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UH ID Number
POL3 3319 Section 13999

Policy Analysis Assignment I

1. The U.S. Social Spending in a Comparative Perspective

1.1 How does the U.S. rank among OECD countries based on its government social spending?

Figure 1: OECD Governmental Social Policy Spending in 2009

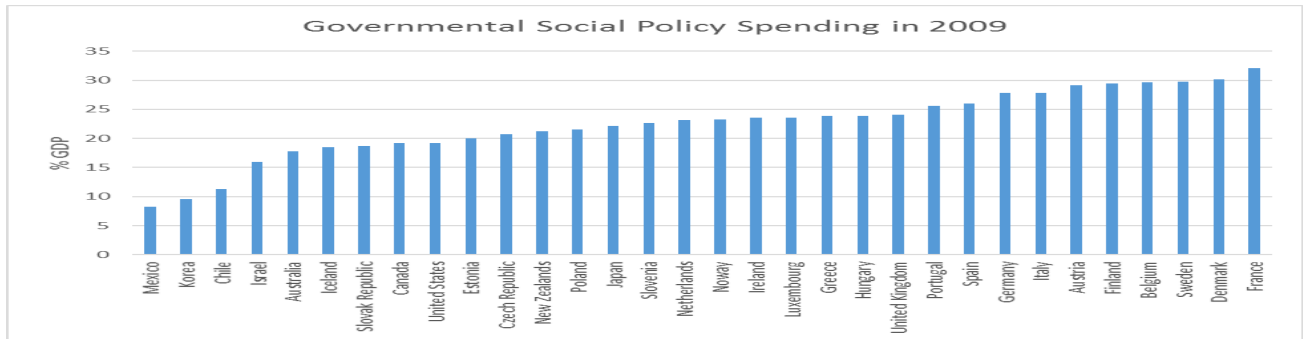


Figure 1 shows government expenditures in social policy as a percentage of GDP amongst the 32 OECD nations.¹

Figure 2: GDP per Capita of OECD Countries in 2009

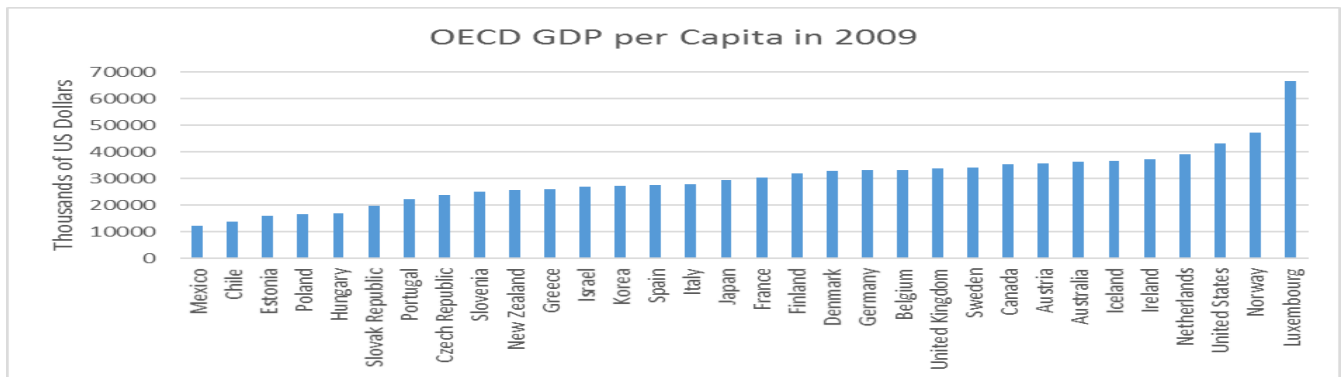


Figure 2 shows OECD countries GDP per capita, one measurement used to determine a country's relative wealth and development.²

¹ The dataset for Figure 1 was sourced from the Excel data file "OECD SOCX 2009.xlsx".

Figure 3: Populations of OECD Countries in 2009

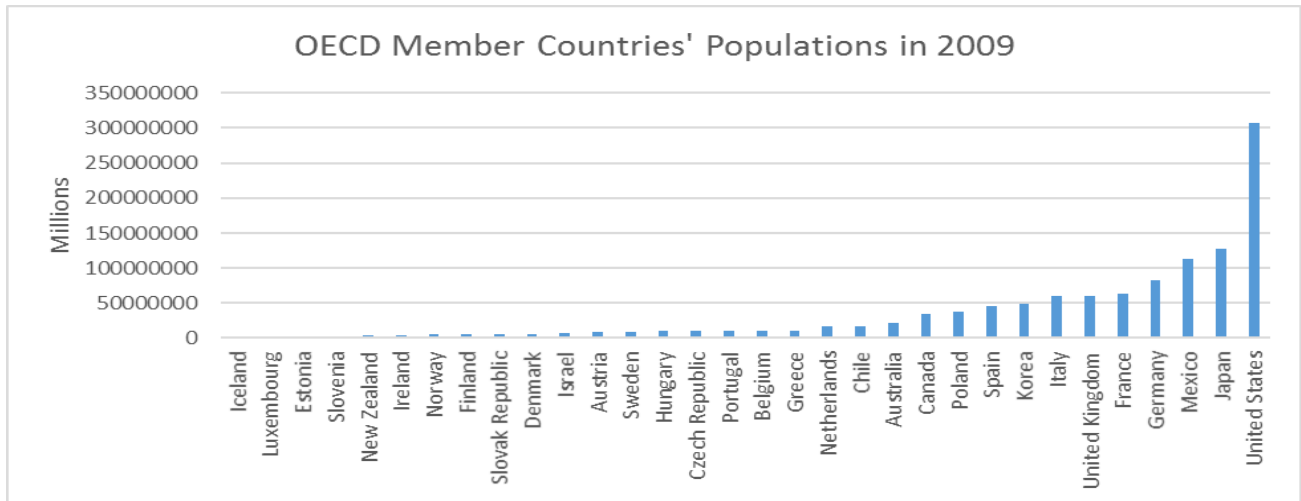


Figure 3 shows the population, in millions, of OECD countries.³

Figure 1 shows that when compared to other OECD countries, the United States' government spends a smaller percentage of its GDP than 23 of the 32 member countries. The United States' GDP per capita is third highest amongst this group of countries at around \$43,000⁴, yet its government spends about 19% of its GDP on social policy. When compared to countries with similar GDP per capita, the Netherlands, at about \$39,000, and Norway, at about \$47,000⁵, the United States spends a smaller portion of its GDP, about 4% less than both countries, despite its much larger population. While the larger GDP means that the 19% spent by the American government possibly breaks down into a larger sum of money than it does in other countries that spend a larger percentage, this disparity between the spending of the U.S. and the

² The dataset for Figure 2 was sourced from http://stats.oecd.org/Index.aspx?DataSetCode=PDB_LV.

³ The dataset for Figure 3 was sourced from http://stats.oecd.org/Index.aspx?DataSetCode=POP_FIVE_HIST#.

⁴ The data for this statement was sourced from http://stats.oecd.org/Index.aspx?DataSetCode=PDB_LV.

⁵ The data for this statement was sourced from http://stats.oecd.org/Index.aspx?DataSetCode=PDB_LV.

spending of other OECD countries remains when the populations are taken into account. The larger population of the U.S. means that the funding spent in the social policy area is utilized by more citizens. While there is more money, the larger population needing assistance means that each American individual likely receives less than citizens in many other OECD countries with smaller populations and more generous social policy spending like in France and Denmark.

1.2 Will the cross –country ranking change based on total private spending in social policy areas?

Figure 4: Total Private Spending in Social Policy

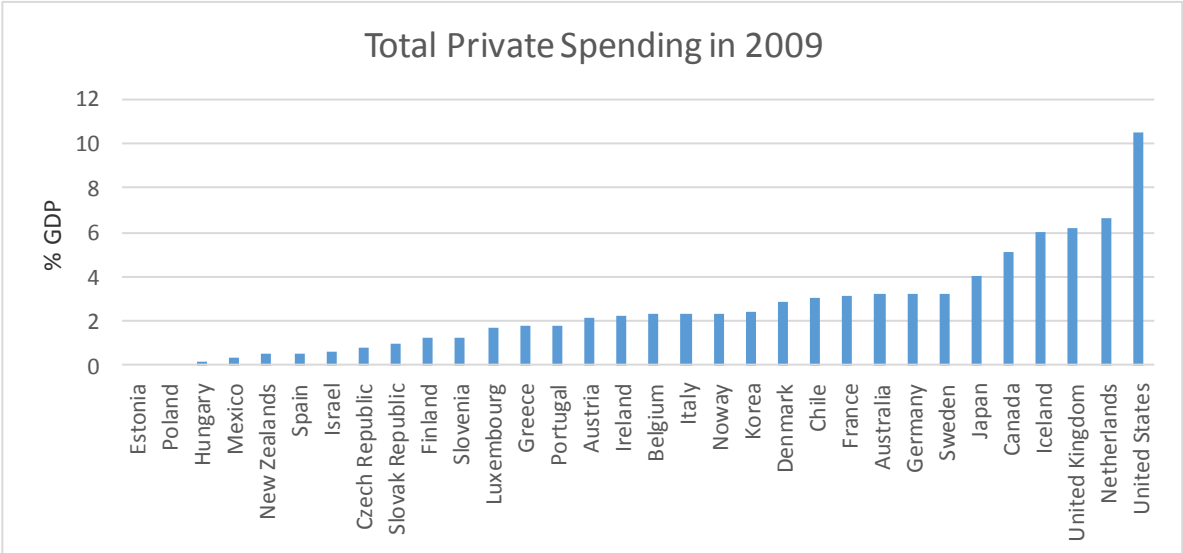


Figure 4 shows total private spending in OECD countries during 2009.⁶

When comparing the OECD nations by total private spending in social policy, the cross-country ranking will change dramatically. Among the 32 OECD countries, the United States spent the largest percentage of GDP spent on private social spending. It is the only country of the group whose private spending in social policy is more than 10 percent. Countries with the next

⁶ The dataset for Figure 4 was sourced from Excel data file "OECD SOCX 2009.xlsx".

highest percentages are the United Kingdom, at around 6 percent, and the Netherlands, at about 7 percent. The countries that were originally ranked as spending the largest percentage of their GDP on social policy, France and Denmark, spend about 7 percent less of their GDPs privately. Canada and Estonia, countries whose governments spent similar percentages of their GDPs as the United States, spend dramatically different amounts. Canada, possibly due to its close geographic, economic, and cultural proximity to the United States, spends more privately than Estonia at about 5 percent. Estonia's private spending made up almost 0% of its GDP.

1.3 To what extent does the U.S. privatize its social welfare spending?

Figure 5: Social Spending in OECD Countries

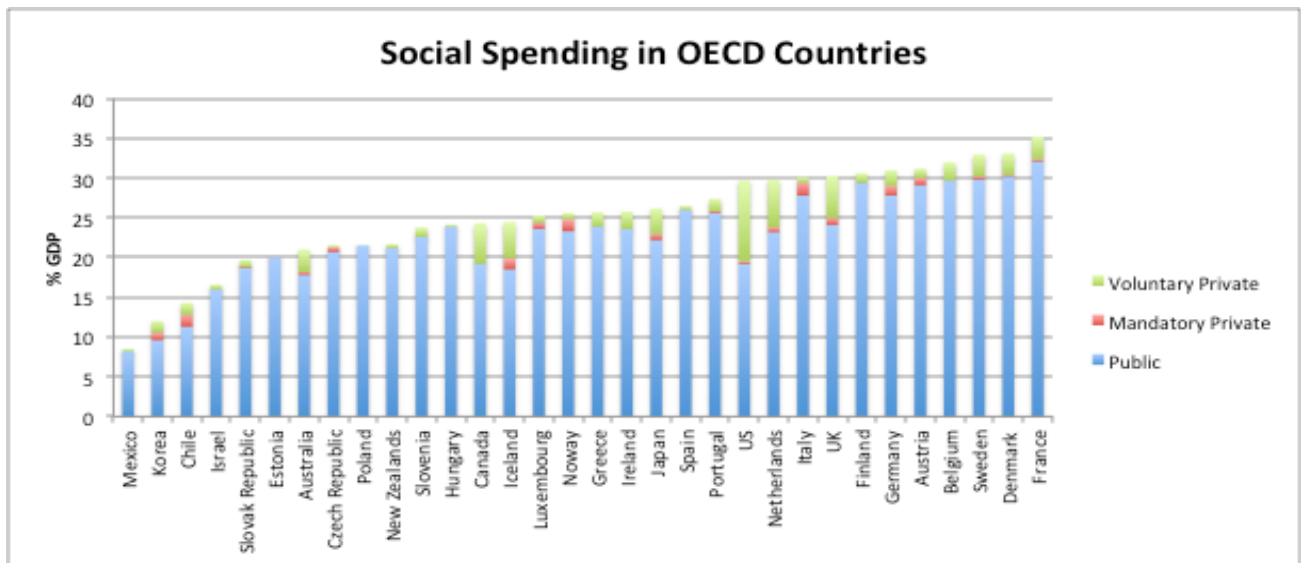


Figure 5 shows differences in social spending amongst the OECD nations in 2009.⁷

As noted with Figure 4, the United States has the largest percent of GDP spent privately. A total of about 30% of its GDP was spent on social policy. Of that 30%, private spending makes up a third of that at about 10%. The components of private spending, mandatory and voluntary, each compose vastly different amounts of the GDP spent. The mandatory private category,

⁷ The dataset for Figure 5 was sourced from Excel data file "OECD SOCX 2009.xlsx".

contributions from employers, makes up 0.3% of the spending while the voluntary private category, contributions from employees, makes up more than 10%. The high level of private social spending in the United States is driven by employer and employee contributions towards social insurance programs such as Social Security, Unemployment Insurance, and health insurance.

1.4 How does this privatization measure compare across OECD countries in 2009?

Figure 6: Percent Privatization in OECD Countries

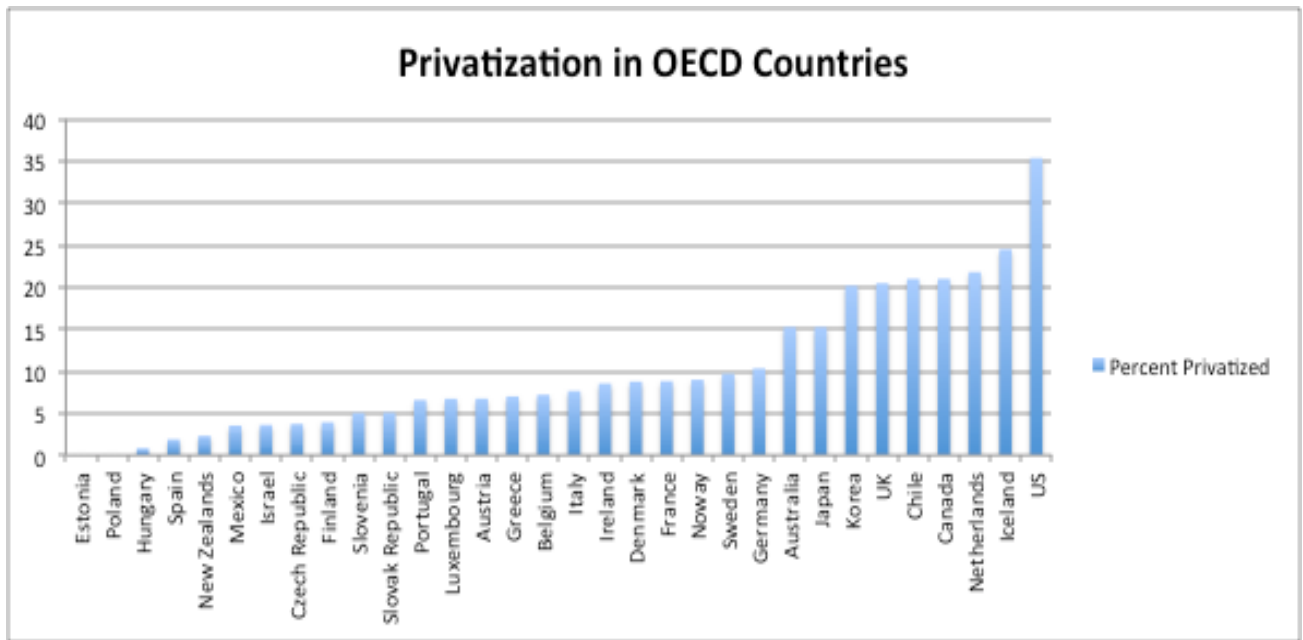


Figure 6 shows privatization, private social spending as a percent of total social spending, across OECD countries in 2009.⁸

When privatization in OECD countries is compared, the United States has the largest amount of privatization at 35%. No other country has a privatization rate closer than 10 percentage points to the U.S. After the United States, privatization rates tend to group, like steps, rather than have a smooth increase. Korea, the United Kingdom, Chile, Canada, the Netherlands,

⁸ The dataset for Figure 6 was sourced from "OECD SOCX 2009.xlsx".

and Iceland are the group with the next highest level of privatization at around 20%. France and Denmark, the countries with the highest percent of their GDPs spent in social policy, as shown in Figure 5, have similar levels of privatization with both at about 9%.

2. Income Inequality in the United States

2.1 How did the level of income inequality change across different years in that state?

Figure 7: Household Based Gini-Coefficients and Gini-Coefficient Ranks of Oklahoma

Year	Gini-Coefficient	Rank
1979	0.419	9
1989	0.445	14
1999	0.455	20
2006	0.46	15
2007	0.463	17
2008	0.458	22
2009	0.46	20
2010	0.454	26

Figure 7 shows the household income based Gini-Coefficients and the respective national rank of that measure in Oklahoma from 1979 to 2010.⁹

From 1979 to 2010, there has been a trend towards increasing Gini-Coefficients in Oklahoma. This increase in the value signifies that income inequality had increased there during that time period. The largest jump occurred between 1979 and 1989 with the measurement increasing by 0.026. From 1989 to 1999, the increase continued, but the value grew less substantially with an increase of 0.01. During the 2000s, there was a wobble trend of the coefficient growing and then shrinking every year. The largest drop in income inequality

⁹ The dataset for Figure 7 was sourced from the Excel file "GiniCoefficients.xls".

occurred between 2008 and 2009. By 2010, the coefficient had increased signifying higher income inequality amongst Oklahoman households.

2.2 How did the state rank based on income inequality change across different years in that state?

Like Oklahoma’s Gini-Coefficient, the ranking has experienced wobble. Oklahoma’s state rank based upon its value relative to other states had been steadily decreasing from 1979 to 1999, but the trend of increasing and decreasing arose from 2006 to 2010. In 1979, Oklahoma had the 9th highest Gini-Coefficient measurement, the highest Oklahoma has been ranked amongst this data. The greatest improvement occurred during 1989 and 1999 during which Oklahoma moved down seven ranks. Between 1979-1989 and 1999-2010, the state moved down by 5 and 6 ranks respectively. Oklahoma ended 2010 with having the 26th highest value in 2010. This change in rank signifies that, while income inequality within the state has increased, its income inequality is less than it is in 25 other states.

2.3 Will you draw the same conclusion based on the two different Gini-Coefficient measures?

Figure 8: Family Based Gini-Coefficient and Gini-Coefficient Ranks of Oklahoma

Year	Gini-Coefficient	Rank
1969	0.387	10
1979	0.376	13
1989	0.412	14
1999	0.42	23

Figure 8 shows the family income based Gini-Coefficients and the respective national rank of that measure in Oklahoma from 1979 to 2010.¹⁰

Both the household income based and the family income based Gini-Coefficient show the same general pattern of the Gini-Coefficient value increasing from 1979 to 1999, signifying increased income inequality in the state, and the state rank improving. From 1969-1999, the family income based value was less than that of the household income based value. By 1999, however, the value had grown to be similar to that of the household value at only 0.035 smaller. While the household income based value showed signs of wobble and instability, the family income based value has continued to increase.

2.4 For the same state, which measure produces a greater inequality score, the household income based or the family income based measure? Why?

Figure 9: Age Pyramid for Oklahoma in 2000

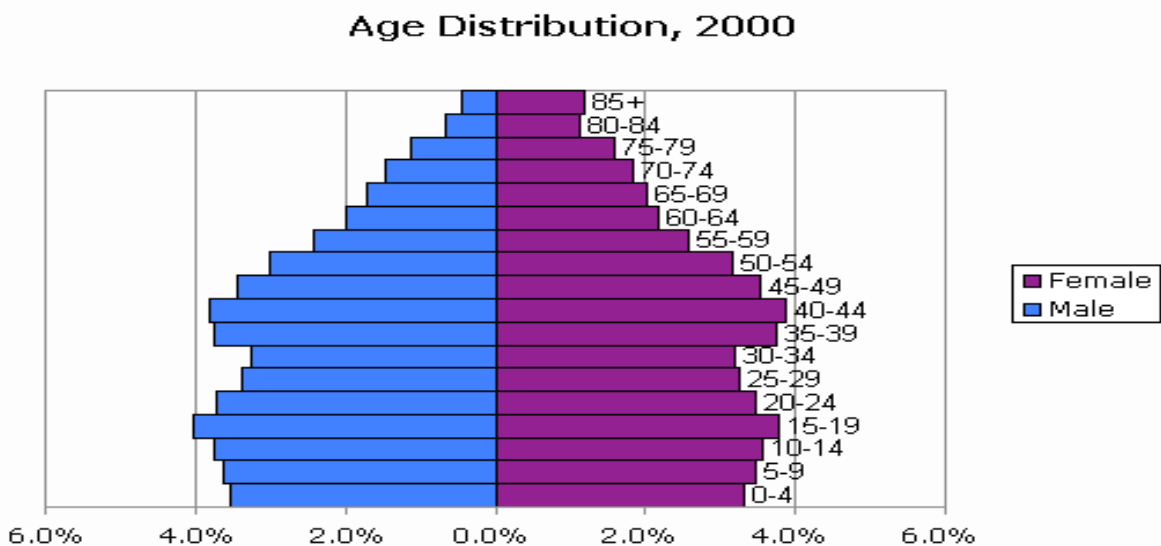


Figure 9 shows a break down of Oklahoma’s population based on age.¹¹

¹⁰ The dataset for Figure 8 was sourced from <http://www.americashealthrankings.org/OK/gini> and <http://www.census.gov/hhes/www/income/data/historical/state/state4.html> .

The household income based Gini-Coefficient produced a greater inequality score than the family income based coefficient. A possible reason for the household coefficient showing more inequality is that by definition, a household includes everyone who lives in a housing unit regardless of blood and marriage relation.¹² Often it is the young, those who are under 25 years old, and the old, those who are retired, that are living in a household. These two groups are much more likely to experience income inequality due to the circumstances around their ages. The young may not have attended college yet or are not planning on attending, are in school still, or are new to the workforce. Those who are retired may be living off of social security and savings. All are conducive to lower incomes and greater inequality when those who have more stable or larger means are included. The family income based coefficient was likely lower in Oklahoma due to the population skew prevalent in Figure 9. Families tend to arise later in life when individuals are older, more educated, and more experienced and therefore more marketable. Because Oklahoma has a large percentage of the population in the family age range, when people tend to make more money and be better off, the family income based coefficient shows less income inequality.

3 The Generosity of Major Federal Public Assistance Programs

3.1 Based on states' monthly cash benefit levels for a single-parent family of three in 2014, how does your home state rank amongst the fifty states?

Figure 10: State Rankings of TANF Benefits in 2014

¹¹ Figure 9 was sourced from http://www.censusscope.org/us/s40/chart_age.html .

¹² Definition sourced from <http://www.census.gov/hhes/www/income/about/faqs.html> .

Rank	State	TANF Monthly Benefits (US\$)	Rank	State	TANF Monthly Benefits (US\$)
1	AK	923	27	IA	426
2	NY	789	28	NJ	424
3	CT	698	29	PA	421
4	NH	675	30	VA	389
5	CA	670	31	NV	383
6	WI	653	32	NM	380
7	VY	640	33	NE	364
8	WY	635	34	WV	340
9	MD	624	35	DE	338
10	MA	618	36	ID	309
11	HI	610	37	FL	303
12	SD	599	38	MO	292
13	RI	554	39	OK	292
14	MN	532	40	IN	288
15	MT	510	41	GA	280
16	OR	506	42	AZ	278
17	UT	498	43	TX	277
18	MI	492	44	SC	274
19	ME	485	45	NC	272
20	WA	478	46	KY	262
21	ND	477	47	LA	240
22	OH	465	48	AL	215
23	CO	462	49	AR	204
24	IL	432	50	TN	185
25	KS	429	51	MS	170
26	D.C.	428			

Figure 10 shows the 50 states ranked from most generous to least generous TANF benefits for a three person, single parent household.¹³

Of the 50 states, Texas ranked the 43rd in the nation in 2014 based on the monthly TANF benefit level for a single parent family of three when D.C. is included in the ranking. Texas provided \$277 a month to this hypothetical family. Like other Southern Republican states, Texas is much less generous than more liberal northern and northeastern states such as New York and Connecticut. When compared to the most generous state, Alaska, Texas provided only about

¹³ The dataset for Figure 10 was sourced from the Excel file “StateTANFSNAPBenefits.xlsx”.

30% of what Alaska provided in monthly TANF benefits for a single parent family of three in 2014. States with generosity that was similar to Texas' include Arizona (\$278), South Carolina (\$274), and North Carolina (\$272).

3.2 What potentially contributes to cross-state variation in TANF benefit levels?

Possible reasons for cross-state variation include political ideology, varying amount of participants, block grant amounts, and the current economy. Many states that are more conservative tend to be less generous in general with social welfare funding and legislation. As a result of this, TANF benefits are more likely to be lower and/ or to be cut in these states. Each state also gets a different amount for the block grants that fund TANF through PRWORA. Depending on the costs of maintaining the program in that state and the number of participants, benefits could be lowered or raised. If the economy of the state is struggling, benefits will be lowered in order to save money and decrease debt incurred. Some states will also adjust their TANF benefit levels to keep up with inflation while others do not do this.

3.3 How would you rank the 50 states based on their TANF benefits as a percentage of the Federal Poverty Guidelines?

Figure 11: State Rankings of TANF Benefits as a Percentage of FPL in 2014

Rank	State	Monthly TANF Benefits(%FPL)	Rank	State	Monthly TANF Benefits (% FPL)
1	NY	47.80%	27	IA	25.80%
2	AK	44.80%	28	NJ	25.70%
3	CT	42.30%	29	PA	25.50%
4	NH	40.90%	30	VA	23.60%
5	CA	40.60%	31	NV	23.20%
6	WI	39.60%	32	NM	23.00%
7	VT	38.80%	33	NE	22.10%
8	WY	38.50%	34	WV	20.60%

9	MD	37.80%	35	DE	20.50%
10	MA	37.50%	36	ID	18.70%
11	SD	36.30%	37	FL	18.40%
12	RI	33.60%	38	MO	17.70%
13	MN	32.30%	39	OK	17.70%
14	HI	32.20%	40	IN	17.50%
15	MT	30.90%	41	GA	17.00%
16	OR	30.70%	42	AZ	16.90%
17	UT	30.20%	43	TX	16.80%
18	MI	29.80%	44	SC	16.60%
19	ME	29.40%	45	NC	16.50%
20	WA	29.00%	46	KY	15.90%
21	ND	28.90%	47	LA	14.60%
22	OH	28.20%	48	AL	13.00%
23	CO	28.00%	49	AR	12.40%
24	IL	26.20%	50	TN	11.20%
25	D.C.	26.00%	51	MS	10.30%
26	KS	26.00%			

Figure 11 shows the 50 states ranked by TANF benefits as a percentage of the Federal Poverty Guidelines in 2014.¹⁴

The states would be ranked from the largest percentage of the Federal Poverty Guidelines to the smallest. By ranking this way, the largest percentage is given first which serves to set realistic expectations of how little is actually distributed. The rankings based off of the percentage of the FPL that TANF equals and the rankings of state generosity are almost exactly the same and show the same geographic and political patterns. Due to this, the states could possibly be roughly ranked from most liberal to most conservative. This ranking would be most accurate in the bottom and top ten states with some variation. The percentage ranking is the most reliable, however, because it is based on the provided data and has a continuous trend rather than a trend that only applies to a certain segment of the data.

¹⁴ The dataset for Figure 11 was sourced from the Excel file "StateTANFSNAPBenefits.xlsx".

3.4 Will the cross-state ranking change if you consider both TANF and SNAP benefits?

Figure 12: Cross-State Ranking of TANF and SNAP Benefits as a Percentage of the FPL

Rank	State	TANF+SNAP (%FPL)	Rank	State	TANF+SNAP (%FPL)
1	AK	78.40%	27	KS	54.50%
2	HI	72.20%	28	D.C.	54.40%
3	CT	71.20%	29	MI	53.80%
4	NH	70.20%	30	VA	53.70%
5	CA	68.40%	31	NV	53.40%
6	MD	68.00%	32	MN	53.20%
7	MA	67.60%	33	NE	52.20%
8	NY	67.20%	34	WV	50.80%
9	VT	62.50%	35	DE	50.60%
10	MT	61.10%	36	ID	48.90%
11	OR	60.80%	37	FL	48.50%
12	WI	60.60%	38	MO	47.80%
13	SD	60.50%	39	OK	47.80%
14	UT	60.30%	40	IN	47.60%
15	WY	59.80%	41	GA	47.10%
16	ND	59.10%	42	AZ	47.00%
17	WA	59.10%	43	TX	46.90%
18	CO	58.20%	44	SC	46.80%
19	ME	58.00%	45	NC	46.60%
20	RI	57.50%	46	KY	46.00%
21	MN	56.50%	47	LA	44.70%
22	OH	56.50%	48	AL	43.20%
23	IL	56.30%	49	AR	42.50%
24	IA	56.00%	50	TN	41.40%
25	NJ	55.80%	51	MS	40.40%
26	PA	55.70%			

Figure 12 shows the rankings of the states based on the amount of benefits received through TANF and SNAP as a percentage of the Federal Poverty Guidelines.¹⁵

The cross-state rankings will change more dramatically if SNAP benefits are included with TANF benefits as a percentage of the Federal Poverty Guidelines. Rather than the three

¹⁵ The dataset for Figure 12 was sourced from the Excel file “StateTANFSNAPBenefits.xlsx”.

most generous states being an amalgamation of New York, Alaska, and Connecticut like in Figures 10 and 11, the inclusion of SNAP brings Hawaii up to the second highest percentage and drops New York to the eighth. The bottom states, those with the lowest percentages, are southern states. The low ranking of southern states remains almost identical to previous rankings in Figure 11 that did not include SNAP benefits. In these states, both SNAP and TANF benefits were not generous in 2014.

3.5 In your home state, what is the share of the Fair Market Rent that TANF benefits cover in 2000 and 2014? How would you describe the change from 2000 to 2014 in your home state?

Figure 13: Percentage of Fair Market Rent (FMR) Covered by TANF in Texas

Year	TANF Benefits as % FMR
2000	34.70%
2014	31.80%

Figure 13 shows the percentage of Fair Market Rent covered by TANF benefits in Texas in 2000 and 2014.¹⁶

In Texas, TANF benefits covered 34.7% of Fair Market Rent in 2000 and 31.8% in 2014. From 2000 to 2014, the percent covered of Fair Market Rent by TANF benefits decreased by 2.9%. This change can signify that either the amount of TANF benefits received decreased or that the Fair Market Rent price increased while TANF benefits did not change.

3.6 Based on data in 2014, how would you rank the 50 states based on their TANF benefits as a percentage of Fair Market Rents?

Figure 14: Cross-State Ranking of TANF Benefits as % of Fair Market Rent (FMR)

¹⁶ The dataset for Figure 13 was sourced from the Excel file “StateTANFSNAPBenefits.xlsx”.

Rank	State	TANF Benefits (%FMR)	Rank	State	TANF Benefits (%FMR)
1	SD	88.10%	27	MD	48.10%
2	WI	85.10%	28	IL	47.90%
3	WY	82.70%	29	PA	46.70%
4	AK	82.00%	30	ID	44.70%
5	MT	72.30%	31	OK	42.40%
6	ND	64.60%	32	KY	39.70%
7	OH	64.60%	33	IN	39.50%
8	NH	64.30%	34	MO	39.20%
9	VT	63.60%	35	NV	38.30%
10	MI	62.80%	36	HI	37.20%
11	UT	62.70%	37	NC	36.40%
12	MN	62.10%	38	SC	36.20%
13	IA	61.80%	39	VA	35.80%
14	NY	61.00%	40	GA	34.60%
15	OR	59.80%	41	NJ	32.70%
16	RI	59.70%	42	DE	32.40%
17	CT	58.30%	43	TX	31.80%
18	ME	57.60%	44	AL	31.50%
19	KS	57.50%	45	AR	31.20%
20	NE	51.90%	46	AZ	30.50%
21	WV	51.10%	47	FL	30.10%
22	CO	50.40%	48	LA	29.90%
23	CA	49.48%	49	D.C.	29.10%
24	MA	49.40%	50	TN	25.40%
25	WA	49.30%	51	MS	24.00%
26	NM	49.10%			

Figure 14 shows the rankings of U.S. states in percent coverage of Fair Market Rent by TANF benefits in 2014.¹⁷

The states should be ranked from largest percentage to smallest percentage like in Figures 11 and 12. By ranking the states by greatest percentage of Fair Market Rent covered by TANF, the scope of the small amount of aid received by those on welfare is more apparent. The states could also be roughly ranked by the amount of aid received due to the similarity between Figure 14 and Figures 11 and 12, especially in states in the bottom 10 of each. The amount of each

¹⁷ The dataset for Figure 14 was sourced from the Excel file “StateTANFSNAPBenefits.xlsx”.

state's Fair Market Rent could also be roughly surmised and ranked. However, the percentage is most effective because it is the most concrete and supported by the data available.