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**United States: An Evolving Liberal Welfare State—
Deepening Workfare and Fragmentation**

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United States: An Evolving Liberal Welfare State – Deepening Workfare and Fragmentation

1. Welfare Contexts

1.1 The Context, History, and Features of Welfare in the United States

The United States (U.S.) represents the liberal welfare regime, which emphasizes market solutions and individual responsibility while limiting government intervention in social protection (Esping-Andersen, 1990). The philosophical foundations of U.S. welfare are rooted in liberal individualism and the Protestant work ethic, which emphasize personal responsibility and the moral duty of individuals to support themselves and their families. Social assistance was often seen as a last resort, provided only for those considered "deserving poor" (such as widows, orphans, and people with disabilities), while concerns about welfare dependence among the "undeserving poor" (able-bodied but unemployed) remained (Katz, 2013).

After the 1929 stock market crash and the Great Depression, mass unemployment overwhelmed local relief programs and catalyzed the New Deal (Karger & Stoesz, 2022). The 1935 Social Security Act created old-age insurance, unemployment insurance (UI), and aid for dependent children. However, it revealed a two-tiered system: social insurance benefits, based on work history and contribution, were more generous than means-tested social assistance, which offered limited benefits and stigma. Critics also say the Act's social insurance overlooked workers in domestic and agricultural jobs, mainly affecting women and people of color (Dubin, 2024; Lieberman, 1998; Rodems & Shaefer, 2016).

During the 1960s, the U.S. welfare state expanded significantly under the "Great Society," aiming to address poverty and inequality despite post-WWII economic growth (Karger & Stoesz, 2022). The Johnson administration launched programs like Medicare, Medicaid, food stamps (now the Supplemental Nutrition Assistance Program, SNAP), and the Economic Opportunity Act and Head Start. The "War on Poverty," started in 1964, focused on root causes of poverty rather than personal shortcomings. During this period, the federal government also formalized official poverty thresholds based on a minimal food budget (Haveman et al., 2015).

During the 1980s, the U.S. social welfare system faced retrenchment due to slow economic growth, conservative views on poverty, and racialized welfare stigma (Karger & Stoesz, 2022). These factors fueled poverty narratives like the "welfare queen" (Nadasen, 2007). Concurrently, "new federalism" prioritized decentralizing funds and authority from the federal government to states and localities (Conlan, 1998). These pressures culminated in the 1996 Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), which replaced Aid to Families with Dependent Children (AFDC) with Temporary Assistance for Needy Families (TANF), imposing strict work requirements, sanctions, time limits, and family caps. Decentralizing authority to states under TANF has led to a fragmented welfare system with varying generosity, eligibility rules, and administrative capacity across states. Meanwhile, federal support for low-income families grew through expanded Earned Income Tax Credits (EITC). Combining sanctions ("sticks") and tax credits ("carrots") reflects a dual approach to encourage employment while providing tax incentives for low-wage workers (Kalil et al., 2002; Karch, 2002). Overall, these changes mark a shift to a work-based safety net.

The contemporary U.S. welfare state has developed through contradictory cycles of expansion, retrenchment, and crisis response. In response to the Great Recession, the Obama administration temporarily expanded UI, SNAP, and other safety-net programs through the American Recovery and Reinvestment Act, although many provisions were later scaled back as the economy improved (Chang, 2015). The Affordable Care Act of 2010 represented a more durable expansion, reducing the uninsured rate from 16% to 9% during its first five years, though implementation remained uneven across states (Obama, 2016). During the Trump administration's first term (2017–2021), federal proposals sought to reduce welfare spending and tighten eligibility for programs such as SNAP and Medicaid, although many were not enacted by Congress (Congressional Budget Office, 2017). The COVID-19 pandemic then triggered major but temporary expansions through the Families First Coronavirus Response Act (FFCRA) and the Coronavirus Aid, Relief, and Economic Security (CARES) Act, passed in 2020, including paid leave, enhanced unemployment benefits, stimulus payments, increased Medicaid funding, expanded nutrition assistance, and housing and medical supports (U.S. Congress, 2020a, 2020b). Under the Biden administration (2021–2025), the Build Back Better framework proposed further investments in child care, preschool, paid leave, Medicare, and related supports, but many provisions were scaled back or failed to pass amid fiscal and political constraints (The White House, 2021; Congressional Budget Office, 2021). In 2023, roughly 12.6% of the U.S. population received support from SNAP, slightly higher than the official poverty rate of 11.1% (Table 1). However, more recent legislation, including the Fiscal Responsibility Act of 2023 and the One Big Beautiful Bill Act (OBBBA) of 2025, reflected renewed retrenchment through stricter work-related rules, Medicaid and SNAP cuts, and greater fiscal burdens on states (U.S. Congress, 2023, 2025).

Taken together, the U.S. welfare state has evolved from local charity to New Deal federal programs, expanded further under the Great Society, retrenched during the neoliberal turn in the late 20th century, and transformed again through mixed efforts at welfare expansion and fiscal restraint in the highly polarized politics of the early 21st century, leaving its future direction uncertain. By 2020, U.S. public social spending accounted for approximately 24% of GDP, surpassing earlier levels but remaining below that of countries in the Nordic Social-Democratic Regime (such as Sweden), Central European Conservative Regime (such as Germany), and East Asian Confucian Regime (such as Japan) (Fusaro & Chang, 2025). However, the share of GDP spent on public social spending fell back to 22.7% in 2022 (Table 1). Despite temporary welfare expansion during recent economic crises, the American welfare state remains relatively limited and fragmented by federalism, leading to significant variation in social provisions across states (Bruch et al., 2026). Below, we describe key social insurance, family policy, and social assistance programs in detail, presenting benefit estimates for model families living in Los Angeles (LA) County, California, where the state and county governments provide relatively more generous welfare benefits than in other states and localities. Additionally, California has a high cost of living, and its minimum hourly wage is more than double the U.S. minimum of \$7.25 (Table 1).

Table 1. Key Statistics and Policy Information in 2023.

Dimension	Indicator	Number
Economic	GDP per capita ^a	US\$82,506
	Unemployment rate ^b	3.6%
	US official poverty rate ^c	11.1%
	Supplemental poverty rate ^c	12.9%
	Federal hourly minimum wage ^d	\$7.25 (unadjusted since 2010)
	California's hourly minimum wage ^d	\$15.5 (gradually adjusted, \$8 in 2010)
Demograph	Population ^e	334,914,895
	% population aged 65 ^e	17.7%
	Life expectancy ^f	78.4 years
Coverage	% of population receiving social assistance (SNAP) ^g	12.6%
Social Spending	Public social spending as a proportion of GDP ^h	22.7%

Note. See definitions in the sources: a. [Federal Reserve Bank of St. Louise](#). b. [U.S. Bureau of Labor Statistics](#). c. [U.S. Census Bureau: Poverty](#). d. [U.S. Department of Labor](#). e. [U.S. Census Bureau: Quick Facts](#). f. [National Center for Health Statistics](#). g. [U.S. Department of Agriculture](#). h. [OECD Social Expenditure Dashboard, 2022 data](#).

1.2 Social Insurance

Old-Age, Survivors, and Disability Insurance (OASDI, “Social Security”) is financed by a dedicated payroll tax split evenly between employers and employees at 6.2% of covered wages, up to an annual taxable maximum (\$160,200 in 2023), with self-employed workers paying both shares (SSA, 2023a). This financing design tethers benefits to work history while ensuring broad, near-universal coverage of the formal labor force—illustrating the U.S. preference for earnings-related protection as the first line of defense against old-age and disability income risk. Approximately 93% of workers are covered by OASDI, and about 87% of adults aged 65 and older receive Social Security benefits (SSA, 2025).

Health insurance in old age and for certain disabled populations is provided nationally through Medicare, funded in part by a separate payroll contribution (standard 1.45% employee rate, with a matching employer share) (IRS, 2023a). While benefit configuration (e.g., coverage

of hospital, physician, and prescription drugs) varies by enrollment choice, Medicare functions systemically as the health counterpart to Social Security’s income protection.

UI is a federal–state social insurance program that provides temporary income support to eligible workers who lose their jobs. UI is financed through employer payroll contributions. Eligibility rests on base-period earnings and job separation through no fault of one’s own; beneficiaries must be actively seeking work. Benefit amounts and duration vary with prior wages and by state (U.S. Department of Labor, 2026). The UI reciprocity rate has dropped from about half of unemployed workers in the 1950s to 25% in 2025 (U.S. Department of Labor, 2025). States with UI modernization, like expanded eligibility and alternative base periods, saw higher benefit receipt and better economic security (Chang, 2020; Chang & Hodges, 2024).

Together, Social Security, Medicare, and UI constitute the work-based foundation of U.S. welfare. Yet, because social risks spill beyond contributory coverage, the system layers on a wide set of non-contributory, means-tested programs.

1.3 Family Policy

U.S. family policy is a composite of tax credits, in-kind programs, and services. On the tax side, the Child Tax Credit (CTC) provides up to \$2,000 per child (up to \$1,600 refundable as the Additional Child Tax Credit) and phases by income (full credit available up to \$200,000 single / \$400,000 married in 2023), while the EITC delivers large refundable credits to low- and moderate-income workers, with a top federal amount of \$7,430 for families with three or more children (IRS, 2023b). California supplements these with CalEITC and the Young Child Tax Credit (YCTC) (up to \$1,083 in 2023), further boosting after-tax income in the low-wage range (FTB, 2023a; FTB, 2023b). These tax-time benefits sit alongside early-life services such as Head Start/Early Head Start and state childcare subsidies that stabilize parental employment during and after cash assistance (see details in 2.2).

2. Social Safety Net

Building on the contributory pillars and family policies, the rest of the U.S. welfare state is a federal–state lattice that blends cash, near-cash, in-kind social safety net programs. Federal law and finance set broad floors, but states and localities determine eligibility details, benefit levels, and delivery systems, which means the real value of support varies markedly across places. Each component comes with its own eligibility tests, phase-ins and phase-outs, reporting requirements, and recertification schedules. Table 2 summarizes the major programs by their core eligibility and benefit structures.

Table 2. Summary of U.S. Social Safety Net Programs.

Domain	Program	Core Eligibility	Benefit Structure
Social Assistance	Temporary Assistance for Needy Families (TANF)	Means-tested cash assistance for families with children; adult time limits; work requirements set under federal guidelines and administered by states	Monthly cash benefit (modest, time-limited) paired with employment services; coordination with child care subsidies to support job search/retention
	Supplemental Security Income (SSI)	Federal, means-tested cash for adults 65+ or people who are blind/disabled with very low income and assets	Monthly cash floor; reduced by countable income; some states add a state supplement
	General Assistance / General Relief	Last-resort cash for childless adults with extremely low income, in states/counties that operate the program	Small, short-duration grants with strict means tests; often paired with case management or mandatory referrals
Child-Related	Head Start / Early Head Start	Children from families under federal poverty guidelines and certain categorical groups (e.g., foster, homeless)	Free early learning and comprehensive services (education, health, family supports)
	Child Care Subsidies (CCDF)	Income-tested; parents working, training, or in education; state-administered within federal rules	Subsidized market-rate child care with family co-pays; provider reimbursement caps; waiting lists common
	Earned Income Tax Credit (EITC) & Child Tax Credit (CTC)	EITC phases in with earnings for low-/moderate-income workers; CTC subject to income thresholds and other federal rules	Refundable/partly refundable tax credits paid primarily at tax time
Food & Nutrition	Supplemental Nutrition Assistance Program (SNAP)	Means-tested by household size/income; work rules vary by category	Monthly benefits usable at authorized retailers; amounts scale with household need (near-cash design)
	Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	Pregnant/postpartum people, infants, and children < age 5 with income below set thresholds; categorical rules apply	Tailored monthly food packages plus nutrition education and referrals
	School Meals (NSLP/SBP)	Free/reduced-price based on income; some districts/states	Breakfast and lunch at school to reduce food hardship and non-

		offer universal meals	tuition costs
Housing	Public Housing	Very-low-income renters; local preferences and occupancy standards apply	Income-based tenant rent (typically ~30% of adjusted income); units owned/managed by public housing authorities; waiting lists common
	Housing Choice Vouchers (Section 8)	Very-low-income renters; priority often to extremely low-income households	Tenant pays a share of adjusted income; voucher covers the gap up to a payment standard tied to local rents; utility allowances may apply; landlord participation varies
	Project-Based Rental Assistance (PBRA)	Very-low-income renters in PBRA properties	Property-based subsidy with income-based tenant rent; long waiting lists typical
Utilities & Connectivity	Low Income Home Energy Assistance Program (LIHEAP) and other utility assistance	Income-tested; program design varies by state/local provider	One-time payments or discounts to offset energy bills; weatherization/arrears aid in some jurisdictions
	Lifeline	Income-tested or participation in qualifying programs	Monthly discount on phone/broadband service to support access to work, school, and emergency services
Health	Medicaid	Means-tested coverage for children and adults, pregnant people, many seniors with limited means, and people with disabilities; state-administered under federal rules	Comprehensive medical coverage; coordinates with Medicare for some seniors/disabled to reduce out-of-pocket burdens
	Children's Health Insurance Program (CHIP)	Children in families with incomes too high for Medicaid but below state-set thresholds	Low- or no-premium coverage for children; benefits and cost-sharing vary by state within federal standards

2.1 Social Assistance

The cash floor for people with little or no recent attachment to the labor market is

provided primarily through Supplemental Security Income (SSI), a federal, means-tested benefit for older adults and for people who are blind or disabled with very limited income and assets (SSA, 2023b). Determined by age or disability instead of work history, SSI is the primary non-contributory income guarantee for those least able to work; many states also provide a small supplemental benefit. SSI serves nearly 7.5 million beneficiaries as of 2026 (Social Security Administration, 2026), but estimates show its take-up rate among eligible individuals 65+ is 60% to 72% due to strict administrative burdens (Hemmeter et al., 2021). For families with children, TANF provides time-limited cash assistance coupled with work requirements and work-support services, including subsidized childcare (DPSS, 2023a). TANF cash benefits are at or below 60 percent of the official poverty threshold in all states, and in most Southern states, they fall below 20 percent (Center on Budget and Policy Priorities, 2025b). For childless adults, some states and counties operate general assistance (GA) programs as last-resort cash aid; grants are typically small, durations are short, and means tests are strict (DPSS, 2023b). Both TANF and GA have continued to shrink over time as states exercised broad discretion to reduce or eliminate cash aid programs. In 2023, for every 100 families in poverty nationwide, just 21 families received TANF cash assistance—down from 68 families when TANF was first enacted in 1996 (Center on Budget and Policy Priorities, 2025a). Similarly, only 25 states offered any form of GA program in 2020, compared to all states in the 1960s (Chang, 2017; Schott, 2020), marking a steep erosion in cash assistance for adults without dependent children.

Nutrition and early-life programs stabilize consumption across the life course. The SNAP provides monthly electronic benefits that scale with household size and income and can be used to purchase food at authorized retailers (DPSS, 2023c). The Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) targets pregnant and postpartum people, infants, and young children with tailored food packages and nutrition education under categorical and income-based rules. Public education (serving children aged 5 to 18) is universal, and school meal programs reduce the non-tuition costs of schooling and help normalize participation regardless of household income (California WIC, 2023). These elements complement CTC and EITC tax supports. Because those tax credits arrive largely as annual lump sums, households may rely on SNAP, WIC, and childcare subsidies to fill liquidity gaps throughout the year. During the 2009–2019 decade, the changes in benefit coverage and adequacy of SNAP, EITC, and CTC have diverged. While SNAP reached more low-income families, with its caseload-to-poverty ratio rising by over 40 percent, average benefits declined by more than 20 percent in real terms. In contrast, EITC maintained modestly expanded coverage and benefits, and CTC showed an almost 50 percent increase in average benefits (Chang et al., 2021).

2.2 Child-related Benefits

Head Start and Early Head Start provide free early learning and comprehensive services to very low-income families for children through age 5, with categorical eligibility for children in foster care and families experiencing homelessness (ACF, 2023). Low-income children who turn 5 on or before September 1st transition out of early childhood programs and enter the public K-12 education system. Childcare subsidies financed through the federal Child Care and Development Fund are administered by states to help parents afford market-rate care while they

work, train, or attend school. Many states operate staged systems that extend eligibility during and after a spell of cash assistance. Despite a 12 percent rise in benefit generosity nationwide from 1998 to 2020, only 20% of children under age 13 living in poverty received childcare subsidies from TANF or CCDF (Bruch et al., 2026).

2.3 Rental Housing, Utility, and Connectivity Assistance

Housing assistance is highly rationed but pivotal, especially in high-cost rental markets. The two main pillars are public housing and the Housing Choice Voucher program (Section 8) (DA, 2023). Both target very-low-income renters, with priority often given to extremely low-income households; families generally contribute a share of adjusted income toward rent while the subsidy bridges the gap to reasonable local rent levels. Because payment standards and utility allowances are linked to local rent indices, the real purchasing power of housing aid is profoundly place-sensitive; the same statutory benefit can underwrite very different housing opportunities depending on neighborhood markets, landlord participation, and waiting list dynamics. Families often face wait times exceeding 2.5 years as more than half of voucher waiting lists stay closed due to insufficient funding (Acosta & Gartland, 2021).

Although rarely labeled "welfare" in public debate, utility and connectivity supports operate as essential affordability stabilizers. LIHEAP, federally funded and state-administered, provides one-time crisis payments and seasonal assistance, though benefit levels fluctuate with annual federal appropriations and cover only a fraction of actual energy costs. The California Alternate Rates for Energy (CARE) program offers a monthly discount of 20–35% on utility bills for households at or below 200% FPL. On connectivity, the federal Lifeline program and California's more expansive state supplement provide monthly discounts on phone or broadband service. These benefits are modest in dollar terms but consequential at the margin, particularly for households managing utility arrears or dependent on internet access for employment.

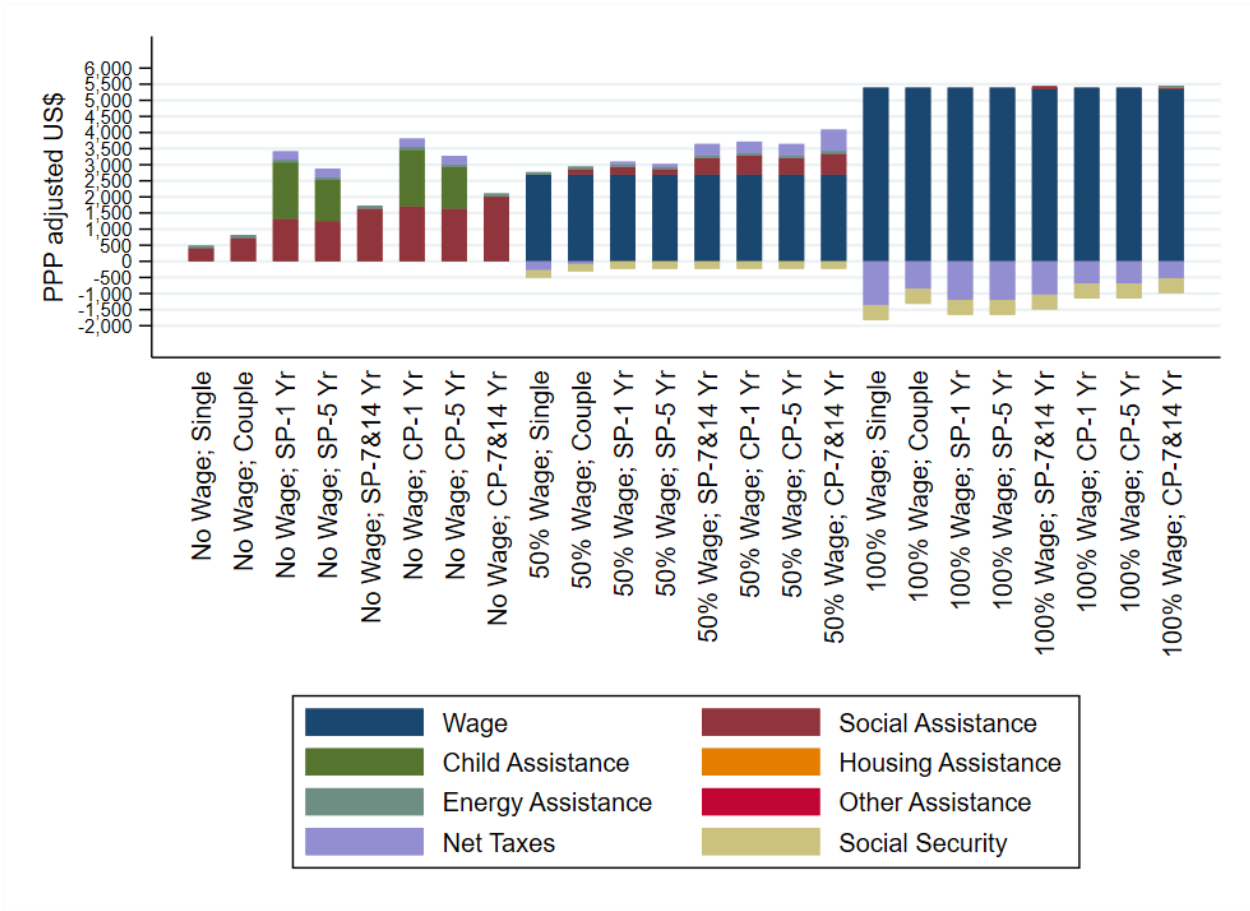
2.4 Medical Assistance

Non-contributory health coverage primarily flows through Medicaid, the joint federal–state program that covers low-income children and adults, pregnant people, many seniors with limited means, and people with disabilities. The Children's Health Insurance Program (CHIP) provides low-cost health coverage for children in families with incomes too high for Medicaid but too low to afford private insurance. It is managed jointly with Medicaid and often integrated. Medical benefits are too complex to estimate reliably at the family level and are therefore excluded from our model family analysis.

3. Comparisons: Comparisons across income cases and family types

Figure 1 illustrates how the combination of wages, social assistance (SA), child-related benefits, taxes, social security contributions, and other assistance shapes income resources for U.S. households across different family and earnings profiles.

Figure 1.



SA, including GA and SNAP benefits, serves as the primary source of income for individuals with no earnings and no children. However, only about half of the states (including California) offer GA to those ineligible for other federally funded programs; some states even exclude the able-bodied adults without dependents (ABAWDs) population (Chang, 2015). ABAWDs can receive SNAP for only 3 months within a 36-month period unless they meet work requirements (at least 80 hours per month) or qualify for an exemption. In contrast, support for families with young children (aged 1 or 5 years) primarily comes from SA, including TANF, SNAP, and child-related benefits. Additionally, low-income pregnant and postpartum women, infants, and children under five receive food and near-cash benefits for produce through WIC. The Head Start program offers free childcare to low-income children from birth to age five. In California, four-year-old children are eligible to attend public Transitional Kindergarten (TK), which serves roughly 60% of eligible children, with enrollment disproportionately concentrated among low-income children (California Budget and Policy Center, 2024). For families with younger children, if Head Start slots are unavailable, they can rely on TANF child care subsidies while parents participate in welfare-to-work activities. A TANF participant in LA County is entitled to child care subsidies and exempt from the family fee (Los Angeles County Department

of Public Social Services, n.d.).

Families with 50 percent average earnings receive limited SA support. If the family has fewer than three members, they qualify only for certain utility subsidies. As the family size increases, SNAP benefits are triggered. Working families earning 50% benefit from tax credits like EITC or CTC but still pay Social Security and Medicare taxes. As earnings rise, so do these taxes. For single-parent families with a one-year-old, total income seems lower with earnings than without, indicating high child care costs may discourage work among families with infants.

Families with 100 percent average earnings received few benefits. Social benefits mainly target families with school-aged children via California's universal school meals. Full-wage families also pay income tax, reducing their disposable income. This shows the tax system favors lower-earning families but burdens average-earning ones.

A limitation of Figure 1 is that the benefit estimates do not include housing assistance. This is due to low-income families generally experiencing lengthy waits when applying for public housing or Section 8 support (Acosta & Gartland, 2021).

4. International Comparisons

Figure 2.

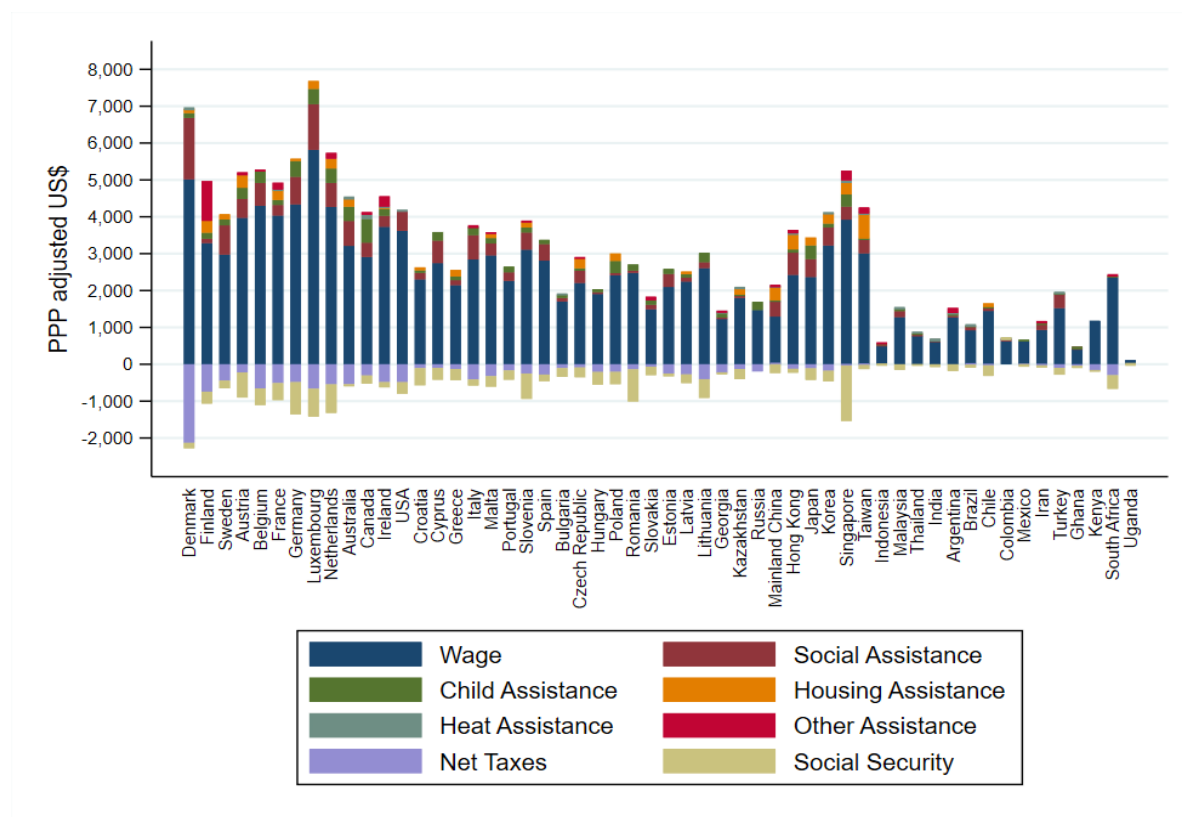


Figure 3.

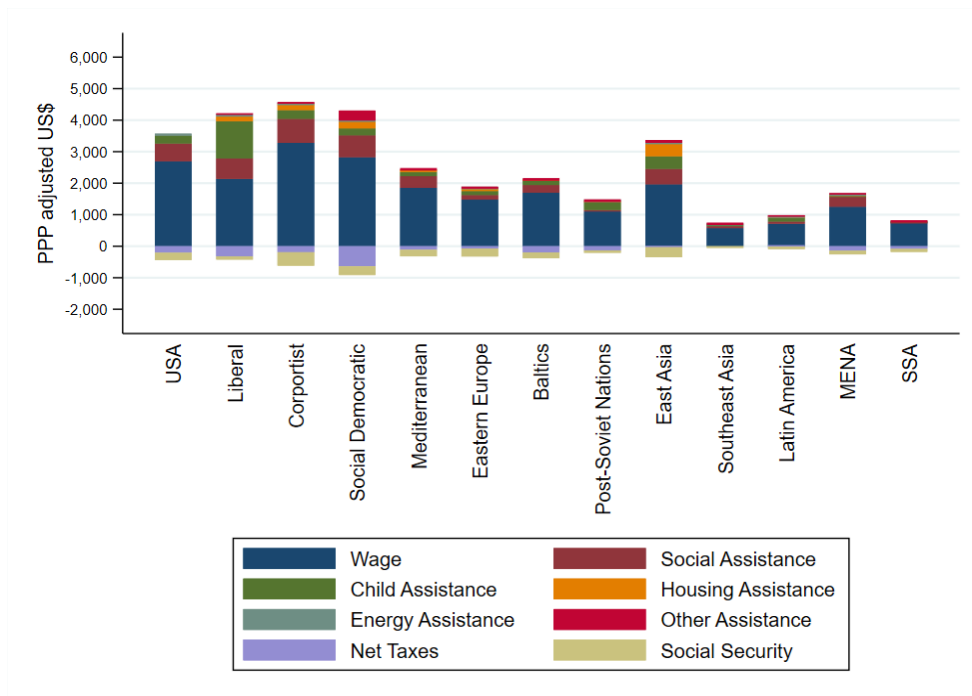


Figure 2 and Figure 3 show that, while U.S. households have relatively high wages and disposable incomes, the generosity of public transfers and categorical benefits is limited compared to those of many European and East Asian welfare states. This reflects the U.S. system's reliance on the labor market and tax-based credits rather than (universal) social transfers.

The U.S. ranks among the top 20 in equivalized net monthly disposable income and among the top 10 in wages out of 54 countries. High wages mean families often start with high market-based incomes. In contrast, countries like France, with similar wages, or Taiwan, with lower wages than the U.S., achieve higher disposable incomes through redistribution. Therefore, the U.S. model emphasizes earnings over public benefits as the basis of household well-being.

U.S. households face moderate net taxes and social contributions. Net taxes are lower than in Social Democratic countries (such as Belgium, Finland, and the Netherlands), where high taxes finance expansive benefits. Social contributions are lower than in Corporatist countries (such as Germany, France, Belgium, and Austria) (Figures 2 & 3). While low taxes in the U.S. leave households with more immediate income, they also limit funding for public programs, thereby narrowing the safety net.

U.S. social assistance is similar to that of other liberal countries, lower than that of Social Democratic and Corporatist countries, but higher than that of other regions. Notably, the U.S. provides little or no support for housing benefits or child allowances. The absence of universal

child allowance or accessible housing benefits highlights its reliance on conditional supports, such as the EITC or CTC, which are tied to employment.

Overall, the U.S. ranks among the bottom 10 for total benefits after taxes and social contributions. Its family benefit package is shaped by a high-wage, modest tax model with limited, selective social transfers. This leaves American families more exposed to market risks than families in countries with stronger social safety nets.

5. Major Challenges and Directions

Recent U.S. social safety net reforms shift toward a more work-focused, restrictive, fragmented, and fiscally austere welfare state. Across TANF, tax credits, SNAP, and Medicaid, current policy directions emphasize expanded work requirements, immigrant exclusion, and reduced federal support.

Under the 2023 Fiscal Responsibility Act, TANF reforms tightened federal work rules and state accountability. TANF requires states to meet Work Participation Rate (WPR) targets, although states can reduce their required target when caseloads fall compared with a base year—a mechanism known as the caseload reduction credit. By updating the base year to FY 2015, the law made it harder for states to use earlier caseload declines to avoid penalties. It also barred states from counting SNAP benefits below \$35 per month toward WPR and authorized up to five states to test alternative outcome metrics (U.S. Congress, 2023). This pilot initially allowed states to explore broader welfare-to-work models, such as California’s reforms, which emphasize family-centered goals, barrier removal, and family well-being (Chang et al., 2025). However, the subsequent Trump administration redirected the pilot toward a more work-focused approach, emphasizing employment rates, post-exit earnings, and reduced SNAP dependency (U.S. Department of Health and Human Services, Administration for Children and Families, 2025).

The OBBBA, enacted in July 2025 under the Trump administration, increased the maximum Child Tax Credit from \$2,000 to \$2,500 per child through 2028 but restricted eligibility to families in which both children and claimants have valid Social Security numbers. This excludes many mixed-status and immigrant households. For the EITC, the law introduced a new federal pre-certification process for dependents, likely increasing administrative burden for low-income families (U.S. Congress, 2025).

The OBBBA also reshaped SNAP by shifting more costs to states and narrowing eligibility. Historically, SNAP benefits were 100% federally funded, while administrative costs were shared between federal and state governments. Beginning in FY 2026, states will assume 75% of SNAP administrative costs, up from 50%. States with payment error rates above 10% may also be required to cover up to 15% of benefit costs. These rates are determined through SNAP’s Quality Control system, in which states review samples of household cases and the federal agency conducts a second review of about half of those cases. The law also expands work requirements for adults without dependents and modifies utility allowance calculations (U.S.

Congress, 2025). Analysts estimate that these changes could lead to approximately 3 million young adults losing benefits and increase state administrative burdens (Coffey et al., 2025).

The OBBBA also makes significant Medicaid changes, ending enhanced federal matching for new expansions in 2026, lowering match rates for emergency services to undocumented immigrants, requiring biannual eligibility reviews starting in 2027, and adding work requirements for able-bodied adults. It also restricts eligibility for some legal immigrants and allows states to implement new cost-sharing on enrollees above 100% of the federal poverty line (Hinton et al., 2025; Murphy & Keyser, 2025). These reforms are expected to increase administrative burdens, reduce enrollment, and limit access for low-income and immigrant groups.

These policy shifts are shaped by broader sociocultural, economic, and political contexts. Socioculturally, welfare reform continues to reflect debates over deservingness, work, dependency, immigration, and personal responsibility. These narratives can hinder reform by reinforcing stigma and exclusion. Economically, recent reforms reflect pressure for fiscal restraint, tax cuts, and reduced federal spending, even as slow wage growth, rising costs, and income inequality leave many families with limited protection. Politically, intense partisanship and competing views of federal responsibility have deepened US welfare state fragmentation, with conservative agendas emphasizing work enforcement, state flexibility, and reduced spending, while state and local progressive actors pursue broader access and new income-support models.

At the local and state levels, the COVID-19 pandemic and the AI-driven industrial revolution have increased interest in innovative social support programs like Basic Income (BI) or Guaranteed Income (GI). These initiatives are being tested across various states and cities to fill gaps left by weakened federal safety nets (Rodriguez et al., 2025). Most pilots use a means-tested, targeted approach, reflecting political pragmatism and fiscal constraints. For instance, California's state-funded GI pilots prioritize marginalized low-income groups, including foster youth, pregnant individuals, adults 60+, and residents at risk of housing instability (California Department of Social Services, 2025). While evidence shows these local pilots reliably improve participants' multidimensional well-being, how to scale them to permanent statewide or national policies remains structurally and financially unclear (Landry, 2024).

In conclusion, recent U.S. social welfare reforms reflect a shift towards stricter eligibility rules, higher work requirements, and reduced federal support, driven by sociocultural and political-economic factors. These reforms pose significant hurdles for vulnerable groups, especially as social risks are introduced by technological innovations such as artificial intelligence. As federal protections weaken, innovative city and state-led initiatives such as BI/GI pilot programs emerge as important efforts to address economic insecurity and respond to rapid societal changes. Overall, these trends highlight an increasing fragmentation of the U.S. welfare state, a pattern rooted in neoliberal retrenchment since the 1980s.

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