

Final Project: Privatization

In recent years, there has been much debate over the privatization of some of the social programs installed during the administrations of FDR, LBJ, and Nixon. For this project, you will need to select three social programs that could conceivably be privatized and evaluate whether or not they should be. Criteria and the rubric for this project are below:

Format:

You may convey the information through a presentation such as PowerPoint (15-20 slide minimum including title page and citations) or a research paper (5-8 pages, double space, Times 12 pt.; no title page; works consulted page included)

Your content should include:

- Explanation of the concept of privatization
 - **Privatization is the process of transferring ownership of a business, enterprise, agency, public service, or public property to the private sector from the public sector/government.**
- Explanation of three social programs that could be privatized
 - 1. Welfare 2. Education 3. Social Security**
 - Explain the original purpose of the program.
 - **Welfare:** The United States government provides financial assistance for low- and no-income individuals. The Supplemental Nutrition Assistance Program, formerly known as the Food Stamp program, is one part of the U.S. Welfare system, on which \$79.9 billion is expended annually. Housing Assistance is another Welfare program. The major welfare program is the Temporary Assistance for Needy Families program, which handed out income to 2.5 million recipients in 2017.
 - **Education:** Public school funding comes from many sources. While the federal government does not directly, officially fund, or govern education in any capacity, it does provide funding to the states and offers educational goals and standards for the nation. Meeting certain goals is often a prerequisite for funding, giving the federal government significant control over education. State governments gather funding from both the federal government and state sources such as taxes and lotteries to fund their public schools. Local governments also have a hand in funding and managing education. Billions of dollars are spent on the public education system in the United States.
 - **Social Security:** Created in the 1930s in the time of the Great Depression and great uncertainty, Social Security Disability Insurance is a federal insurance program that is paid into over an individual's lifetime that provides income supplements to those who become

restricted in their ability to be employed. Often, this is due to old age and so Social Security may serve as a retirement fund. It is a mandatory program all individuals are associated with from birth (save for some exceptions), and the cardboard Social Security Cards have come to be used as a de facto form of identification for Americans.

- How has the program changed over the years?
 - **Welfare:** There has been an expansion in certain welfare programs over the past years, as well as a reduction in others. Medicaid has been expanded by the Affordable Care Act in terms of coverage by 28%.
 - **Education:** The public education system has expanded along with our population. There are now a greater variety of schools, from public to private to questionable in-betweens such as Charter Schools. The U.S. Department of Education was established in the 1970s and has since indirectly managed public education. Recent years have seen a greater focus on STEM in public and private schools.
 - **Social Security:** Alterations have been introduced to this decades old program, including electronic payments, online statements, automatic cost-of-living adjustments, changes to retirement age, and more.
- Do many people today feel the program should be eliminated or privatized?
 - **Welfare:** 61% of Americans believe that the U.S. should provide jobs instead of welfare or handouts.
 - **Education:** Secretary of Education Betsy DeVos has called public schools “a dead end”. Many people have been arguing for increased privatization of education.
 - **Social Security:** Significant amounts of people contend that Social Security is either outdated or will soon become too difficult to manage as our population ages and there are less young people to support the old. Arguments for privatizing social security cite high and rising costs and ineffective implementation and usage.
- If you believe it should be privatized, how should this be done?
 - **Welfare:** Private programs subsidized in part by the government but primarily driven by job creation and expansion of innovative agricultural production.
 - **Education:** Increased specialization in schools to match increasing specialization in economy, gradual shifting of existing public schools to privately held, local/regional educational organizations.
 - **Social Security:** Choices to opt into or out of public Social Security, private retirement funds and retirement-oriented companies.
- Include visuals and graphics that explain the program and benefits of privatization.

Education:

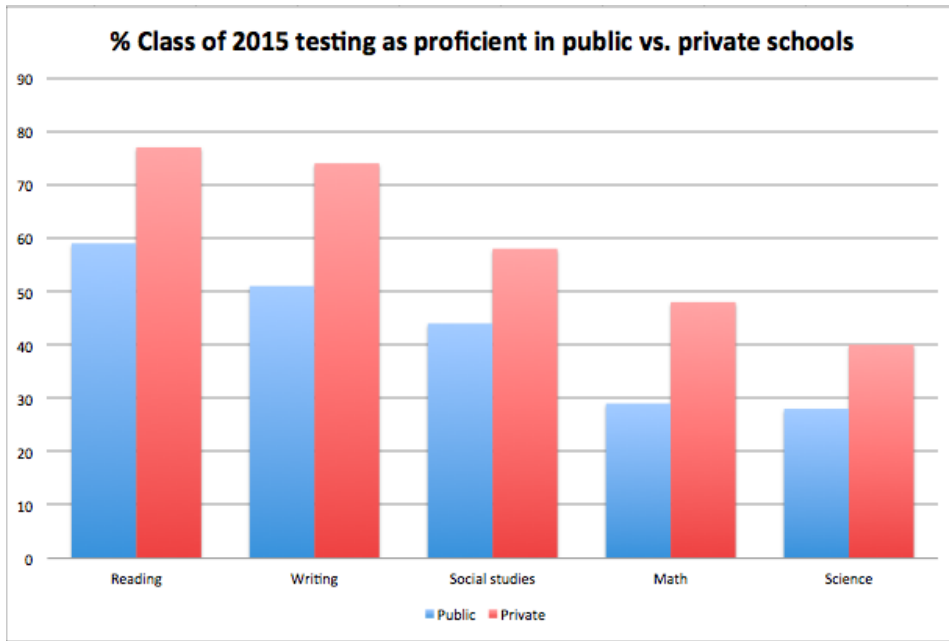
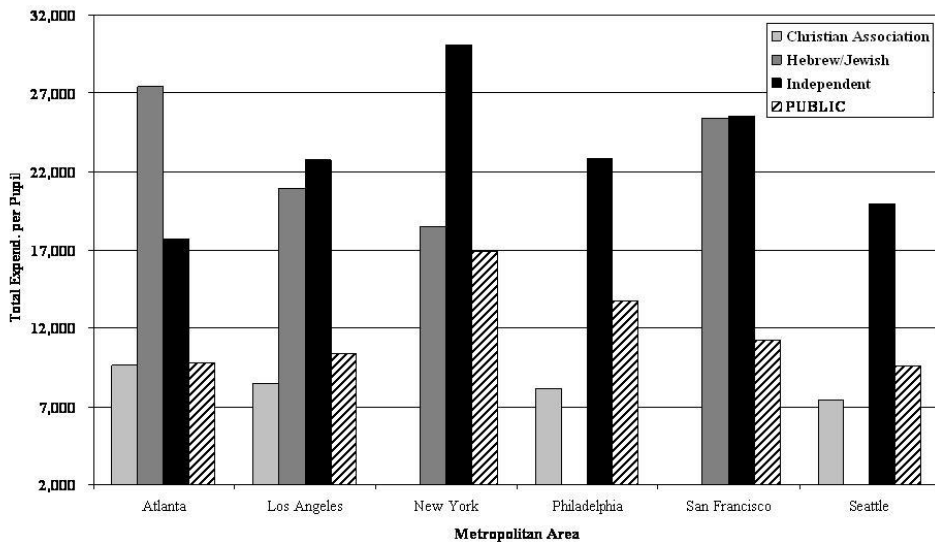


Figure 12
Mean (enrollment weighted) nominal total expenditures per pupil for major labor markets



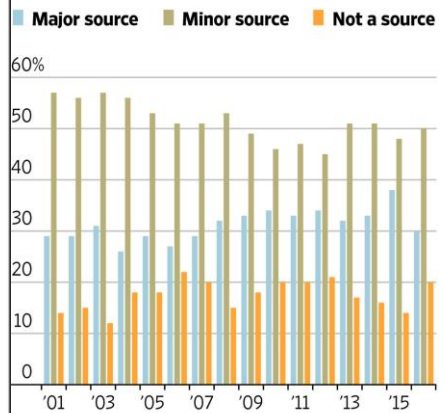
Data Source: Financial data on private schools from Guidestar (IRS 990). Enrollment data for private schools from NCES Private School Universe Survey and reconciled by other sources (school web sites, NAIS, www.privateschoolreview.com). Public school financial data from NCES/US Census Fiscal Survey 2005-06. NCES Comparable Wage Adjustment used for public and private school regional cost adjustment and merged to private school data by labor market of private school zip code.

Social Security:



Income Expectations

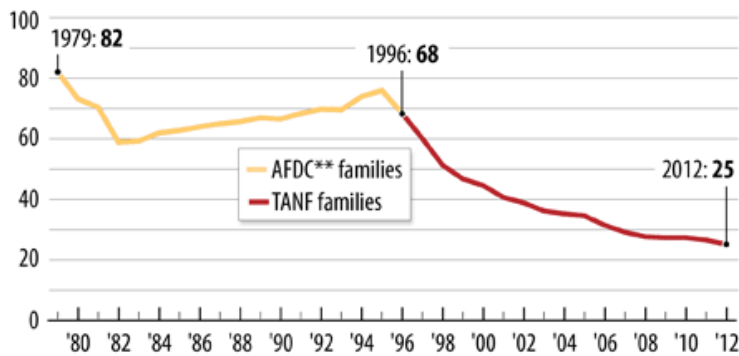
How will Social Security benefits factor in as a source of income in retirement?



Welfare:

TANF's* Role as a Safety Net Has Declined Sharply Over Time

Number of families receiving AFDC/TANF benefits for every 100 families with children in poverty



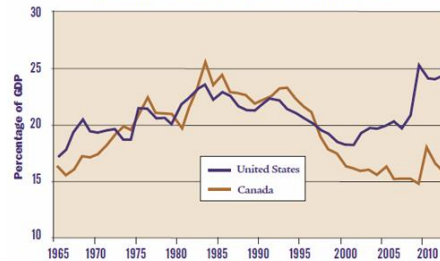
*Temporary Assistance for Needy Families

**Aid to Families with Dependent Children

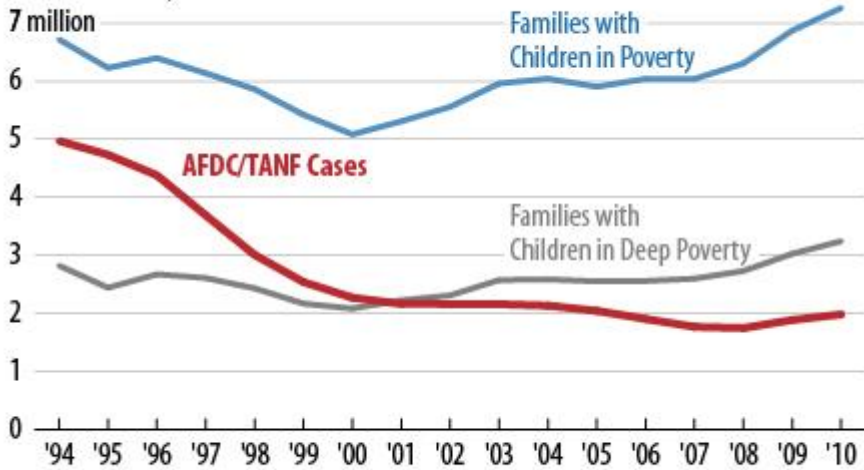
Source: CBPP analysis of poverty data from the Current Population Survey and AFDC/TANF caseload data from Health and Human Services and (since 2006) caseload data collected by CBPP from state agencies.

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FEDERAL SPENDING AS A SHARE OF GDP



TANF Cases Have Declined Dramatically, Including in Years When Poverty Has Increased



Source: CBPP analysis of poverty data from the Current Population Survey and AFDC/TANF caseload data from Health and Human Services and (since 2006) caseload data collected by CBPP from state agencies.

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- In the conclusion, briefly discuss any other programs you feel should be privatized. If you are opposed to privatization, explain why.

Sources:

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