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Need-Tested Benefits: Who Receives Assistance?

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SUMMARY

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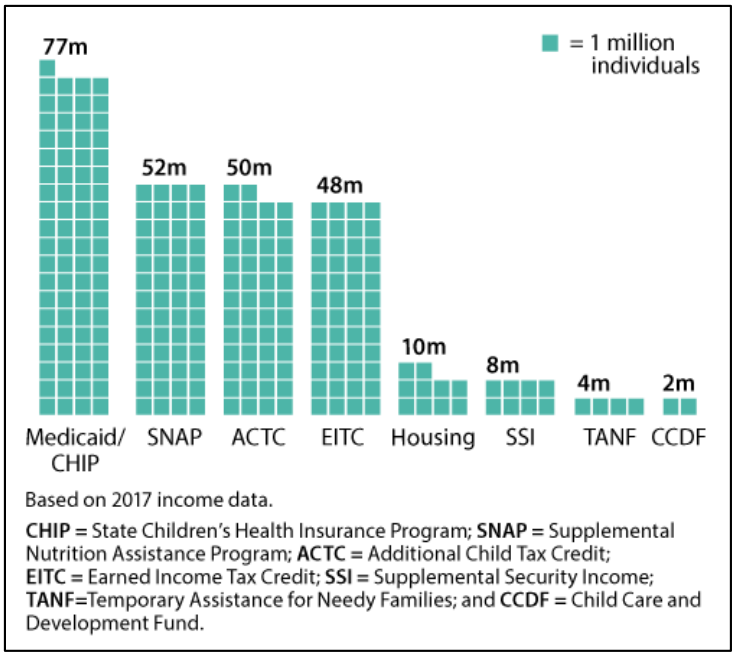
Need-Tested Benefits: Who Receives Assistance?

The COVID-19 pandemic has highlighted the financial insecurity faced by some families. For some, these insecurities are related to the economic impact of the pandemic; for others, financial insecurity preceded the pandemic. Congress responded to the economic fall-out from the pandemic through providing ad-hoc assistance to families, and making (mostly) temporary changes to existing assistance programs.

Before the pandemic, benefits from selected need-tested programs were received by one-third of the population, or approximately 111 million people. However, individuals were more likely to receive some forms of benefits versus others. **Figure S1** shows that a comparatively large number of people received medical assistance (Medicaid/CHIP), nutrition assistance (SNAP), or refundable tax credits (EITC or ACTC). In contrast, fewer people received housing assistance, monthly cash benefits from SSI, monthly cash benefits from the TANF block grant, and child care subsidies.

Figure S1. Receipt of Selected Need-Tested Benefits (Pre-pandemic)



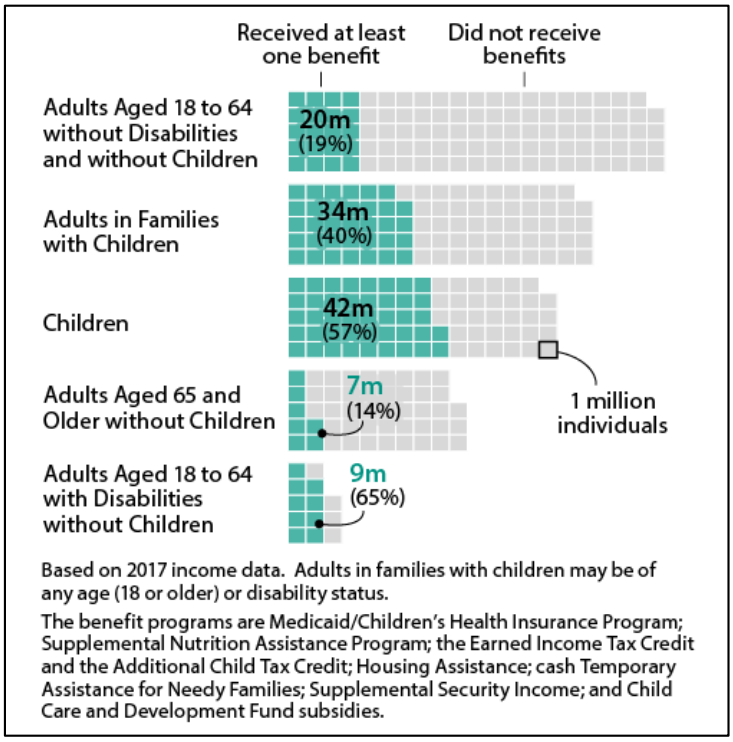
Source: Congressional Research Service (CRS) analysis of data from the U.S. Census Bureau Annual Social and Economic Supplement (ASEC) and the U.S. Department of Health and Human Services (HHS)-funded TRIM3 data maintained at the Urban Institute. Medicaid enrollment estimates were developed by CRS and represent noninstitutionalized enrollees.

While the need-tested programs are targeted to low-income families and individuals—and these groups had the highest rate of benefit receipt—the majority of individuals who were recipients of need-tested aid had pre-assistance incomes above the poverty level. Medical assistance and the refundable tax credits were the least targeted to lower-income families and individuals, while food assistance, housing assistance, monthly cash benefits, and child care were more targeted to these recipients.

Many of the need-tested programs also target their benefits to families with children, those aged 65 and older, or individuals with work-limiting disabilities. Children and adults (age 18 or older and of any disability status) in families with children accounted for 76 million of the 111 million people who received need-tested benefits prior to the pandemic. Most families with children had at least one adult who had some work during a year. For adults without children, those aged 18 to 64, with

work-limiting disabilities (and often not working) had the highest incidence of need-tested benefit receipt. However, this was a relatively small group. Adults without children aged 65 and older and those adults aged 18 to 64 without disabilities or children were the least likely to receive benefits.

Figure S2. Receipt of Need-Tested Benefits, Individuals by Family Category, Age, and Disability Status (Pre-pandemic)



Source: CRS analysis of data from the U.S. Census Bureau's ASEC and the HHS-funded TRIM3 data maintained at the Urban Institute. Medicaid enrollment estimates were developed by CRS and represent noninstitutionalized enrollees.

The emphasis of need-tested benefits on aiding families with children and workers is the cumulative effect of policy changes and the pre-pandemic high work rate of at least one adult in families with children. Most of the pre-pandemic program expansions since the mid-1980s supplement a parent's earnings and benefits from employment, and some were explicitly designed to encourage parents to work. Monthly cash aid for families with children but without earnings was scaled back. Thus, most low-income families' benefits comprised noncash (or in-kind) medical and food assistance, or refundable tax credits paid once a year, not monthly cash.

For 2020 and 2021, years when work was limited by the pandemic, Congress enacted policies to expand food, housing, and child care assistance as well as to inject cash into households. For 2021, the child tax credit was made available to non-earners and a portion of the expected credit amount is to be periodically advanced during the last six months of the year. President Biden's "American Families Plan" would continue some of the policies enacted during the pandemic, such as allowing the child credit to be advanced and paid periodically and expanding other programs further such as child care assistance.

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Introduction

Need-tested benefits programs provide financial or other forms of assistance to or on behalf of families and individuals based on their economic need. Before the COVID-19 pandemic and its economic fallout, an estimated one-third of all persons in the United States, about 111 million individuals, benefitted from at least one of the selected, major need-tested programs discussed in this report.

The pandemic has highlighted the financial insecurity faced by some individuals and families. For some, the insecurity is related to the economic impact of the pandemic; for others, financial insecurity preceded the pandemic. The economic impact of the pandemic prompted a number of temporary changes to augment certain government programs that provide economic assistance to households, including unemployment insurance and some need-tested programs. Under current law, most of these policy changes will expire.

This report examines need-tested programs as they operated prior to the pandemic. This provides a picture of how need-tested programs would operate once the temporary measures expire and should the economy continue to recover. It is based on income and employment from 2017[1], the eighth full year of an economic expansion, with an unemployment rate that averaged 4.4%. In contrast, the unemployment rate for 2020 averaged 8.1% and the Congressional Budget Office (CBO) forecasts that the unemployment rate for 2021 will be 5.7%.[2]

Estimates Based on 2017, With Caveat for Tax Benefits

The estimates in this report are based on income reported for 2017. For most of the programs examined in the report, the estimates of program receipt are also for 2017. However, the estimated total number of recipients across all programs is technically not the estimated number of recipients that received benefits in 2017. This is because this report uses a simulation of federal income tax policy under the Tax Cuts and Jobs Act of 2017 (TCJA, P.L. 115-97), which was not effective for tax year 2017 but was effective in 2018. The report estimates receipt of the refundable tax credits as if TCJA were in effect in 2017. This is to provide a better sense of how policies would affect incomes once the temporary measures adopted to respond to the COVID-19 pandemic expire.

Programs Examined in This Report

The major need-tested programs examined in this report are government programs that condition their benefits on financial need, and two refundable tax credits in the federal income tax code that are targeted to low-income taxpayers. The report distinguishes these programs from social insurance programs, such as Social Security, Medicare, and Unemployment Compensation. Those social insurance programs primarily base eligibility for their benefits on past work and an event (e.g., old age, unemployment) that interrupts or ends working careers rather than low income or assets. Need-tested programs generally take into account income from cash-based social insurance programs, and social insurance benefits often raise incomes so that their beneficiaries are financially ineligible for need-tested benefits.

[1] This report uses the year 2017 because as of June 2021 it was the latest year for which data were available to the Congressional Research Service (CRS) that corrected for the under-reporting of benefit receipt in selected need-tested benefit programs using the TRIM3 microsimulation model. See discussion in the "Data Used in This Analysis" section.

[2] The unemployment rate forecast for 2021 is based on the Congressional Budget Office's economic projections made in February 2021; see https://www.cbo.gov/about/products/budget-economic-data#4.

The selected, major need-tested programs (or groups of programs) discussed in this report represent a subset of all need-tested programs.[3] They were selected for inclusion largely on the basis of available data. The programs are the following:

- **Medicaid and the State Children's Health Insurance Programs (CHIP)** provide grants to states to help them finance the delivery of medical services as well as long-term care services and supports. Medicaid provides health coverage to a diverse low-income population, including children, pregnant women, adults, individuals with disabilities, and people aged 65 and older. Historically, Medicaid eligibility generally has been limited to low-income children, pregnant women, parents of dependent children, individuals aged 65 and older, and individuals with disabilities. However, since 2014 states have had the option to cover nonelderly adults with income up to 133% of the federal poverty level (FPL) under the Affordable Care Act (ACA) Medicaid expansion. In FY2017, Medicaid enrollment for children, non-expansion adults, and expansion adults comprised 77% of Medicaid enrollment, but 46% of total benefits. Individuals with disabilities and those aged 65 and older represented 23% of Medicaid enrollment, but 54% of Medicaid spending. State CHIP allows states to provide health care coverage to low-income children and pregnant women without other health insurance who have incomes above Medicaid's eligibility thresholds.
- **The Supplemental Nutrition Assistance Program (SNAP, formerly known as food stamps)** provides low-income families with an in-kind income supplement to enable them to purchase a minimal cost, nutritious diet. SNAP is available to all low-income households regardless of their demographic composition, though benefits for able-bodied adults without dependents and who are not working are time-limited. SNAP benefits are uniform nationwide for families of a given size except in Alaska, Hawaii, and the participating territories.[4]
- **Housing assistance** programs support below-market rent for low-income households through subsidized apartments (public housing, project-based Section 8 rental assistance) and rental vouchers (Section 8 Housing Choice voucher program). These programs are funded annually through discretionary appropriations, are 100% federally funded, and are administered by local public housing authorities and private property owners under contract with the federal government.
- **The Earned Income Tax Credit (EITC)** provides an earnings supplement for low-wage earners, with the size of the credit dependent on family type and earnings. The bulk of EITC dollars have historically been delivered through tax refund payments and go to families with children.
- **The Additional Child Tax Credit (ACTC)** represents the refundable portion of this tax credit. It assists eligible parents of children who have earned income above a certain threshold but whose tax liability is too small to fully benefit from the regular nonrefundable child tax credit. It is delivered to families through refund payments when they file their taxes.

[3] For a more comprehensive discussion of assistance for low-income individuals and families, see CRS Report R46214, *Federal Spending on Benefits and Services for People with Low Income: FY2008-FY2018 Update*.

[4] The participating territories are the U.S. Virgin Islands and Guam. Note that the estimates in this report are limited to the 50 states and the District of Columbia and do not include the program participation population in the territories.

- **Supplemental Security Income (SSI)** provides a federally funded cash income floor for low-income persons or couples who are aged 65 and older, blind, or disabled. Federal SSI benefits are based on uniform nationwide eligibility and benefit rules, and they are paid with federal funds. States may supplement SSI with their own funds.
- **Temporary Assistance for Needy Families (TANF)** provides monthly cash assistance to low-income families with children whose incomes are below state-determined eligibility thresholds. Benefits are financed from the TANF block grant to the states and associated state funds. States also determine benefit amounts. (TANF may also be used to provide other types of services, such as child care or training services, but for the purposes of this report, TANF receipt and benefit amounts are limited to the monthly cash assistance caseload.)
- **Child Care and Development Fund (CCDF)** provides grants to states to help subsidize child care for low-income parents and caretakers of children who are either working or in training. The subsidies are generally provided in the form of vouchers so that parents have a choice of child care providers and settings.

Table 1 summarizes selected characteristics across each program. As the table shows, these programs provide varied benefits, ranging from monthly or annual lump sum cash benefits to non-cash benefits that fully finance or partially subsidize costs of specific goods or services (e.g., medical care, food, housing, child care). Each program limits eligibility to those meeting a need test based on income or other resources (e.g., assets), but actual income limits vary widely across programs. The programs tend to set income limits using different metrics (e.g., relationship of income to the federal poverty level or to a state's or local area's median income) and complex program rules (e.g., income limits for tax benefits may vary by filing status). In some cases, income limits may vary by state or locality (e.g., for Medicaid/CHIP, TANF). Funding can play a significant role in how widely program benefits are received. Programs with open-ended mandatory spending (e.g., SNAP, tax credits) are typically able to serve all who are eligible and want to participate, whereas programs with discretionary or capped mandatory spending (e.g., housing, CCDF) may or may not have sufficient funding to serve all who are eligible and want to participate.

Need-tested benefits are often limited to families with children, persons aged 65 or older, or individuals with a disability. Many of the programs that target benefits to families with children also require that the families have workers. The refundable tax credits, the EITC and the ACTC (before the ACTC's temporary expansion to nonearners for 2021), require earnings and hence work to qualify for benefits. CCDF child care subsidies are generally limited to children who are in families where a parent or other legal guardian is either working or in training.

In addition, program rules or other laws often restrict eligibility for need-tested benefits in other ways. For instance, noncitizen eligibility for need-tested benefits is often restricted.[5] Some programs also restrict benefits for those with past criminal convictions.

The data in this report provide a national picture of need-tested benefits receipt. However, these programs—except the federal income tax benefits—are at least partially administered and often

[5] See CRS Report RL33809, *Noncitizen Eligibility for Federal Public Assistance: Policy Overview*; CRS Report R46697, *Noncitizen Eligibility for Supplemental Security Income (SSI)*; CRS Report R46462, *Noncitizen Eligibility for Federal Housing Programs*; and CRS Report RL34500, *Unauthorized Aliens' Access to Federal Benefits: Policy and Issues*.

have their eligibility and benefits determined by states or localities. Therefore, the picture in any given state might differ from the national picture.

Table 1. Key Characteristics of Selected Need-Tested Programs

Program	Benefit Type	Income Limit	Populations	Funding Category
Medicaid/ CHIP	Medicaid: Pays for primary and acute medical services, as well as long-term services and supports.	Medicaid: Thresholds vary by population, and by state.	Medicaid: Covers a diverse low-income population, including children, pregnant women, caretaker adults, persons aged 65 and older, individuals with disabilities, and, at state option, nonelderly adults.	Medicaid: Mandatory (open-ended for states)
	CHIP: Pays for primary and acute medical services.	CHIP: Eligibility begins for those with incomes above regular Medicaid levels up to a percentage of the federal poverty level (FPL). That percentage varies by state.	CHIP: Covers low-income uninsured children and pregnant women.	CHIP: Capped entitlement to states
SNAP	Electronic benefits provided on a debit-like card that may be redeemed for food at retailers authorized to accept SNAP.	100% of the FPL (net income) or 130% of the FPL (gross income); may vary by state (but may not exceed 200% of the FPL for gross income) under broad-based categorical eligibility rules.	Generally available to all household types, but adults aged 18 to 49 without disabilities or dependent children may participate only for 3 months in a 36-month period if not working or participating in an employment program for 20 hours per week.	Mandatory (open-ended)
Housing	Subsidized apartments (public housing, project-based Section 8 rental assistance) and rental vouchers (Section 8 Housing Choice Voucher program)	50% to 80% of local area median income in general, with assistance targeted to those with income at or below 30% of local area median income.	Generally available to all household types, although some units or subsidies are earmarked for special populations, including persons who are aged 65 and older or have disabilities.	Discretionary
EITC	Refundable tax credit (annual lump sum)	Varies annually by number of children and tax filing status (in 2020, the eligibility threshold ranged from $15,820 for an unmarried taxpayer with no qualifying children to $56,844 for a married taxpayer filing jointly with three or more qualified children).	Taxpayers must have earned income. Those without dependent children must be between the ages of 25 and 64. (This is modified for 2021.)	Mandatory (open-ended)
ACTC	Refundable tax credit (annual lump sum)	Depends on overall tax liability and receipt of other tax credits.	Limited to taxpayers with dependent children. Taxpayers must have earned income (except in 2021).	Mandatory (open-ended)

Program	Benefit Type	Income Limit	Populations	Funding Category
SSI	Monthly cash benefit	Equal to the maximum monthly payment, adjusted annually for inflation (in 2021, the income limit is generally $794 a month for an individual and $1,191 a month for a couple, but limits may be higher in states that provide supplementary payments).	Limited to persons aged 65 and older, blind or disabled adults, and blind or disabled children.	Mandatory (open-ended)
TANF	Monthly cash benefit	Varies by state.	Limited to families with children.	Mandatory (capped)
CCDF	Subsidized child care, most often provided by certificates (vouchers)	85% of state median income under federal law, but most states set the income limit lower.	Limited to families with children. Parents generally must be working or in training.	Discretionary and mandatory (capped)

Source: CRS analysis of program rules and financing. Income limits are summarized broadly. Countable income and applicable asset/resource tests may vary by program. Programs may have other restrictions or eligibility rules not addressed here.

Notes: CHIP = State Children's Health Insurance Program. SNAP = Supplemental Nutrition Assistance Program. EITC = Earned Income Tax Credit. ACTC = Additional Child Tax Credit. SSI = Supplemental Security Income. TANF = Temporary Assistance for Needy Families. CCDF = Child Care and Development Fund.

Data Used in This Analysis

The information in this report is based on income as reported by the U.S. Census Bureau for 2017. It was the eighth full year of economic growth following the 2007 to 2009 recession, with a relatively low unemployment rate averaging 4.4% per month.

The estimates in this report are based on the 2018 U.S. Census Bureau's Annual Social and Economic Supplement (ASEC) to the Current Population Survey (CPS), augmented by computer simulations from the Transfer Income Model 3 (TRIM3) microsimulation model. The ASEC is a survey of households in the 50 states and the District of Columbia; it excludes persons in the territories as well as those who are institutionalized. The TRIM3 microsimulation model is funded primarily by the Department of Health and Human Services (HHS) and maintained at the Urban Institute.

TRIM3 is used to address the under-reporting of benefits receipt by respondents to the ASEC. It also provides estimates of tax liabilities. However, readers should note that models like TRIM3 may not perfectly correct for the inaccurate information sometimes reported in survey data. For example, receipt of refundable tax credits is underestimated even when using the TRIM3 model. Thus, this report's estimates of how many individuals receive these tax credits– and hence receive at least one benefit—are underestimated.

For further information on the data and methods used in this report, see CRS Report R46824, *Need-Tested Benefits: Technical Companion to Selected CRS Reports on Need-Tested Benefits Receipt by Families and Individuals*.

Need-Tested Benefits Receipt

Before the economic impact of the COVID-19 pandemic, an estimated one in three persons received benefits from at least one of the major need-tested programs examined in this report. This totals to an estimated 111 million individuals. This share of the population, and number of people, is based on income data for 2017.

Figure 1 shows the estimated number of persons benefitting from each of the need-tested benefits examined in this report. It reveals that some benefits are comparatively widely received, while others aid smaller populations. Medicaid/CHIP assistance reached the largest number of people (77 million). This number *excludes* Medicaid recipients who have their long-term care services and supports financed in an institutional setting. In addition to Medicaid/CHIP, the programs that benefit a comparatively large number of individuals are SNAP and the two refundable tax credits (the ACTC and the EITC).

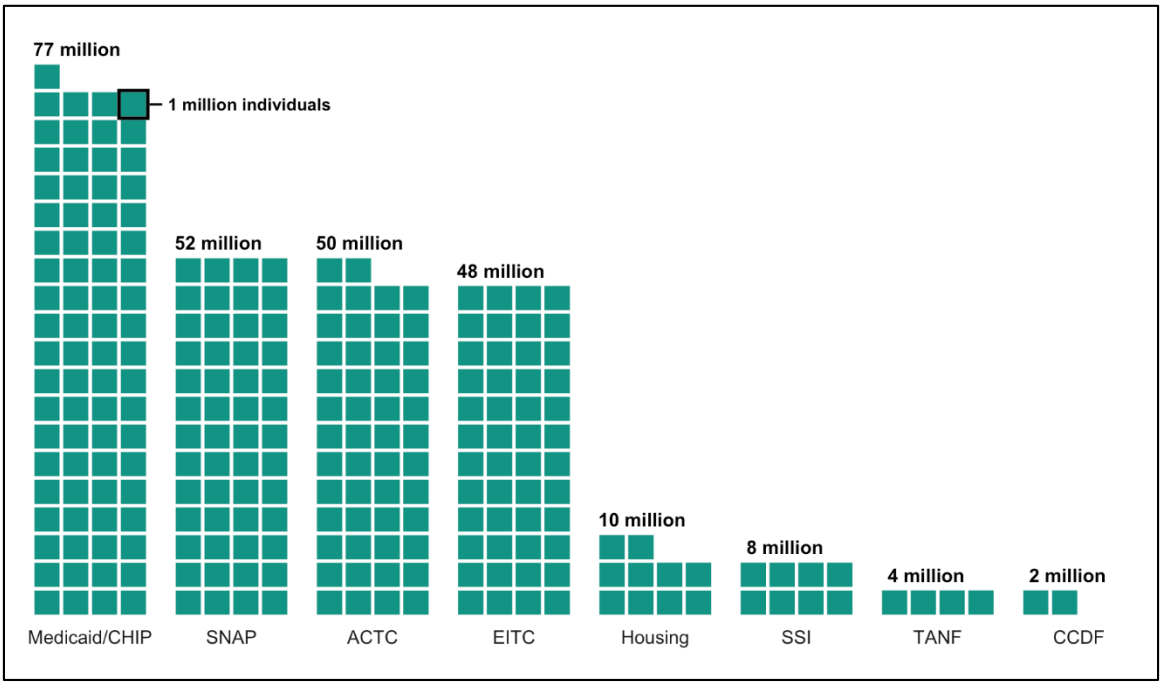
In contrast, fewer people are recipients of housing assistance, SSI, TANF cash, and child care subsidies. A comparatively large share of the population is eligible for housing assistance, but the number of housing units that are subsidized is limited by funding and thus there are waiting lists that ration housing assistance. SSI eligibility is limited to the needy persons who are aged 65 and older, or have a disability (including blindness). While TANF has limited funding, federal and required state contributions for TANF were theoretically sufficient in 2017 to assist all eligible families.[6] However, about one-quarter of those eligible for TANF received assistance. TANF is not an entitlement to individuals and state work requirements (including those for applicants) and other restrictions can function as costs to participation (e.g., a person's time and attention). Potential recipients might decide that the TANF cash benefit is not large enough to merit applying for given these requirements. CCDF funding is limited and many states or sub-state areas maintain waiting lists of those eligible for child care as well.

The benefits that reached the greatest number of people were either noncash medical and food assistance, or refundable tax credits that provide their benefits once a year through federal income tax refunds. The population receiving ongoing (mostly monthly) cash assistance from SSI and TANF was small compared to the number receiving the major noncash benefits or refundable tax credits.

[6] According to estimates from the TRIM3 microsimulation model, if 100% of all those eligible for TANF assistance received it, benefits would have totaled approximately $18 billion. Federal funding from the basic TANF block grant was $16.5 billion, and states were required to contribute an additional $10.4 billion from their own funds under the TANF maintenance of effort (MOE) requirement. Thus, states, in total, had more than sufficient funds to pay these benefits. However, states may, and have, used TANF funds for a wide range of benefits and services related to childhood economic disadvantage aside from assistance, and for a broader population than those receiving TANF assistance. See CRS In Focus IF10036, *The Temporary Assistance for Needy Families (TANF) Block Grant*.

Figure 1. Estimated Number of Persons Receiving Benefits from Selected Major Need-Tested Programs at Any Time During a Year

Based on 2017 Income Data



Source: CRS, based on data from the U.S. Census Bureau's ASEC to the CPS and the TRIM3 microsimulation model, primarily funded by HHS and maintained at the Urban Institute. Medicaid/State Children's Health Insurance Program (CHIP) enrollment estimates were developed by CRS and include only noninstitutionalized enrollees (excludes enrollees residing in nursing homes).

Notes: CHIP=State Children's Health Insurance Program; SNAP=Supplemental Nutrition Assistance Program; ACTC=Additional Child Tax Credit; EITC=Earned Income Tax Credit; SSI=Supplemental Security Income; TANF=Temporary Assistance for Needy Families; and CCDF=Child Care and Development Fund. Recipients are people receiving benefits at any time during the year. For the refundable tax credits, this represents tax credits earned during the year. Recipient counts for tax credits represent the tax filer, spouse, and dependents of the tax filer. For subsidized child care, the number of people represents children who received subsidized care at any time during the year. For other programs, the number of people represents the individuals in units defined for the program for which needs and resources are measured and benefits are provided.

Need-Tested Benefit Receipt by Pre-assistance Income

All the programs discussed in this report restrict eligibility to those who meet a test of low income. Some programs also require that individual and family assets (e.g., bank accounts, automobiles) be valued below a certain dollar value to qualify for benefits. The financial eligibility thresholds vary among the programs, as noted in **Table 1**. Some are expressed as a multiple of the FPL. However, not all major need-tested programs measure income limits as a multiple of the FPL. For instance, income limits for housing programs and the CCDF are typically set, respectively, at a percentage of local area or state median income.

Medicaid and CHIP benefits are often available at income levels above the poverty thresholds. States are required to cover children under Medicaid who are at or below 133% of the FPL. States may cover children at higher income levels, and CHIP coverage kicks in for children in families *above* the income threshold for regular Medicaid. The refundable tax credits are tied to earnings, and provide benefits to families above the poverty line as well. Some programs may also reduce

benefits at a modest, rather than rapid, rate as participants' earnings increase to avoid discouraging work, resulting in some benefits going to families above the poverty line even when programs primarily target families below the poverty line.

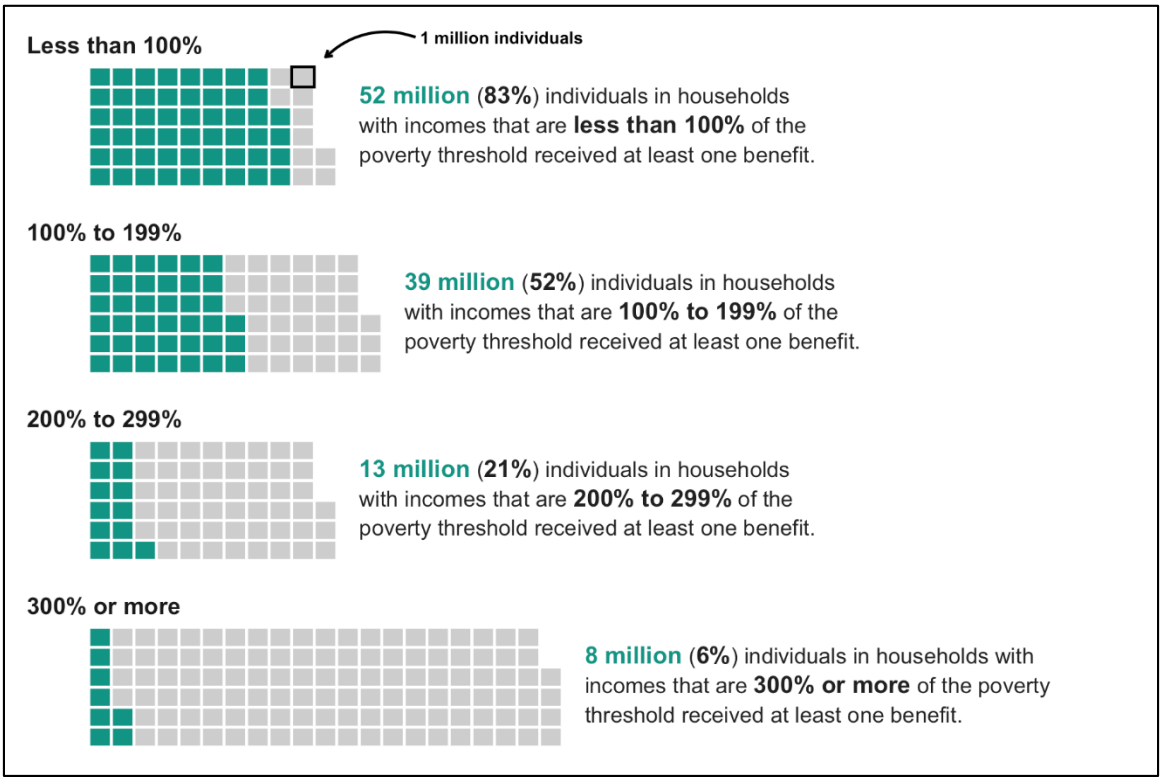
Figure 2 shows the share and number of individuals who received at least one need-tested benefit by poverty status. The poverty status of persons is determined by their pre-assistance income—income before the receipt of need-tested benefits—relative to their family's poverty threshold. For this analysis, it uses income and need concepts of the research Supplemental Poverty Measure (SPM), a measure developed for research purposes that can be used to assess the effects of benefits receipt on poverty.[7] The figure shows that 83% of persons who lived in families with pre-assistance income below the poverty threshold received at least one of the need-tested benefits discussed in this report. That percentage drops to 52% for those with incomes between 100% and 199% of the poverty threshold, 21% for those with incomes between 200% and 299% of the threshold, and 6% for those with incomes of 300% or more of the threshold. Families receiving benefits with pre-assistance income at 300% or more of the poverty threshold might receive benefits for only a few months during the year in which they were needy, or they may be families with special circumstances (e.g., non-parent relative caregivers of children they are not financially responsible for).

The figure also shows that while those with pre-assistance incomes below the poverty threshold had the highest rate of need-tested benefit receipt, they comprised less than half of all those who received benefits.

[7] Note that the poverty concepts used to count people by poverty status differs from the concepts used for determining program eligibility. For example, the health care programs (Medicaid and CHIP) and nutrition programs often determine eligibility using the FPL or a multiple of the FPL. The countable income of applicants, based on each program's rules for counting income, is compared to the FPL to determine eligibility for these programs. On the other hand, for determining the poverty status of the population and the share of the population above or below the poverty line, other poverty concepts are used. This report uses the concepts of the research SPM in determining poverty status. For an overview of poverty concepts used in determining program eligibility versus those used for statistical purposes, see CRS Report R44780, *An Introduction to Poverty Measurement*.

Figure 2. Need-Tested Benefits Receipt, by Pre-assistance Income Poverty Status

Based on 2017 Income Data; Poverty Status Determined Using the Supplemental Poverty Measure (SPM)



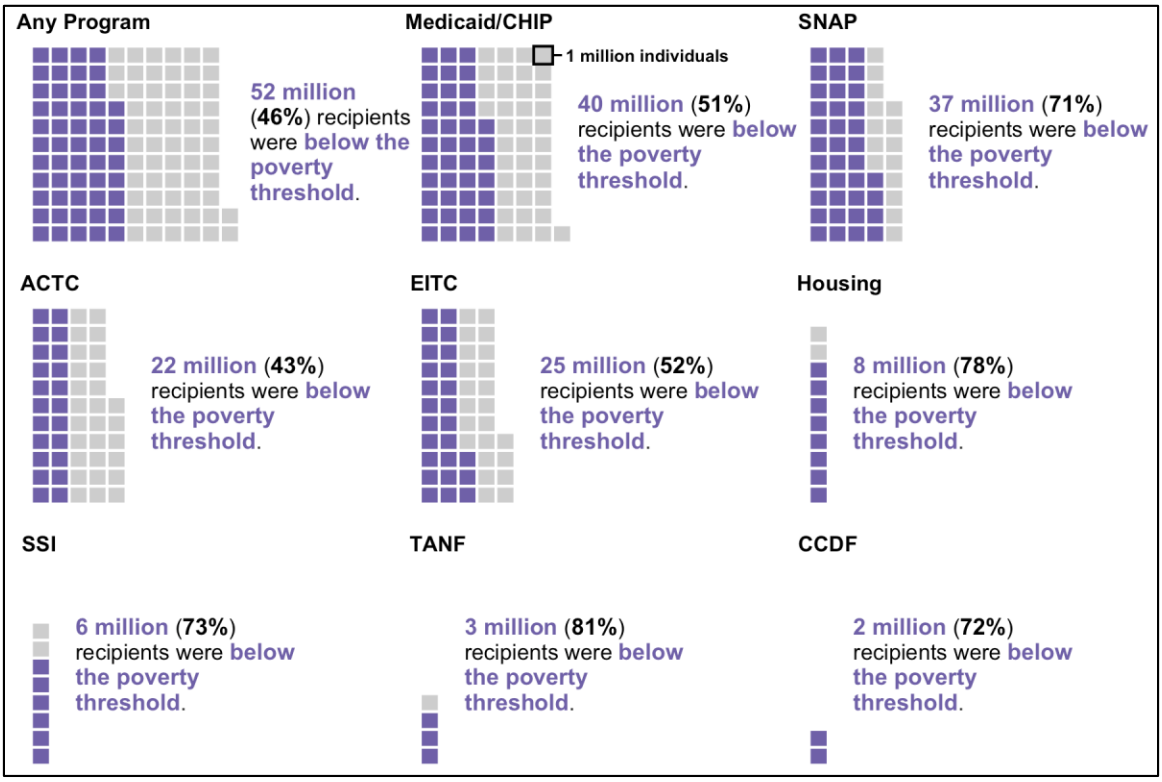
Source: CRS, based on data from the U.S. Census Bureau's ASEC to the CPS and the TRIM3 microsimulation model, primarily funded by HHS and maintained at the Urban Institute. Medicaid/State Children's Health Insurance Program (CHIP) enrollment estimates were developed by CRS and include only noninstitutionalized enrollees (excludes enrollees residing in nursing homes).

Notes: Percentages calculated based on unrounded numbers. Recipients are people receiving benefits at any time during the year for at least one the programs: Medicaid/State Children's Health Insurance Program (CHIP), Supplemental Nutrition Assistance Program (SNAP), the Earned Income Tax Credit (EITC), the Additional Child Tax Credit (ACTC), housing assistance, cash from Temporary Assistance for Needy Families (TANF), Supplemental Security Income (SSI), or Child Care and Development Fund (CCDF) child care subsidies. For the refundable tax credits, this represents tax credits earned during the year. Recipient counts for tax credits represent the tax filer, spouse, and dependents of the tax filer. For subsidized child care, the number of people represents children who received subsidized care at any time during the year. For other programs, the number of people represents the individuals in units defined for the program for which needs and resources are measured and benefits are provided.

As discussed previously, some programs are more targeted than others toward the lowest income groups. This can result from either statutory eligibility rules or how programs ration aid among eligible individuals and families. **Figure 3** shows the percentage of those receiving benefits from each of the eight programs who had pre-assistance incomes below the poverty threshold. The programs that had the highest share of their benefits going to families with pre-assistance incomes below the poverty line were SNAP, housing assistance, SSI, TANF, and child care. Except for SNAP, these were also the programs that benefitted comparatively fewer individuals (**Figure 1**). In comparison, more than half of ACTC (the refundable portion of the child tax credit) recipients had incomes above the poverty threshold. For Medicaid/CHIP and the EITC, about half of all persons receiving benefits had incomes below the poverty threshold.

Figure 3. Number of People Receiving Selected Need-Tested Benefits and Percentage of Recipients with Pre-assistance Incomes Below the Poverty Threshold

Based on 2017 Income Data; Poverty Determined Using the Supplemental Poverty Measure (SPM)



Source: CRS, based on data from the U.S. Census Bureau's ASEC to the CPS and the TRIM3 microsimulation model, primarily funded by HHS and maintained at the Urban Institute. Medicaid/State Children's Health Insurance Program (CHIP) enrollment estimates were developed by CRS and include only noninstitutionalized enrollees (excludes enrollees residing in nursing homes).

Notes: CHIP=State Children's Health Insurance Program; SNAP=Supplemental Nutrition Assistance Program; ACTC=Additional Child Tax Credit; EITC=Earned Income Tax Credit; SSI=Supplemental Security Income; TANF=Temporary Assistance for Needy Families; and CCDF=Child Care and Development Fund. Percentages calculated based on unrounded numbers. Recipients are people receiving benefits at any time during the year. For the refundable tax credits, this represents tax credits earned during the year. Recipient counts for tax credits represent the tax filer, spouse, and dependents of the tax filer. For subsidized child care, the number of people represents children who received subsidized care at any time during the year. For other programs, it represents the individuals in units defined for the program for which needs and resources are measured and benefits are provided.

Need-Tested Benefits by Family Category, Age, and Disability Status

In addition to tests of financial need, many need-tested programs also restrict eligibility to persons of a certain age, of a certain disability status, or in a certain type of family. Cash assistance from SSI is restricted to needy persons who are aged 65 and older or disabled (including blindness). Cash assistance from TANF is limited to families with children. Of the benefits discussed in this report, CHIP, the ACTC, TANF, and CCDF are generally targeted to families with children.

Needy individuals and couples who are neither aged 65 and older nor disabled nor have children are often ineligible for benefits or might receive them under more restrictive circumstances. Medicaid coverage for this group is provided at state options. Additionally, SNAP restricts benefits for people aged 18 to 49 who do not have children and are not disabled to those either working or participating in an employment program for at least 20 hours per week. EITC for childless workers is provided only at lower earnings levels and in smaller amounts. Such individuals are ineligible for ongoing cash assistance from SSI or TANF.

This report classifies individuals into the following groups:

- children (individuals under the age of 18),
- adults (of any age or disability status) in families with children, and
- adults in families without children who are
  - aged 18 to 64 and have a work-limiting disability,[8]
  - aged 18 to 64 and do not have a work-limiting disability, or
  - aged 65 and older.

Overlap in Family and Individual Groupings

For the purposes of the estimates in this report, these categories are treated as mutually exclusive, with individuals assigned to a single category based on "adults in families with children" having first order of precedence. This is generally because many of the benefits discussed in this report are either targeted toward families with children or require that a family have a child to qualify (CHIP, ACTC, TANF, CCDF). Families with a parent with disabilities or with an adult aged 65 or older may themselves qualify or have a spouse that qualifies for these benefits based on the presence of a child, rather than disability status or age. Assigning individuals to mutually exclusive groups creates overlap between populations—specifically, there are people classified as "adults in families with children" who either have a severe work-limiting disability or are aged 65 and older.

In 2017, 8.7% of adults in families with children overlapped with other categories: 4.9% of these adults were aged 18 to 64 and had a severe work disability and 3.8% were aged 65 and older. Despite this overlap, each adult was assigned to only one group based on the rank order listed above (e.g., adults who are age 65 and in a family with children were classified as "adults in families with children").

	Number (in thousands)	Percentage of Total
Adults in families with children (total)	84,046	100.0
Adult aged 18 to 64 without a disability	76,775	91.3

[8] This report uses a definition of an individual with a work-limiting disability that is based on a method developed by the U.S. Census Bureau. An individual is considered to have a work-limiting disability if *any* of the following is true: (1) responded "Yes" to an ASEC question asking whether the individual has a health problem or disability that prevents working, (2) responded "Yes" to an ASEC question asking whether the individual retired or left a job for a health reason, (3) responded that the individual did not work in the month of the survey because of a disability, (4) responded to an ASEC question that the individual did not work in the prior year because of a disability, (5) was a recipient of Medicare and under age 65, or (6) was a recipient of SSI and under age 65. This corresponds to the definition of "severely" work disabled in the document found here: https://www2.census.gov/programs-surveys/demo/guidance/disability/cpstableexplanation.pdf.

Note that this report uses TRIM3 information about receipt of SSI rather than the information in the ASEC. Additionally, if an adult was in a family with a child, that individual would have been classified as an adult in a family with a child; and all individuals under 18 were classified as children, including those who might have a work-limiting disability as described above.

Adults aged 18 to 64 with a severe work disability	4,099	4.9
Adults aged 65 and older	3,172	3.8

Source: CRS, based on data from the U.S. Census Bureau's ASEC to the CPS and the TRIM3 microsimulation model, primarily funded by HHS and maintained at the Urban Institute.

Figure 4 shows receipt of benefits from any of the need-tested programs discussed in this report by family category, age, and whether an individual in a family without a child had a disability. It shows the rate of receipt in each category in the context of the broader population within that category. For the purposes of this figure, the broader population represents all the individuals in each of these groups (not the number of eligible individuals within the group).

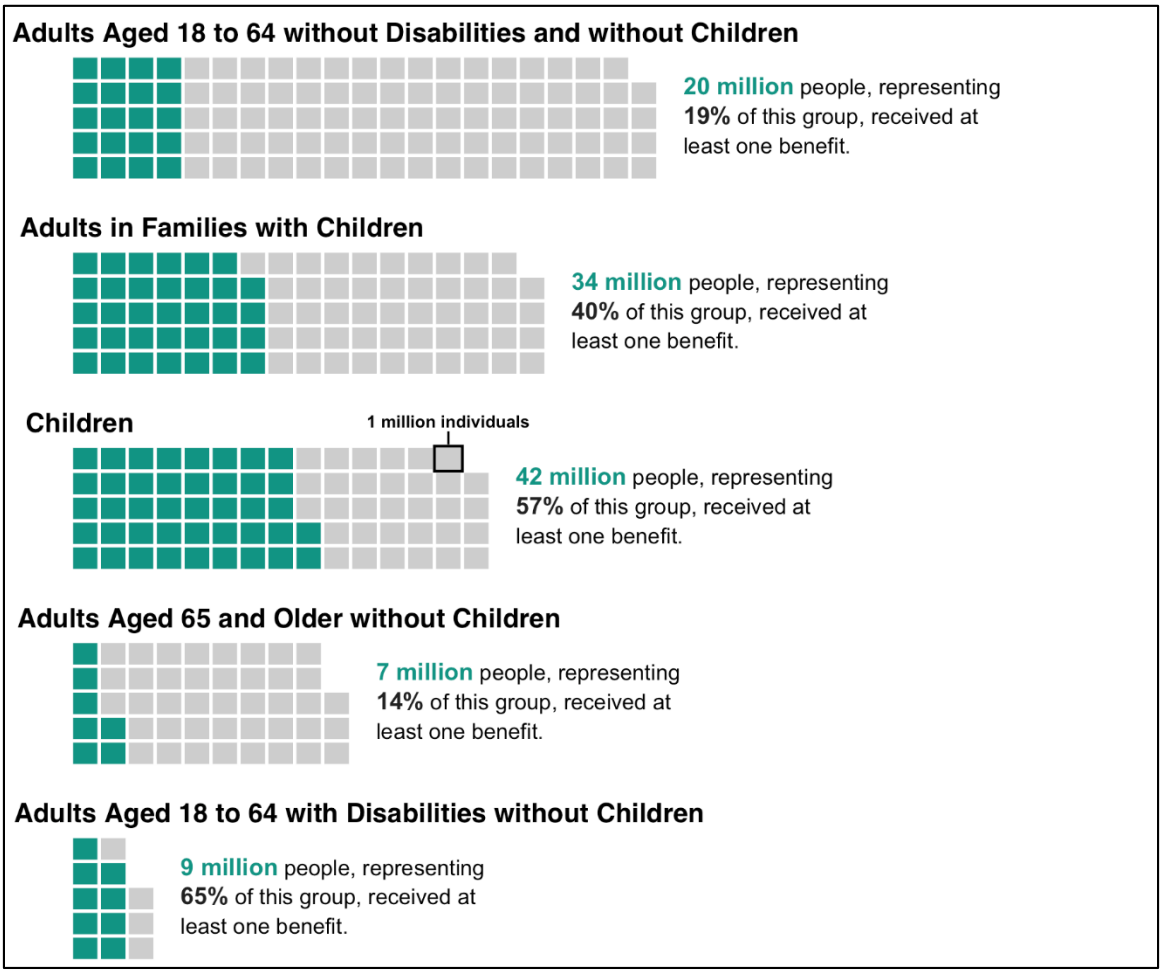
Individuals with severe work disabilities without children had the highest rate of benefit receipt among the five groups (65%). However, this group is also the smallest in terms of number of people. The largest group in terms of population is nondisabled adults under age 65 without children under age 18. Of the persons in this group, 19% received need-tested benefits.

Individuals aged 65 and older without children had the lowest rate of receipt of need-tested benefits (14%). Most persons aged 65 and older do receive government benefits, but in the form of Social Security and Medicare social insurance rather than need-tested aid. Additionally, the population aged 65 and older and individuals with disabilities captured here exclude those who receive care in institutionalized settings (e.g., nursing homes, institutions for mental disease, institutions for individuals with developmental disabilities). Medicaid finances a large share of expenditures for long-term services and supports, and those provided in institutionalized settings are not captured in either the population or Medicaid enrollment statistics in this report.

Figure 4 also shows that many of the recipients of need-tested aid are in families with children—they are either the children themselves or adults in families with children. These two groups have a high rate of need-tested benefits receipt, with more than half of all children (57%) being a recipient of benefits. Together, 76 million children and adults in families with children received a need-tested benefit, representing 68% of all persons receiving need-tested aid.

Figure 4. Receipt of Need-Tested Assistance: Individuals by Family Category, Age, and Disability Status

Based on 2017 Income Data



Source: CRS, based on data from the U.S. Census Bureau's ASEC to the CPS and the TRIM3 microsimulation model, primarily funded by HHS and maintained at the Urban Institute. Medicaid/CHIP enrollment estimates were developed by CRS and include only noninstitutionalized enrollees (excludes enrollees residing in nursing homes).

Notes: Adults in families with children may be of any age (18 or older) or disability status. Percentages calculated based on unrounded numbers. Categories are mutually exclusive. Recipients are people receiving benefits at any time during the year for at least one the programs: Medicaid/State Children's Health Insurance Program (CHIP), Supplemental Nutrition Assistance Program (SNAP), the Earned Income Tax Credit (EITC), the Additional Child Tax Credit (ACTC), housing assistance, cash from Temporary Assistance for Needy Families (TANF), Supplemental Security Income (SSI), or Child Care and Development Fund (CCDF) child care subsidies. For the refundable tax credits, this represents tax credits earned during the year. Recipient counts for tax credits represent the tax filer, spouse, and dependents of the tax filer. For subsidized child care, the number of people represents children who received subsidized care at any time during the year. For other programs, the number of people represents the individuals in units defined for the program for which needs and resources are measured and benefits are provided.

Non-resident Parents

This report—and the rules of many programs—define a family with children as one where a child lives (or usually lives) in the same household as the parent or caretaker. However, an individual in a family without a child can still be a parent and still be financially responsible for the well-being of a child. A non-resident parent may be one who is divorced from the other parent or never married the other parent. Non-resident parents may still owe child support for the care of a child.

It is estimated that in 2017, among the 104 million adults aged 18 to 64 without disabilities in childless families shown in this report, 5.4 million were non-resident parents.[9] Such adults are often excluded from programs that are targeted toward families with children. As shown in **Figure 4**, 19% of adults aged 18 to 64 without disabilities in families where a child did not live received benefits from at least one of the need-tested programs, compared with 40% of adults in families where a child lived in the same household.

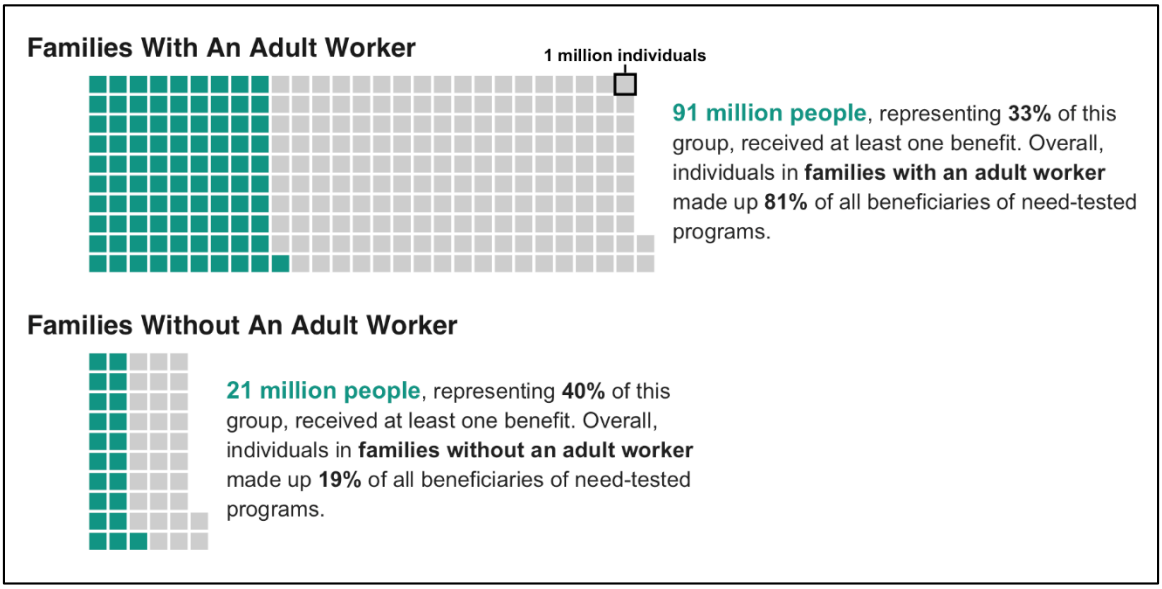
Need-Tested Benefits by Work Status

Most persons other than those aged 65 and older or individuals with a work disability were in a family with an adult worker—either they worked themselves or another adult (e.g., spouse, adult child, grandparent) in the family worked. The work test used in this analysis is any work during the year. While this includes families where there is only weak attachment to the workforce, it does differentiate between those families where the withdrawal from the workforce is total and those where there is some work activity.

Most need-tested benefit recipients are in families with an adult worker: in 2017, of the 111 million recipients of need-tested benefits, 91 million (81%) were in such families (**Figure 5**).

Figure 5. Receipt of Need-Tested Assistance: Individuals by Whether or Not a Family Had an Adult Worker

Based on 2017 Income Data



Source: CRS, based on data from the U.S. Census Bureau's ASEC to the CPS and the TRIM3 microsimulation model, primarily funded by HHS and maintained at the Urban Institute. Medicaid/CHIP enrollment estimates were developed by CRS and include only noninstitutionalized enrollees (excludes enrollees residing in nursing homes).

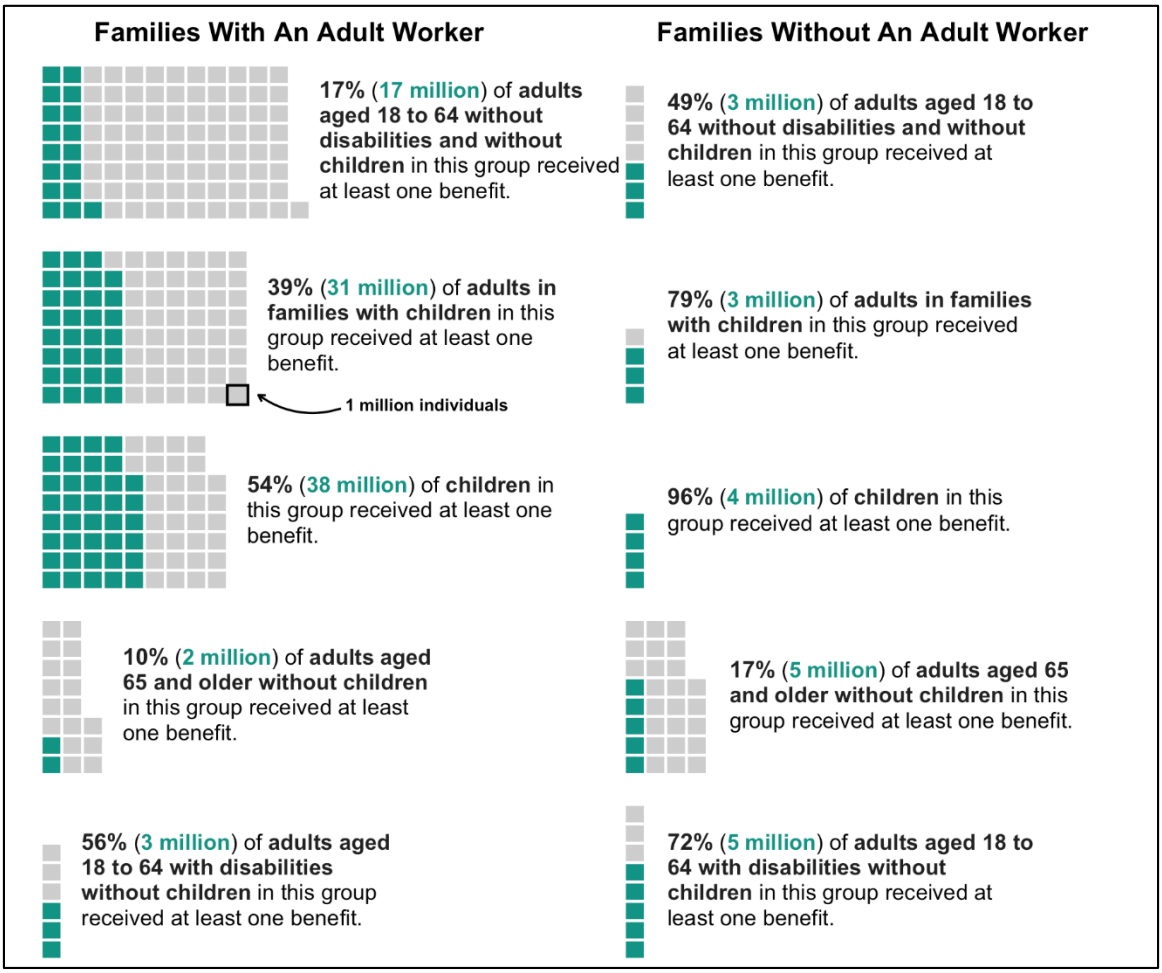
[9] Estimate is based on a statistical imputation of noncustodial parents as part of the TRIM3 microsimulation model.

Notes: Percentages calculated based on unrounded numbers. Totals may not sum due to rounding. Recipients are people receiving benefits at any time during the year for at least one the programs: Medicaid/State Children's Health Insurance Program (CHIP), Supplemental Nutrition Assistance Program (SNAP), the Earned Income Tax Credit (EITC), the Additional Child Tax Credit (ACTC), housing assistance, cash from Temporary Assistance for Needy Families (TANF), Supplemental Security Income (SSI), or Child Care and Development Fund (CCDF) child care subsidies. For the refundable tax credits, this represents tax credits earned during the year. Recipient counts for tax credits represent the tax filer, spouse, and dependents of the tax filer. For subsidized child care, the number of people represents children who received subsidized care at any time during the year. For other programs, the number of people represents the individuals in units defined for the program for which needs and resources are measured and benefits are provided.

Figure 6 shows that the high rate of need-tested benefit receipt among families with workers is attributable primarily to the large share of recipients in families with children. The figure shows that most families with children had an adult worker, and most families with children receiving need-tested benefits had an adult worker (31 million out of 34 million). Only among individuals aged 65 and older with no children or those aged 18 to 64 with a work-limiting disability and no children were the majority of people overall—and of people receiving need-tested benefits—in families without an adult worker.

Figure 6. Receipt of Need-Tested Assistance: Individuals by Family Category, Age, and Disability Status and Whether or Not a Family Had an Adult Worker

Based on 2017 Income Data



Source: CRS, based on data from the U.S. Census Bureau's ASEC to the CPS and the TRIM3 microsimulation model, primarily funded by HHS and maintained at the Urban Institute. Medicaid/CHIP enrollment estimates were developed by CRS and include only noninstitutionalized enrollees (excludes enrollees residing in nursing homes).

Notes: Adults in families with children may be of any age (18 or older) and disability status. Percentages calculated based on unrounded numbers. Categories are not mutually exclusive. Recipients are people receiving benefits at any time during the year for at least one the programs: Medicaid/State Children's Health Insurance Program (CHIP), Supplemental Nutrition Assistance Program (SNAP), the Earned Income Tax Credit (EITC), the Additional Child Tax Credit (ACTC), housing assistance, cash from Temporary Assistance for Needy Families (TANF), Supplemental Security Income (SSI), or Child Care and Development Fund (CCDF) child care subsidies. For the refundable tax credits, this represents tax credits earned during the year. Recipient counts for tax credits represent the tax filer, spouse, and dependents of the tax filer. For subsidized child care, the number of people represents children who received subsidized care at any time during the year. For other programs, the number of people represents the individuals in units defined for the program for which needs and resources are measured and benefits are provided.

Conclusion

Need-tested aid is often thought of in the context of families and individuals not engaged in work. For two populations, individuals aged 65 and older and individuals with work-limiting disabilities, aid is often provided to those in families without a worker. For individuals aged 65 and older, social insurance benefits such as Social Security and Medicare are received more often than need-tested aid and help them achieve their standard of living. (Note that the analysis in this report does not capture need-tested benefits provided to those in nursing homes, which means that it likely underestimates benefits receipt and benefit amounts among individuals age 65 and older.) Few adults aged 18 to 64 without disabilities living in families without children receive need-tested aid compared to those in families with children or adults with disabilities.

For families with children, need-tested aid is commonly received by families with an adult worker. This is the cumulative result of policy changes to aid needy families with children made since the mid-1980s. It is also the result of the high work rates among adults in families with children observed before the COVID-19 pandemic. Most of the need-tested program expansions since the mid-1980s—the expansion of the EITC, the enactment of the child tax credit (and the ACTC) and its expansions, Medicaid expansions covering children based on their poverty status rather than their family's receipt of cash assistance, and the establishment of federal child care subsidies—were all put in place to supplement parents' earnings and benefits from work, and some were explicitly designed to encourage parents to work. The Personal Responsibility and Work Opportunity Act of 1996 (P.L. 104-193) ended the entitlement to monthly cash assistance for needy families with children and replaced that program with a broad-purpose block grant (TANF) that helps fund monthly cash assistance to fewer families than were provided benefits in the early and mid-1990s under the predecessor entitlement programs, as states shifted block grant funds to other activities.[10]

Before the pandemic, the bulk of need-tested aid was provided either in the form of noncash benefits (e.g., Medicaid/CHIP, SNAP), or refundable tax credits that were received in a lump-sum form once a year. Housing assistance and child care subsidies were received by comparatively fewer persons than the other benefits. Monthly cash benefits—which can be used to pay rent and other bills—were received by relatively few families with children before the pandemic. In 2017, the 4 million people who received TANF assistance at some point in the year represented one-quarter of all individuals who met eligibility requirements.

For 2020 and 2021, years when work was limited by the pandemic and economic insecurities faced by some households were highlighted, Congress enacted policies to increase food aid (SNAP), provide additional rental assistance, and appropriate additional funding for child care. It also enacted policies to inject cash into households, including providing most households with "stimulus checks" and (for 2021) altering the child tax credit to make it available to non-earners and to periodically advance a portion of the expected credit amount during the last six months of the year.

Under current law, many pandemic-related policies will expire by the end of 2021. Thus, policies would generally revert back to those that were in place before the pandemic, providing the bulk of aid to families with children in the form of noncash benefits or refundable tax credits provided once a year.

[10] For more information, see CRS In Focus IF10889, *Temporary Assistance for Needy Families: The Decline in the Cash Assistance Caseload*.

President Biden's "American Families Plan" would extend some of the policies enacted in response to the economic impact of the pandemic into the post-pandemic period. In particular, the proposal to continue periodic cash payments of the child tax credit would bring to the fore the policy tradeoff between economic security for those working irregularly or not working, versus conditioning benefits on work and earnings and thus providing incentives to work and labor force participation.

The President's plan would also expand some of the existing work-based policies, such as child care assistance. Thus, it would retain some of the character of pre-pandemic, need-based aid by further expanding earnings supplements to families with children. This may raise questions about how much is spent to supplement earnings and whether there are alternatives (e.g., wage and labor market policies) that could be pursued to reduce reliance on need-tested benefits more broadly.

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