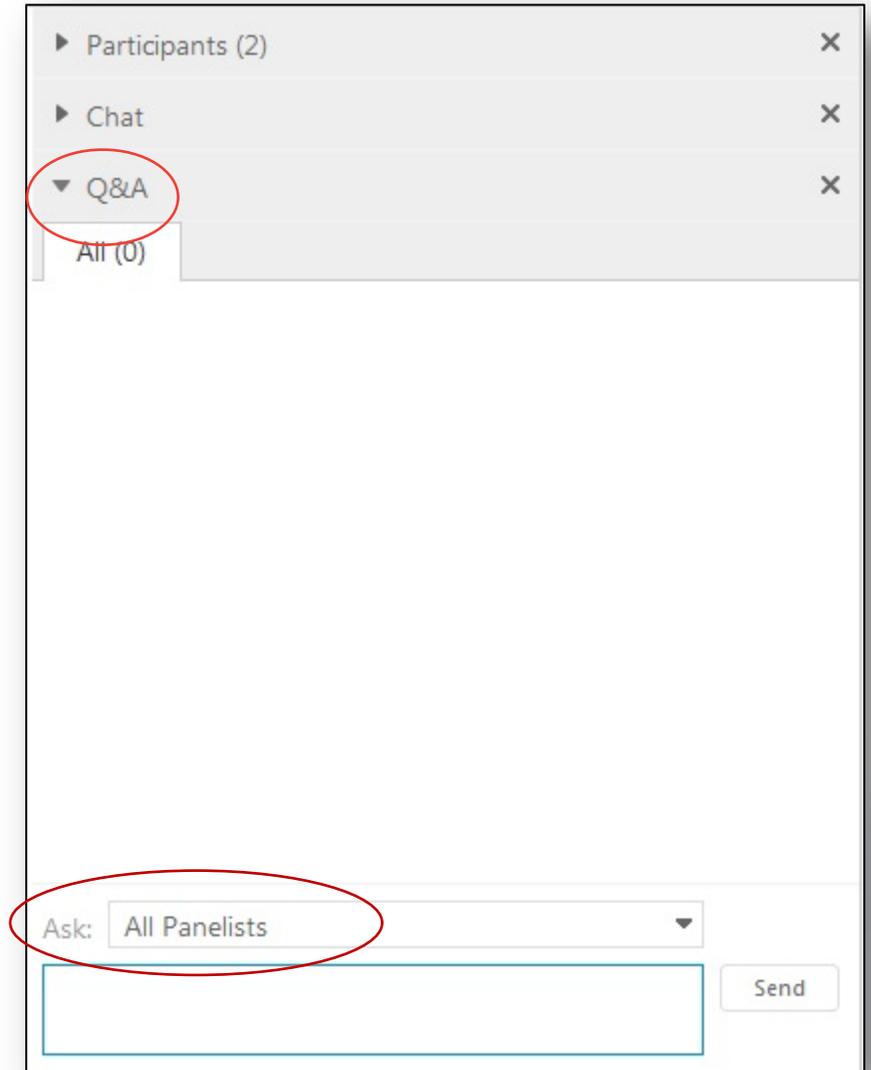
All (0)

Ask: All Panelists

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Largest Income Tax Expenditures in Fiscal Year 2014

Bar chart showing Dollars (in billions):
- Exclusion of employer-provided health insurance: $195.1
- 401(k) and employer plans: $105.3
- Mortgage interest deduction: $66.9

What we spent on "submerged" (top) versus direct (bottom) social programs in 2014

Horizontal bar chart with x-axis labeled "Dollars (in billions)" ranging from 0 to 200.

Submerged (top):
- Retirement Benefits Exemption: ~105
- Health Insurance Exemption: ~195
- Mortgage Interest Deduction: ~67

Direct (bottom):
- Food Stamps: ~70
- Welfare (TANF): ~16
- Section 8 Housing Vouchers: ~18
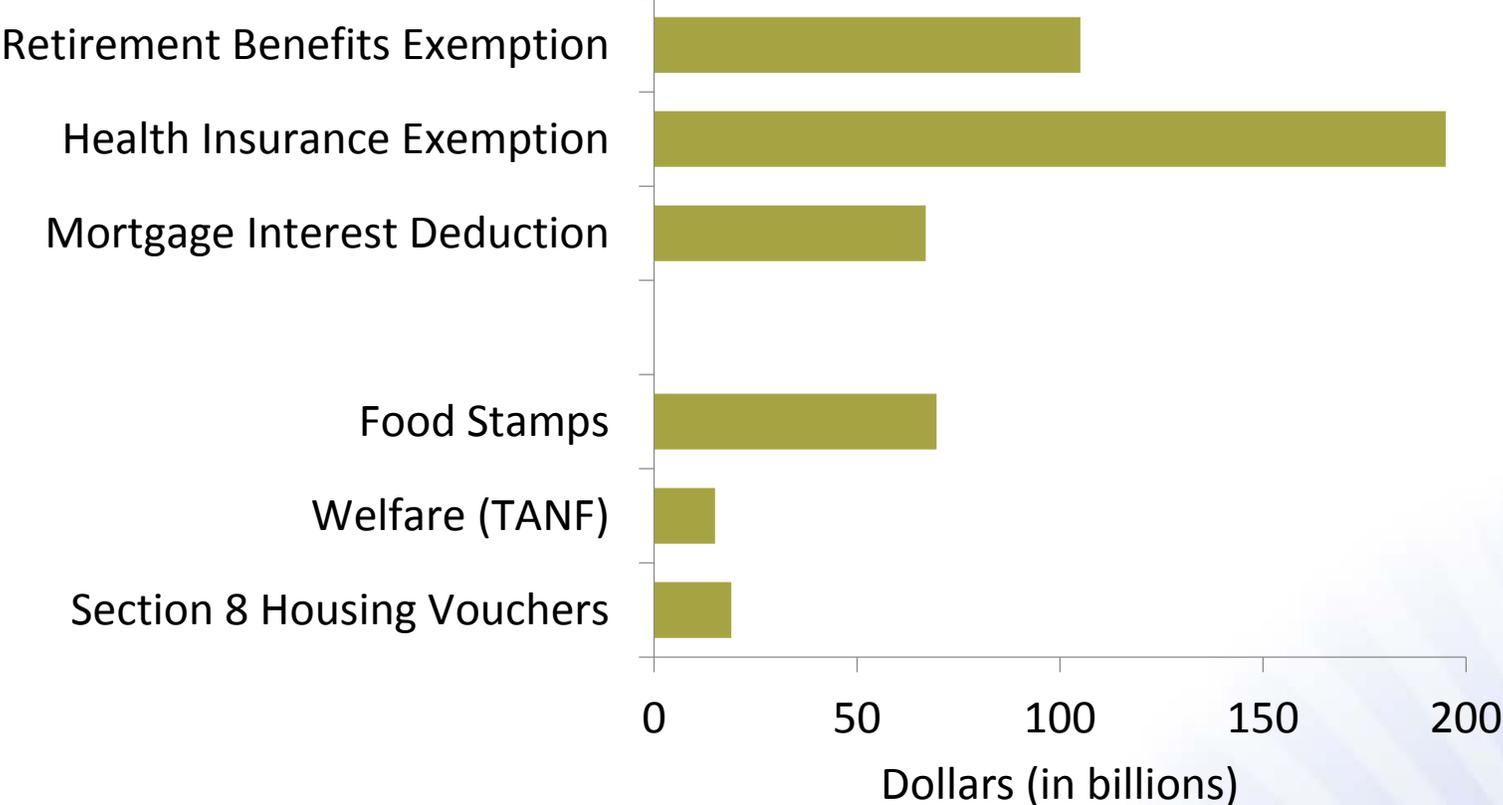
Tax Expenditures are Very Costly

Tax expenditures vs. selected major program expenditures, 2014

- Tax Expenditures: $1,169 billion (Corporate + Individual)
- Social Security: $845 billion
- Medicare & Medicaid: $807 billion
- Defense discretionary: $596 billion
- Non-defense discretionary: $582 billion
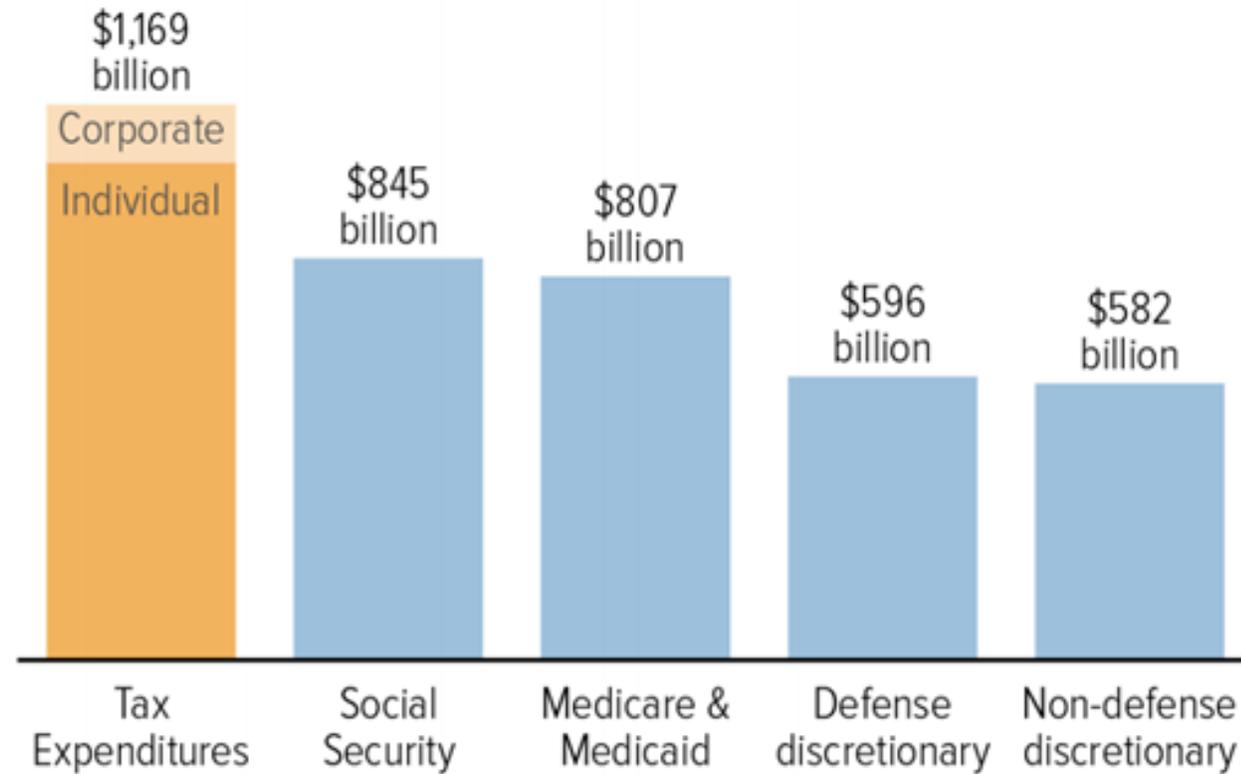
Shares of Selected Major Tax Expenditures, 2013

(Percent)

| Lowest Quintile | Second Quintile | Middle Quintile | Fourth Quintile | Highest Quintile |
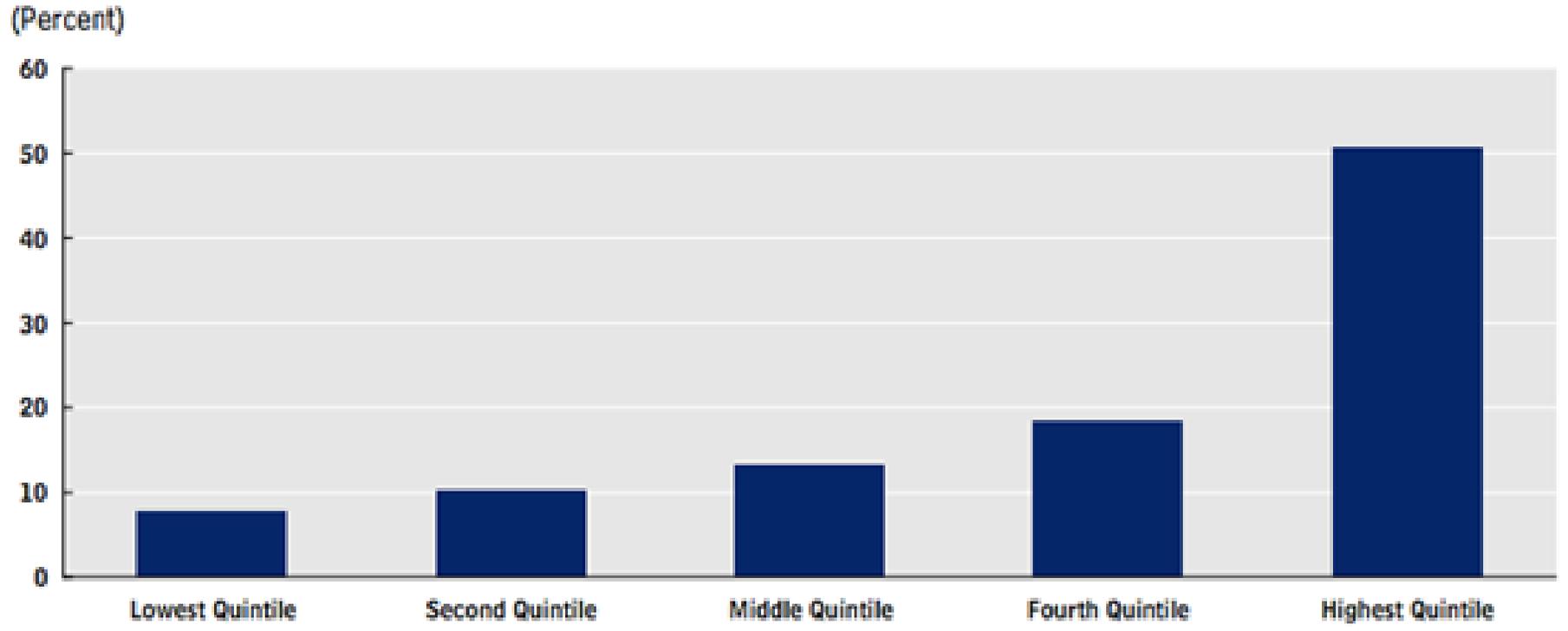
The mortgage tax break mainly helps wealthy homeowners

Horizontal bar chart. X-axis: 0, 5, 10, 15, 20, $25 billion. Y-axis labeled INCOME.

INCOME	Value
Below $10,000	$2 million
$10,000-$20,000	$26 million
$20,000-$30,000	$166 million
$30,000-$40,000	$426 million
$40,000-$50,000	$823 million
$50,000-$75,000	$4.3 billion
$75,000-$100,000	$6.6 billion
$100,000-$200,000	$27.4 billion
$200,000 and over	$29.3 billion
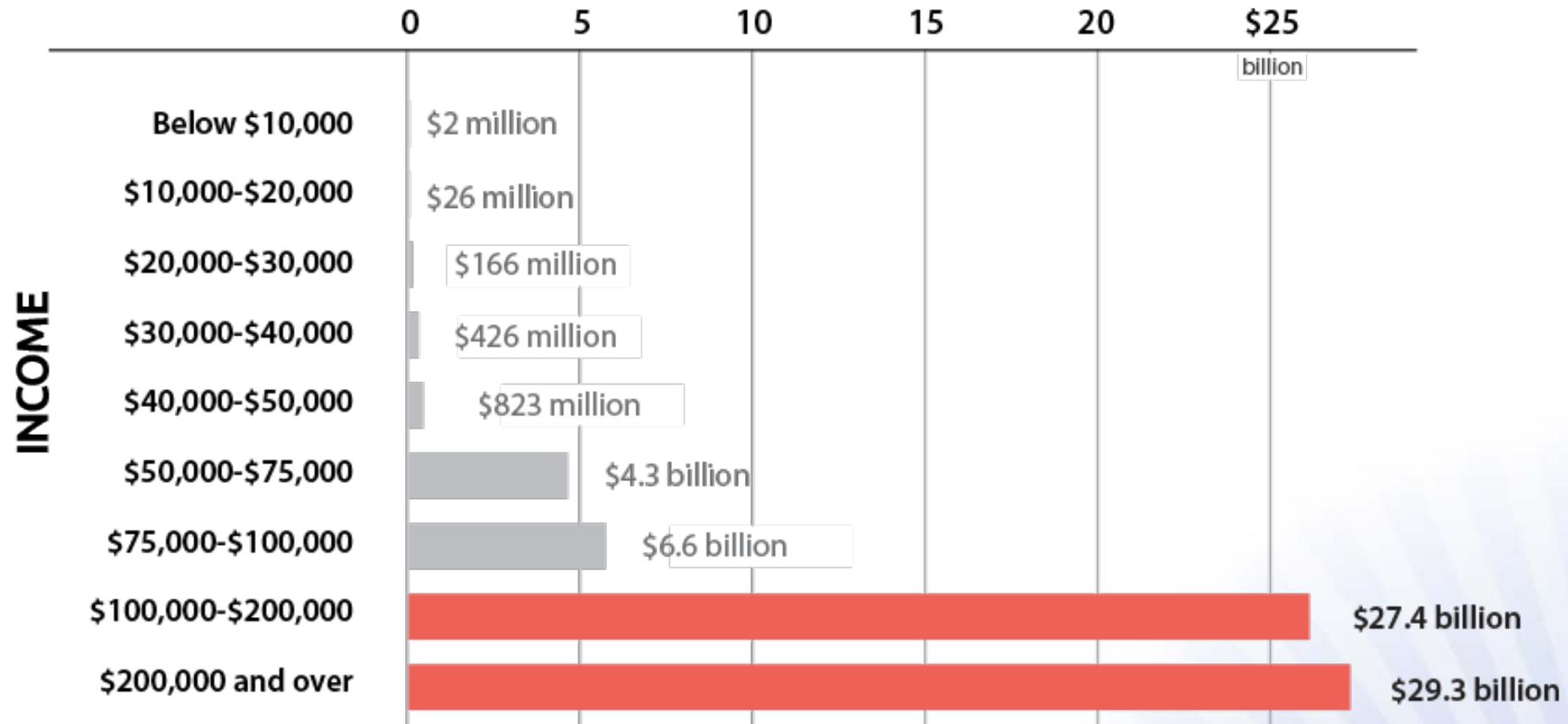
Taxbreaks With a Social Purpose (TBSP)
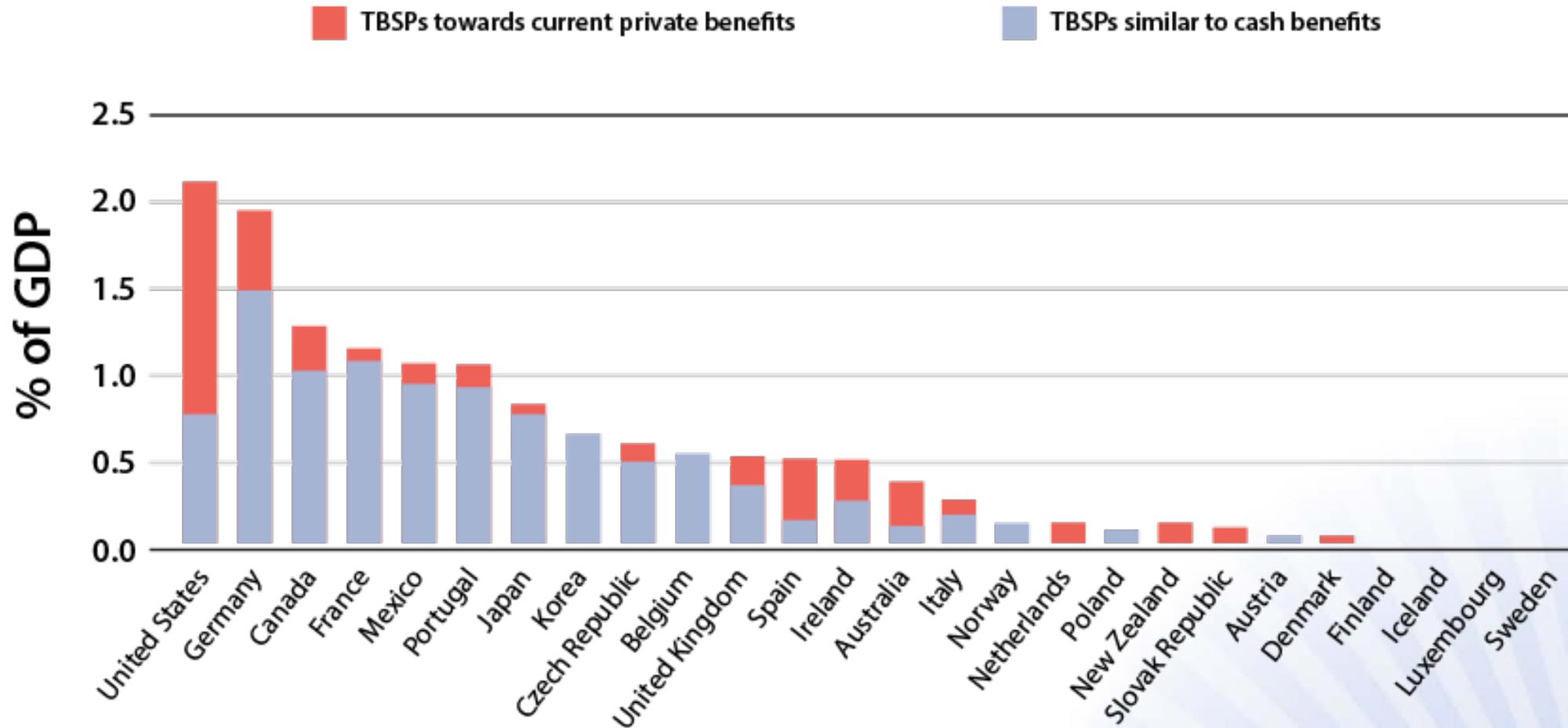
Percentage of program beneficiaries who report they "Have not used a government social program"

Program	Percentage
529 or Coverdell	~64%
Home Mortgage Interest Deuction	~60%
Hope or Lifetime Learning Tax Credit	~59%
Student Loans	~53%
Child and Dependent Care Tax Credit	~51%
Earned Income Tax Credit	~47%
Social Security - Retirement & Survivors	~44%
Pell Grants	~43%
Unemployment Insurance	~43%
Veterans Benefits (other than G.I. Bill)	~42%
G.I. Bill	~41%
Medicare	~40%
Head Start	~37%
Social Security Disability	~29%
SSI–Supplemental Security Income	~28%
Medicaid	~28%
Government Subsidized Housing	~27%
Welfare/Public Assistance	~27%
Food Stamps	~25%

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Poll Question

How would you answer the poll now about whether you or your family have ever benefitted from a US social welfare program?

A. Yes
B. No
C. Not sure

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Summary

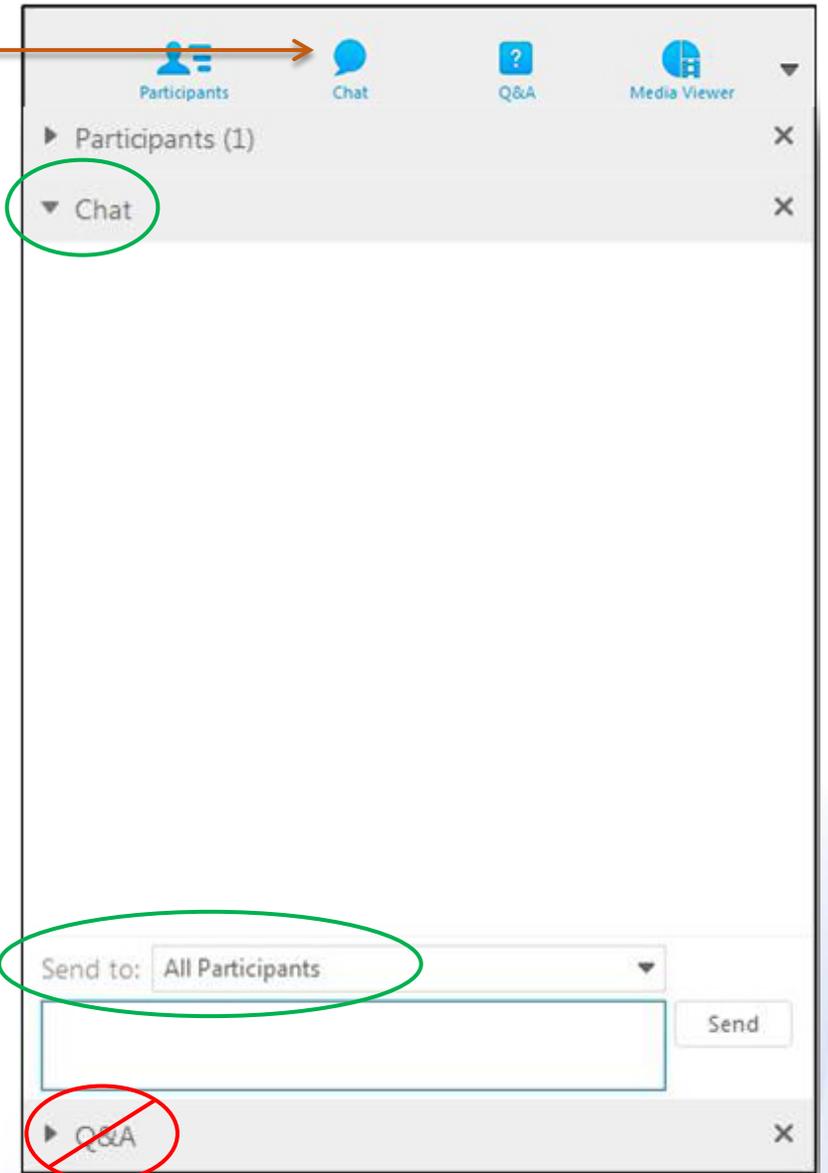Social welfare programs cut poverty in half from what it would be

Many benefits go to people who are not in poverty or low - income

Chat Question

- How does what you've learned today affect how you think about "welfare"?
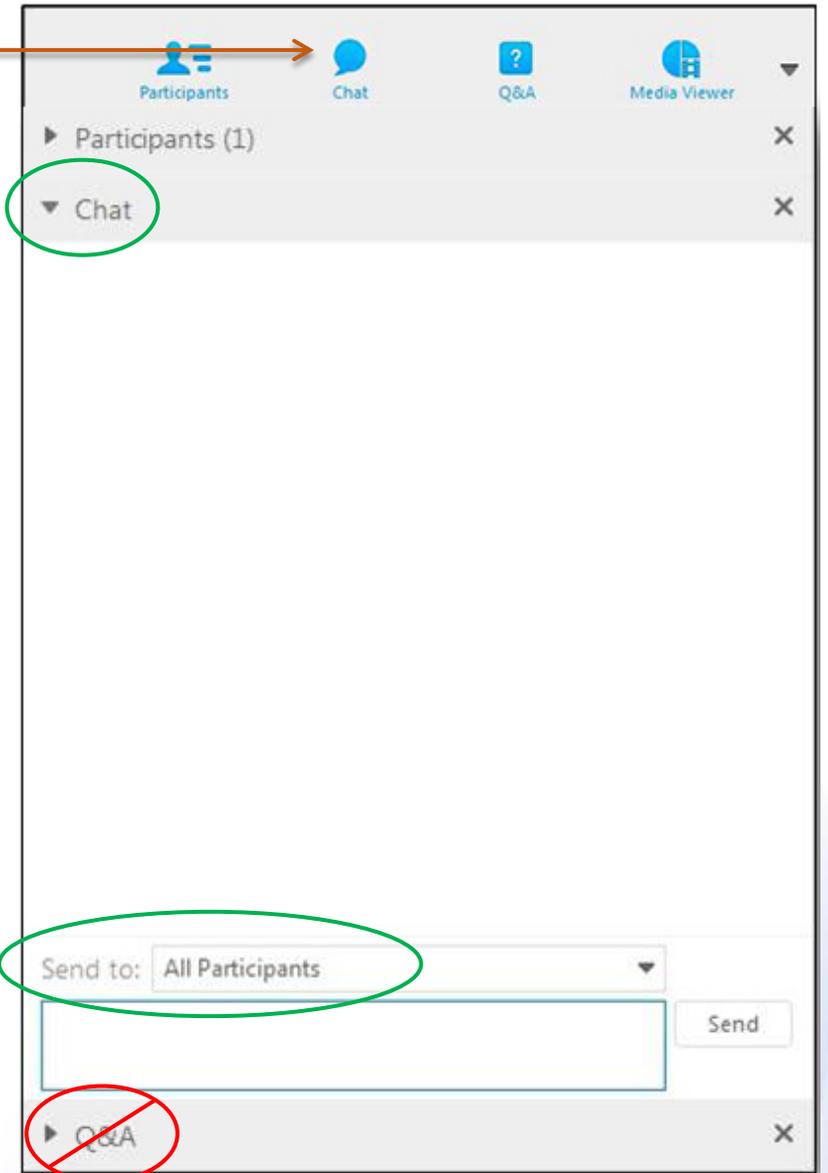
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Participants   Chat   Q&A   Media Viewer

Participants (1)

Chat

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Q&A

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Chat Question

■ How can you now apply this new knowledge?

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Evaluation

- Please take a few moments to share your feedback through the quick poll on the right side of the screen.

- How can we improve these sessions? What topics should we include in future webinars?

- Thank you very much for your time and participation!

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Participants (2)	×
Chat	×
Q&A	×

All (0)

Ask: All Panelists

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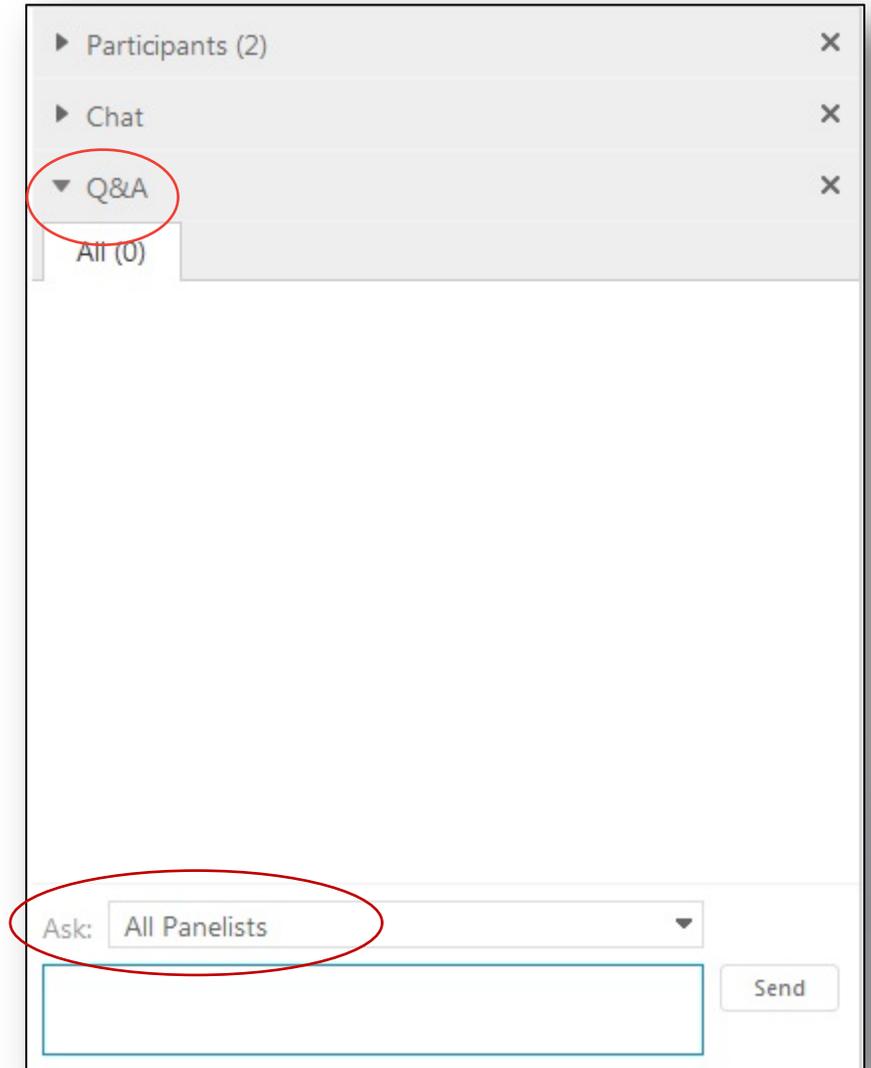
Thank You for Your Participation!

If you have further questions or for more information, contact us: **VISTAwebinars@cns.gov**

Our next webinar:

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