UNITED STATES Country Summary

Introduction and Overview

The United States has no explicit national, comprehensive family or child policy, nor has there been any such policy or cluster of policies in the past. Nonetheless, over the past century, even as European welfare states were being shaped, the US too developed many of the institutional supports and commitments to what in Europe would be called a welfare state. Among these, from time to time, were measures directed at children or families with children, which might be said to constitute implicit child and family policies. These enactments were in considerable part concentrated in several 'bursts' during periods of reform: the Progressive Era (approximately 1895-1920), the New Deal and its aftermaths (1932-54), the War on Poverty and the Great Society (1960-74). A hundred years after the Progressive Era, at the beginning of the Clinton Administration, there were new child and family initiatives, but by the middle of Clinton's term a wave of conservative reaction had begun to dismantle a sixty-year history of increasing social entitlements. Nonetheless, the picture was mised in the final Clinton years and the early George W. Bush years because of a good economy, improved EITC (see below), child care expansion, and some state programs build on welfare reform. However, bedgetary and social policy in the latter part of the first bush term cut back on and constrained programs important to families and their children.

To the extent that the US has implicit child/family policies, they can be identified and assessed only in the context of social policy more broadly defined; and they can be understood only with reference to a tradition that has included several major elements:

- A strong value is placed on individualism;
- The separation of Church and State in order to be receptive to diverse religions and ensure their freedom;
- Protection of the family as a private unit and a stress on avoiding government interference with family matters;
- Puritanism and related Protestant religious streams that stressed that one could legislate to prevent evil but that 'goodness' had to be voluntary. As a result, voluntarism as opposed to statutory enactment was favored for social welfare.
- Social Darwinism, a mid-nineteenth-century "scientific" belief that emphasized that survival of the fittest was the 'natural' order and that societal intervention into the process was counter-productive.
- A history of slavery followed by 'emancipation' after the Civil War (1865) followed a century later by landmark legislation during the civil rights movement of the 1960s; but strong strains of racism remain.
- A strict work ethic as central to the value system;
- A relatively open immigration policy, which created population growth while reducing, perhaps eliminating, any case for pro-natalist policies.

- A limited role for the federal government, until late in the nineteenth century. Washington was not believed to have responsibilities in the social sector, which was considered to be the province of the states.
- Laissez-faire economic and social policy ('liberalism' in the European sense) and an emphasis on the market as the dominant ideology that would bring a society growth and prosperity.
- The late development of a civil service and government bureaucracy, which limited the national government's capacity for social policy and raised doubts about the quality of states' efforts.
- An ambivalence after World War II regarding women's roles, in particular whether public policy should take a position of encouraging women with young children to remain at home, providing care for their children, or to enter the work-force, helping to sustain family income (Kamerman & Kahn, 1997; OECD, 2001).

Historically, these themes have played out in various ways as economic, social, and political contexts changed with the settlement of the continent and the evolution of the economy through the industrial revolution to a post-industrial society, and as demographic and social change led to major shifts in the family. The point of departure was poor law following the British tradition and experience, tempered by a strong and important voluntary middle-class charitable movement that first emerged in the nineteenth century, compensating for the limitations of poor law and aiding those considered more 'helpable' and 'deserving'.

Within this context, social policies affecting children and their families focused first on the unfortunate, the handicapped, and the most severely deprived; and second, on the poor. Except for free and compulsory public education, a development in which the US was among the leaders internationally, the US was late in its development of social policy for children generally. Overall, it has placed a heavy emphasis on services and other in-kind benefits for the vulnerable and poor. As for improving the economic situation of families with children, the policy has been largely one of ending almost all taxation of the poor except for social security payroll taxes, offering modest and inconsistent cash benefits to some low-income families and tax benefits to the middle and upper classes.

Family benefits and services (TANF, EITC, federal child care subsidies) expended.64 % of GDP in 1995.

Government Agencies

The US child and family-related policies are divided across federal, state, and local government lines and fragmented across functional policy domains. The major federal departments with responsibilities for the various component policies are: Department of Health and Human Services (for health, welfare, early childhood care services, child welfare services); Department of Education (for certain aspects of education); Department of Labor (for the Family and Medical Leave policy); the Department of Agriculture (for food stamps); the Department of Housing (for housing vouchers); the Department of Justice (for juvenile delinquency); the Department of the Treasury (for tax benefits); and the Social Security

Administration (for survivor's benefits, benefits for disabled children, etc). The major state level agencies vary in name across state lines but include, for the most part: a department of welfare or social services (that includes welfare and personal social services), or employment and social services (including child care); a department of education; a department of health; a department of mental health; and, in some states, a department of child and family services.

Demographic and Other Social Trends

According to government reports, the U.S. has a population of 285.1 million (2002) making it the largest country in the OECD and equal to more than three-quarters of the population of the entire pre-expansion European Union (EU). In 2000, the U.S. had a larger population than all countries except China and India. It is significantly younger than the EU countries, with 12+ percent of its population made up of the post-65 elderly in contrast to a 16 percent EU average. Some 21.3 percent of the U.S. population consist of children under 15, in contrast to a 16.8 percent EU average.

As is well known, the U.S. is a country that continues to admit a large number of immigrants each year, about 800,000 legally, annually over the past two decades, mostly from Latin America and Asia. In the year 2000, 10.4 percent of the U.S. population (30.5 million people) were foreign born, half from Latin America, 27.1 percent from Asia, and 16.1 percent from Europe. It is estimated that there were 8-9 million illegal immigrants in the country, more than half from Mexico. Thus the U.S. is a quite heterogeneous country racially and ethnically, with a large portion of its population consisting of Blacks (12.3 percent), Hispanics (12.5 percent), and Asians (3.8 percent). It is religiously diverse as well. Within the child population, 65 percent are White, 15 percent are Black, 15 percent Hispanic (of any races), and 5 percent Asian.

The U.S. has a higher marriage rate and a higher divorce rate than the EU countries. Its out-of-wedlock birth rate is high (33 percent in 1999), but not as high as the Nordic countries, France, Ireland, and the U.K. However, it has a higher teen out-of-wedlock birth rate than EU or other OECD countries, even though rates have declined steadily in the 1990's, as have teen pregnancies. The U.S. cohabitation rate is not as high as rates in North Europe, but is increasing rapidly; there were 3.8 million unmarried-partner household in 2000, 3.7 percent of all U.S. households. Of these, 40 percent included children. Some 31 percent of families are lone-parent families, higher than EU or other OECD families, except for the U.K. Some 25 percent of children lived with one unmarried parent, mostly the mother, in 1996 (but some of these may be in covert cohabitation). Of lone mothers, 43.2 percent are single, 17.7 percent separated, 35 percent divorced, and 4 percent widowed. Most children (71 percent under 18) live with both parents. Others are in "blended" households, with stepparents, in adoptive homes, and in extended households.

At. 2.0 in 2001, the U.S. total fertility rate is slightly below the replacement level. It was at replacement (2.1) a few years earlier, very unusual in the industrial world (equal to Iceland), and exceeded in the OECD only by Mexico and Turkey.

Female labor force participation is about 71 percent, well above the EU and OECD averages, a rate exceeded only in Finland, Denmark, Norway, Sweden, and Iceland. Over half of all families with children are two-parent, two-earner families. More than two-thirds of all married women with children are in the labor force, and three quarters of lone mothers, some 61 percent of wives with children under 6 are in the labor force. Some 59 percent of mothers are back at work before their children are one. Two-thirds of the working mothers of the under-6's work full time.

Social Protection

The US is, relatively, a high GDP, high per capita GDP, and low "total taxation" country compared to EU and OECD averages. The government expenditure proportion is also relatively lower.

The US was a laggard in the development of national social policies, following the European countries in the development of federal social insurance schemes by about 30 - 50 years. The enactment of the Social Security Act in 1935 marked the beginning of a social role for the federal government. In many senses, US national social policy can be described and understood in the context of that legislation and its subsequent amendments. The law provides for all the basic social protection regimes except for family allowances and national health insurance. The elderly are well protected as are the disabled, while in contrast, children and families with children have no universal social insurance entitlement, no national minimum income, and no universal health care. Only a means-tested federal-state, cash-benefit program is available to some poor families with children and a means-tested voucher for purchasing food, and a national means-tested program for poor families with a disabled or handicapped child. With a GDP that is the highest in the OECD group ($8.2 trillion) and a per capita GDP that is second highest, after Luxembourg, the US investment in social protection is significantly lower than that of the other EU countries (about 16 percent of GDP excluding education, as in the EU statistics). However, when private expenditures are added to public, the US total investment is more like that of the EU countries, significantly lower (24.9 percent of GDP) than Sweden (34.8 percent) and Denmark and Finland (32 and 30 percent), but only a bit below other OECD leaders. Unemployment rates are significantly below the OECD average and less that half that of the EU average. Using the U.S. measure of absolute poverty, the child poverty rate in 1998 was 19 percent, significantly higher than throughout the 1970s. Using the standard relative poverty rate applied internationally (below 50 percent of median income), the rate was 22 percent in the mid-1990s, at the bottom or next to the bottom of the rankings in other countries, just above Mexico in a group of 23 countries. The US has the highest child poverty in lone-parent families among the same group (UNICEF, 2000; Adema, 2001).

Child, Youth and Family Policies

<u>Maternity, Paternity, Parental, and Family Leaves</u>
The U.S. has no national maternity, paternity, or parental leave policy. It does have an unpaid family leave and five states (California, Hawaii, New Jersey, New York, and Rhode Island)

have a paid temporary or short term disability benefit that covers pregnancy and maternity as well, typically for about 10-12 weeks. Many employers offer maternity leaves under temporary disability plans through company policy or collective bargaining agreements. The Family and Medical Leave Act (FMLA) was enacted in 1993 and requires that businesses with 50 or more employees provide 12 weeks a year of job-protected, but unpaid, leave to qualified employees (those who have worked at least 1250 hours in the prior year), for birth, adoption, foster care, or personal or family illness. Employers must also continue to provide health insurance (if provided before). In 2000, the President recommended that states use unemployment insurance to provide a cash benefit that would partially replace wages forgone while on leave. The Department of Labor has issued regulations permitting states to implement such a policy and California enacted legislation in 2002. President Bush has moved to rescind the regulation in 2003; in any case, high unemployment has made unemployment funds less available. President Clinton recommended expanding the FMLA to cover firms with 25 or more employees and to permit parents to take up to 24 hours of leave a year to visit a child's school or take a child to a doctor. As yet, despite initiatives in some states, the situation is essentially unchanged.

Early Childhood Education and Care (ECEC)

The U.S. has no national system of ECEC nor does any state have a statewide coherent policy or program. Most children begin primary school at age 6 but compulsory school begins at various ages across the states from 5-8. Almost all children attend kindergarten at age 5, the year before they enter primary school, largely under public auspices. ECEC policy includes the whole range of government actions designed to influence the supply of and/or demand for ECEC and the quality of services provided. These government activities include direct delivery of ECEC services; direct and indirect financial subsidies to private providers, such as grants, contracts, and tax incentives; financial subsidies to parents both direct and indirect, such as cash benefits and vouchers to pay for the services, or tax benefits to offset the costs, and the establishment and enforcement of regulations. ECEC programs that serve children under age 5 may be classified in several different ways. They include a wide range of part-day and full-day programs under education and social welfare auspices, funded and delivered in a variety of ways in both the public and private (for-profit and non-profit sectors). They include pre- or pre-primary schools (pre-kindergartens, compensatory education programs, and nursery schools), childcare or day care centers, family-type day care homes (both regulated and unregulated), before- and after-school programs, and family support programs (child-centered, family-focused, neighborhood-based programs offering a cluster of services to families with very young children). Federal funding is largely targeted on low-income children and children with disabilities. The major sources of federal funds include funds to subsidize child care for families leaving welfare for work, compensatory education funds (Head Start and Early Head Start), a tax credit to offset some ECEC costs, and funds transferred from TANF (see below). Parent fees cover about 75 percent of costs. In 1996, 61 percent of children aged 3-5 were enrolled in some form of center-based or pre-primary school program and about 31 percent of the under 3s. A later report specified that 61 percent of the under 4s were in regularly scheduled care: 44% under 1; 53% age 1; 57% age 2 (National Research Council, 2001).

The U.S. was part of a 2000 OECD review of ECEC in twelve countries. Consult the full American report online at: http://www1.oecd.org/e1s/pdfs/EDSECECDOCA012.pdf.

Family and Child Allowances

No child or family allowance is provided in the U.S. There are, however, tax benefits contingent on the presence of child (see below).

Child and Family Tax Benefits

There is a personal exemption in the Federal income tax of $3,000 per dependent for 2002, a total decreased somewhat for high-income. The earned income tax credit (EITC) is a refundable tax credit for low earners and can refund as much as $2,506 per family with one child and $4,140 for families with two or more children. It phases out gradually for those with total earned incomes over $14,600. Some eleven states supplement this encouragement to work with their own EITC's.

A variety of tax benefits and credits aid parents of students at all educational levels, particularly for college, and include: tax deductibility within limits of qualified educational loans; IRA savings for future educational expenses; college savings plans; other educational expenses in low-earner families, etc.

During the Clinton years, the U.S. enacted its first "child allowance" alternative, a $400 (later $500) per child tax credit for families with incomes above the tax threshold. (It was argued that those below the threshold had the refundable EITC). The credit will be $600 per child for 2001-2004, gradually rising to $1,000 in 2010. As of 2001, the credit is refundable to the extent of 10% of earner income in excess of $10,000, indexed for inflation. The Congress in considering a proposal to raise the credit to $1,000 in 2003.

Finally, there has been a dependent care tax credit, which applies to child care, refunding 30 percent of up to $2,400 of expenditures for one child and 30 percent of up to $4,800 for two or more. After 2002 the 30 percent rose to 35, but there are cutbacks as adjusted gross incomes rise.

There is a one-time credit for adoption expenses, phased out for moderately high earners.

Child Support

The US policy is one of stressing the enforcement of the child support obligation of the non-custodial/non-resident parent. Court-ordered support awards may be carried out through automatic withholding of payment from the parent's wages and tax refunds. There is also a growing trend toward the use of a formula in setting child support awards, for example, 17 percent of income for one child, 25 percent for two, 29 percent for 3.

Nonetheless, of custodial mothers in 1999, while 62.2 percent were awarded child support by the courts, 45.9 percent of this group actually received full payments and 74.6 percent received some, diminished payment. Poverty rates were high for custodial mothers receiving no or only part of the payment due (Grall, 2002).

Other Child Conditioned Income Transfers

The most important income transfers for families with children are: the tax benefits described above; means-tested cash and in-kind benefits, and Survivor's benefits under social security.

Temporary Assistance to Needy Families (TANF) is a means-tested cash benefit funded by the federal government with contributions by the states as well, through grants to the states permitting states great flexibility in providing cash assistance to poor families with children (or if the mother is pregnant). . TANF has a 5-year lifetime limit on receipt, requires poor women with children aged 3 months and older to participate in work after a maximum of two years, stresses marriage and the reduction of out-of-wedlock pregnancy and childbearing, and has a series of other requirements some of which vary across the states.

A second important income transfer program of importance to poor children is Food Stamps, the in-kind benefit (a voucher) designed to increase the food purchasing power of eligible low-income families. Families are eligible if at least one member is seeking work or employed, and have gross monthly income under 130 percent of the poverty threshold.

A third important benefit is Supplemental Security Income (SSI), a means-tested cash benefit provided by the federal government to poor and disabled children as well as other poor, blind or disabled adults and aged. As in other countries, children in the US are also entitled to Survivor's benefits under social security.

<u>Child and Adolescent Health</u>
Despite the highest total health expenditures as a portion of GDP in the OECD, there is no national health insurance program in the U.S., nor a universal child health program. There is a federal/state health assistance program for low-income children and their families (Medicaid) and a federal/state special funding stream for health care for low-income children not otherwise covered by health insurance (SCHIP). All poor children under 19 are covered by Medicaid unless already covered under some other health insurance program.

Infant mortality rates (6.9 in 2002) are comparatively high vis a vis (pre-expansion) EU countries (average 4.9). Immunization levels are among the OECD leaders.

<u>Youth</u>
Youth unemployment rates for males and females under age 25 are similar, slightly under 11 percent for females and slightly over for males. There is particular concern regarding non-marital teen pregnancy and parenting and a major policy emphasis on encouraging sexual abstinence.

The United States was one of the fourteen countries participating in the OECD thematic review, <u>From Initial Education to Working Life—Making Transitions Work</u>. For more detail on the transition to working life in the U.S., see OECD's background report on the United States.

<u>Reconciliation of Work and Family Life</u>
Reconciliation of work and family life is an important issue in public discussion but not in enacted public policy. The stress is on employer responsiveness to a changing workforce, and the provision of flexible benefits, and childcare-related benefits and services, but none of this is a matter of statutory provision. Some employers have responsive policies and there are tax

incentives for employer child-care. The discussions concerning the FMLA and ECEC are often premised on the importance of the issue, but apparently the continued ambivalence regarding women's roles or the over-reliance on market forces contributes to the lack of policy attention directed to this issue.

Housing

The Federal government provides housing aid indirectly to lower income households in the form of housing block grants to state and local government that may use the funds for various housing assistance activities including rent subsidies. There is limited public housing (1.2 million units) and a number of other special programs (1.4 million vouchers and project-based subsidies), however, coverage does not begin to include all those who are eligible. In addition, extensive tax benefits are available for house or apartment owners in the form of deductibility of mortgage interest and local property taxes- constituting the largest government subsidies to the housing system. Less than three percent of all housing is publicly subsidized according to Peter Marcuse, a Columbia University expert. Only 5+ million families have rent subsidies through public housing or a tenant/landlord voucher system ("Section 8").

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