Reimagining the American Welfare System

The current bifurcated welfare system—characterized by support for consumption among low-income Americans and support for asset development among wealthier Americans—creates unequal opportunities for achieving financial security and reaching the American Dream. A better solution? The creation of an Economic Mobility System for all.

The New Normal: A Job Alone is No Longer Enough to Move People into the Middle Class

Productivity-Wage Gap

Global Competition

Technology—Lost Middle-Class Jobs

Rising Higher Education Costs

Initial Assets May Exacerbate Wealth & Income Inequality: The Affluent Benefit More, Even During a Recession

Return for Every $1 Increase in 1989 Net Worth, as of 2011

Return for Every $1 Increase in 1993 Capital Income, 2007 vs. 2011

Family Net Worth

$1.00

$2.00

-35

5

81.20

81.81

Wealth Percentile

2007

2011

81.22

81.29

Households with low initial assets see less return than households with higher initial assets.

Leading to a Growing Economic Inequality, Intensified by America’s Two Welfare Systems

CONSUMPTION-BASED WELFARE SYSTEM

ASSET-BASED WELFARE SYSTEM

WHO:

Low-Income and Middle Class

Upper-Middle Class and High-Income

WELFARE PROGRAMS:

Food Stamps, TANF, EITC, LIHEAP

401Ks, IRAs, Mortgage Deductions, Tax Breaks

GOALS:

Survival Needs

Present-Oriented

Daily Expenses, Work to Move Out of Poverty

Growth Needs

Future-Oriented

Asset Accumulation, Work to Do Better Than Parents

RESULTS:

Near Poverty

Asset Barriers: Broken Ladder to American Dream

Economic Well-Being

Building Upon Initial Asset Level: American Dream in Reach

Economic Mobility Accounts (EMAs): Part of Creating an Economic Mobility System for All

An Economic Mobility System Includes Income from Three Sources:

Youth EMAs: Money & Mindset for College

Young Adult EMAs: Encouraging Initial Savings, Asset Accumulation

Adult EMAs: Retirement Security, Wealth to Pass On

Learn more at www.assetsformobility.com

University of Kansas School of Social Welfare's Asset and Education Initiative