Thank you for joining us!

We will begin momentarily.

WASHINGTON CENTER FOR
Equitable Growth
Evidence for a Stronger Economy

Econ 101: Strengthening Social Insurance Programs for Economic Mobility

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About Us

The Washington Center for Equitable Growth is a nonprofit research and grantmaking organization dedicated to advancing evidence-backed ideas and policies that promote strong, stable, and broad-based economic growth. Our fundamental purpose is to determine the channels through which rising economic inequality affects economic growth and stability in the United States.

Equitable Growth answers these questions by building a bridge between the academic and policy communities to research and analyze the effects of inequality, mobility, racial and gender inequities, and persistent institutional racism on U.S. economic growth and present those findings to policymakers, so they can create a more inclusive economy through evidence-based policy.

Presenters

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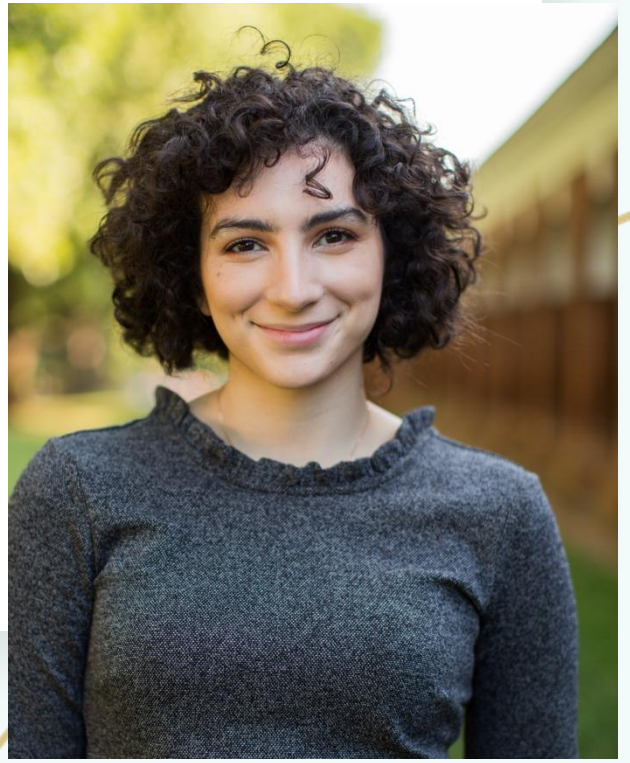
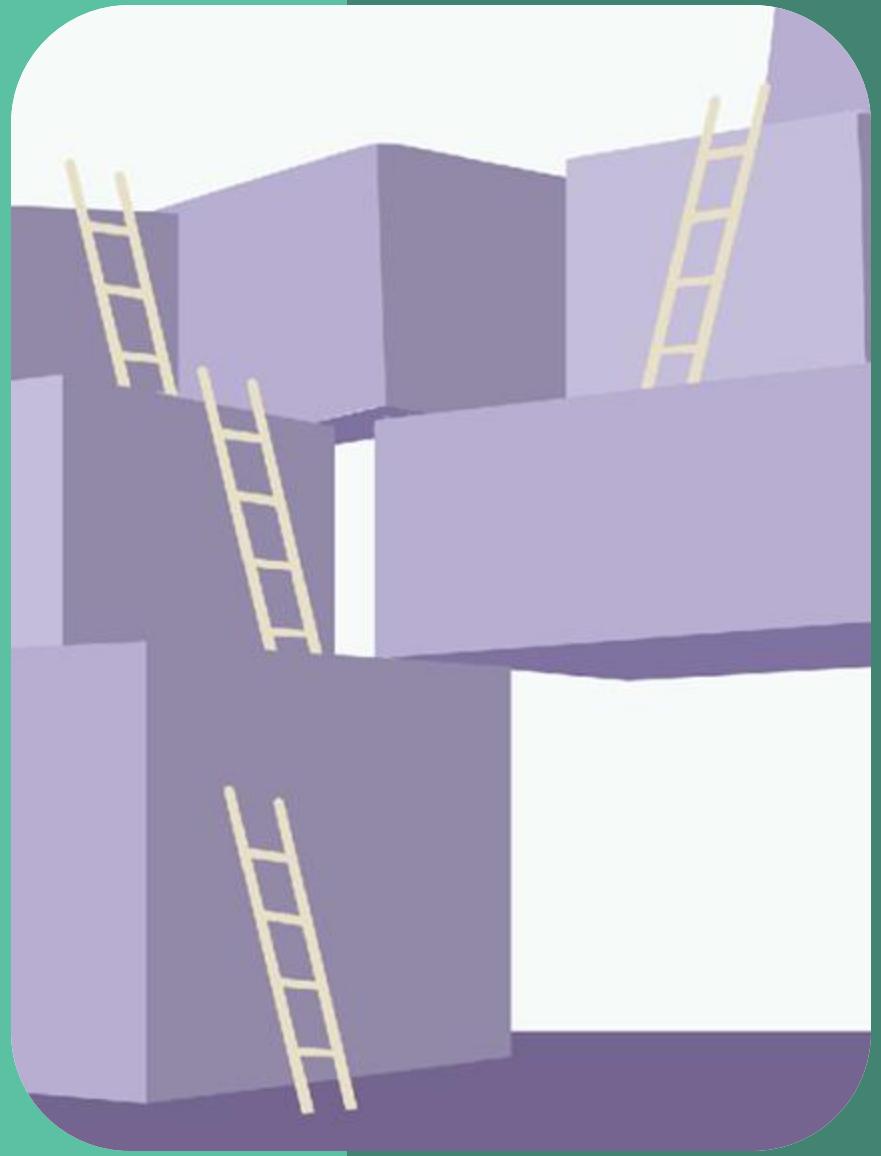


Agenda

- Introductions
- social insurance, the safety net, and the economy
- Major social insurance and safety net programs
- Welfare Reform
- Challenges on the horizon
- H.R.1. a.k.a. OBBA
- Recommendations
- Q&A (~15 min)



What are social insurance programs?

Specifically, we're talking government programs that provide financial protection when someone is unable to work for certain specific reasons like unemployment insurance or social security

What about the safety net?

Social insurance programs are one part of the safety net along with means-tested transfer programs like the Supplemental Nutrition Assistance Program or Temporary Assistance for Needy Families Block Grant programs

Why do we have government run means-tested transfer programs and social insurance programs?

- Poverty is not a static state, and there is considerable churn between incomes (Larrimore, Mortensen, Splinter 2020)
- Children don't choose to be in poverty
- The private market is not equipped to provide these programs
- In our consumer-based economy, we need everyone to participate and consume

Economic Justification

- Direct cash assistance can support local consumption and local economic growth (Bartik et. al, 2025)
- The multiplier effect (USDA, 2019)
- A return as high as $10 for every $1 invested in very young children (Hendren and Sprung Keyser, 2020)(Garfinkel, et al., 2022)
- Enable positive economic risk-taking

Overview of major social insurance programs

Program	Type of benefits	Target population	Contribution amounts (2024)
Old Age and Survivors Insurance (OASI)	Cash benefits	Retired workers, their families, and some survivors of deceased workers.	Employee 5.3% Employer 5.3%
Medicare	Health insurance	People over 65 years old or under 65 and receiving DI or have certain health conditions	Employee 1.45% Employer 1.45%
Social Security Disability Insurance (DI)	Cash benefits + Medicare	People with disabilities	Employee 0.9% Employer 0.9%
Unemployment Insurance (UI)	Cash benefits	People who are unemployed through no fault of their own	Federal tax rate (FUTA): 6.2% State unemployment tax (SUTA): Depends on state (ranging from 0% to 14.03%)

Overview of major means-tested programs

Program	Type of benefits	Target population	Maximum monthly benefit amount
Medicaid	Health insurance	Low-income individuals (% FPL depends on state)	
Supplemental Nutrition Assistance Program (SNAP)	In-kind food assistance	Low-income working families (<130% FPL)	$292 (1 person) $975 (family of 4)
Earned Income Tax Credit (EITC)	Tax credit	Low-income working families	Annual credit $8,046 for 3+ kids
Child Tax Credit (CTC)	Tax credit	Low-income working families with children under 17 years old	Annual credit $2,200 per qualifying child
Supplemental Security Income (SSI)	Cash benefits + Medicaid	Low-income people aged 65 or older or living with disabilities	$967 (individual), $1,450 (couple)
Temporary Assistance to Needy Families (TANF)	Cash benefits	Low-income families with children (income eligibility depends on state)	Varies by state
Special Supplemental Nutrition Program for Women Infants and Children (WIC)	In-kind food benefits, personalized nutrition education, breastfeeding support, referrals to other services	Low-income (<185% FPL) pregnant and postpartum women, breastfeeding moms, and children under five (up to their fifth birthday) at nutrition risk	

Impact of these programs on beneficiaries

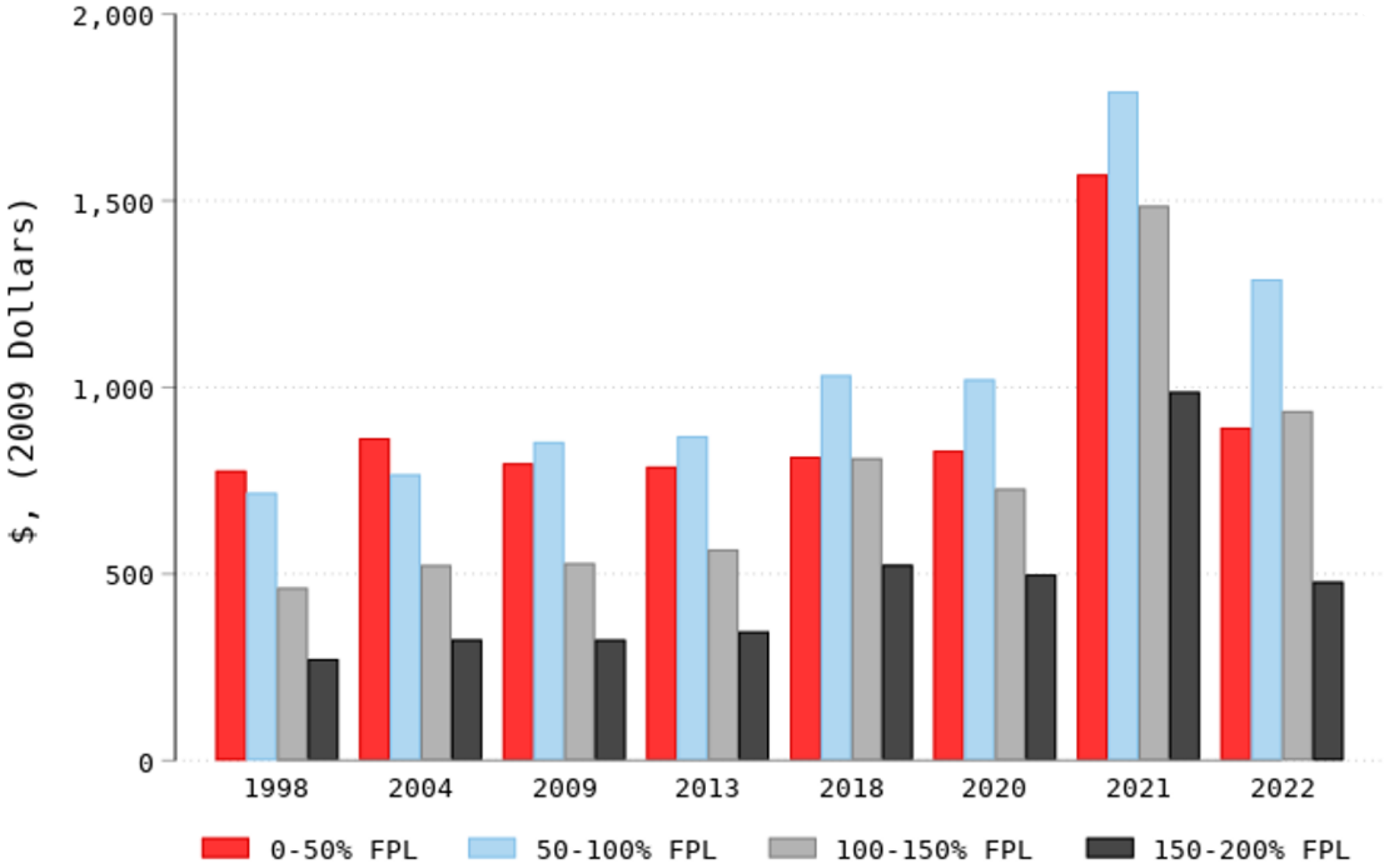
- Anand and Moffitt (2025) highlights research that shows many positive impacts of these programs, such as:
  - Medicaid reduced infant mortality, improved high school graduation rates, and increased adult income
  - SNAP reduced food insecurity and improved the health, education and long-term well-being of children in SNAP families

Source: Anand and Moffitt (2025) “The U.S. House of Representatives’ budget resolutions threatens social infrastructure programs, putting families’ well-being at risk.” Washington Center for Equitable Growth

Changes in program eligibility and benefits over time

- 1996: Massive overhaul of welfare system in the U.S.
- Major themes
  - Shift towards a work-based system
  - Fewer cash transfers, more in-kind transfers and tax credits
  - More state discretion in terms of eligibility and benefit amounts
- Changes since 1996 tend to align with these themes

Average per-family monthly expenditure on means-tested programs for single-parent families



Source: Authors calculations using data from the Survey of Income and Program Participation and Medical Expenditure Panel Survey
Notes: Programs include TANF, CTC, EITC, SNAP, housing assistance, Medicaid, and SSI

Shift towards a work-based system

- **SNAP**
  - Work requirements imposed in 1996
  - Fiscal Responsibility Act (2023) gradually increased the work requirement age to 54, added new groups who are exempted.
  - HR1 expands the work requirement age to 18-64, removes some exemptions
- **CTC**
  - Introduced in 1997, limited to those who work
- **TANF**
  - Work requirement when it was established in 1996
  - Deficit Reduction Act of 2005 expanded work requirements
- HR1 imposed work requirements for **Medicaid**

Increases in income eligibility and benefit amounts

SNAP

- Income eligibility expanded to 130% of federal poverty line (FPL) in 2006
- In 2009, benefits increased by 13.6% for most households.
- Emergency allotment in 2021 increased benefit amount for all families, but expired in March 2023

TANF

- 2009: Additional emergency funding for states ($5 billion)

EITC and CTC

- Credits have increased over time
- EITC refundable; CTC nonrefundable in 1997, became partially refundable in the early 2000s.

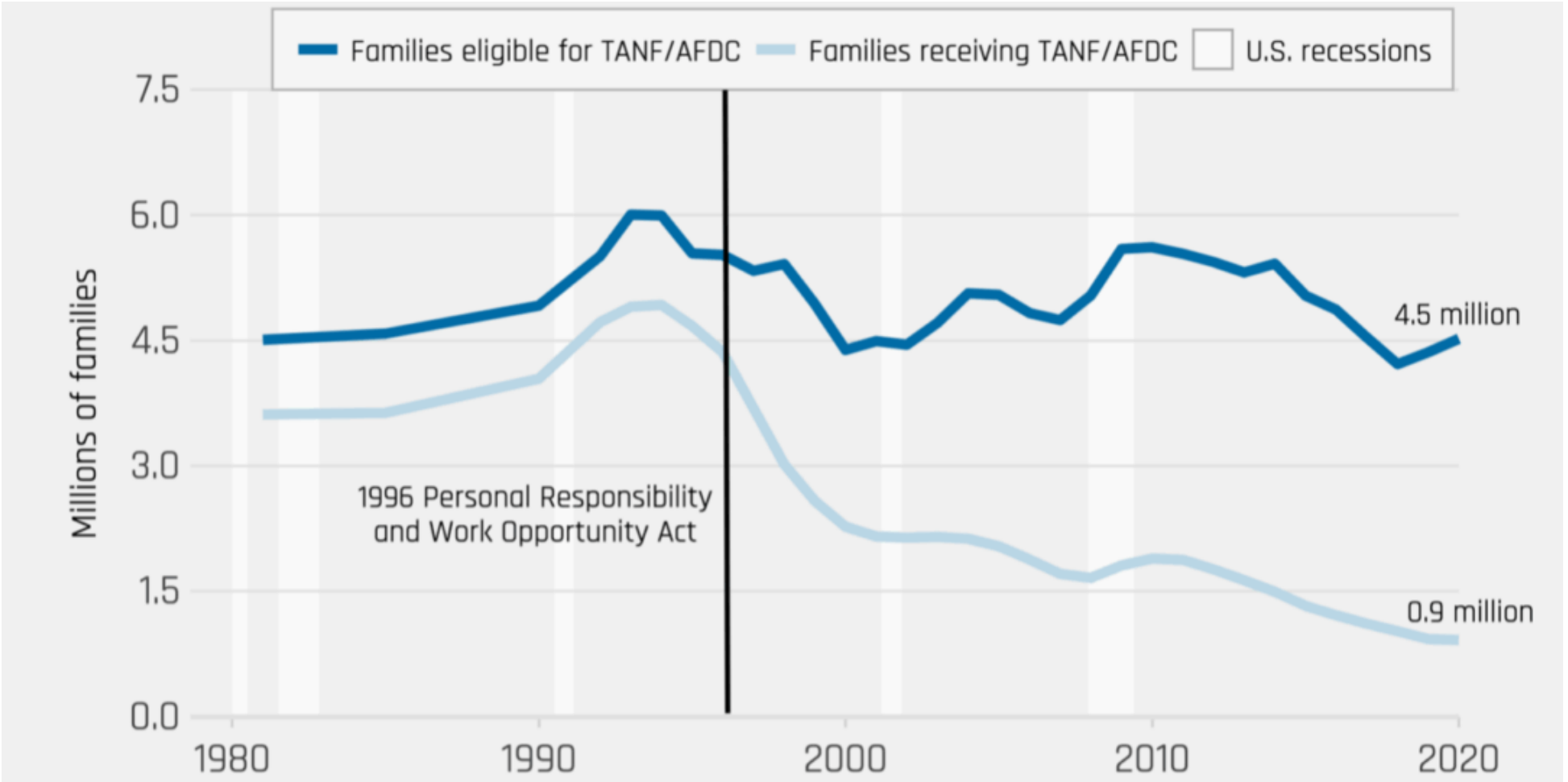
Medicaid

- Affordable Care Act expanded income eligibility to 138% FPL for many states starting in 2014

Some challenges ahead

- Funding changes
  - States will have to pay for a share of SNAP benefits depending on their payment error rate
  - Federal spending on Medicaid will decrease by $900 billion over the next 10 years
- Termination of the Food Security Supplement to the Current Population Survey
- Changes to in-person services for programs administered by SSA
  - Staffing decreases at SSA field offices
  - Attempts to improve phone services and online transactions

Fewer families receive direct cash assistance funded by TANF than ever before



Note: Aid to Families with Dependent Children was the precursor to TANF, and was replaced by TANF through the 1996 Personal Responsibility and Work Opportunity Act.

Source: U.S. Department of Health and Human Services, "Welfare Indicators and Risk Factors: 22nd Report to Congress" [2023], Table 10, available at https://aspe.hhs.gov/sites/default/files/documents/525a23c7e50797d1169e29b27290ed3d/22nd-welfare-indicators-rtc.pdf.

What actions can state policymakers take to support economic growth

- Protect the funding for programs that support the consumption of individuals and families living on low incomes (SNAP, LIHEAP)
- Dip into previously accumulated reserves for individuals and families living on low incomes
- States can utilize NRST's like Michigan's RxKids Program
- Tap into new revenue sources to fund programs, like universal childcare, that can support increased labor market

States Unobligated Reported Reserves (FY2023)

State	Awarded Amount	Amount Carried over from previous year	Spent on Basic Assistance	Unobligated Reserve Balance
U.S. Total	$16,817,730,544	$9,288,737,416	$8,320,621,090	$7,745,163,932
New York	$2,721,400,715	$1,237,618,931	$1,400,513,534	$1,687,101,949
Pennsylvania	$717,124,957	$1,271,910,134	$102,328,424	$1,274,414,202
Tennessee	$190,891,768	$808,257,444	$82,490,370	$752,339,571
Hawaii	$98,578,402	$421,665,462	$23,683,278	$452,501,036
Wisconsin	$312,845,980	$268,821,842	$56,569,647	$397,094,509
Texas	$533,022,768	$346,025,164	$17,116,563	$355,123,916
Florida	$560,484,398	$221,913,853	$145,699,799	$254,074,544
Georgia	$329,650,291	$200,790,935	$74,019,863	$204,746,095
Oklahoma	$138,007,998	$368,498,788	$10,610,152	$193,211,199
Indiana	$206,116,672	$130,271,164	$10,623,644	$192,273,116

Questions?

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