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Federal Spending on Benefits and Services for People with Low Income: In Brief

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Introduction

The Congressional Research Service (CRS) regularly receives requests about spending on programs that target low-income individuals and families for benefits and services. CRS has produced a series of reports that identify these programs and provides their spending amounts and recent spending trends. The most recent of this series is CRS Report R44574, *Federal Benefits and Services for People with Low Income: Overview of Spending Trends, FY2008-FY2015*. This In Brief report provides an interim update of the federal spending information in R44574 by extending it to include FY2016, the most recent year for which the federal spending data were available as of January 2018.

In FY2016, the federal government spent $877.5 billion on benefits and services for people with low income. This was a 3.5% increase from the prior fiscal year. The increase was faster than both the rate of inflation over the year (1.2%) and the rate of economic growth (2.8%).[1]

Concepts Used in this Report, and Caveats

Programs were included in this report series if they (1) have provisions that base an individual's eligibility or priority for service on a measure (or proxy) of low income; (2) target resources in some way (e.g., through allocation formulas, variable matching rates) using a measure (or proxy) of low income; or (3) prioritize services to low-income segments of a larger target population. The programs in this report also had spending in excess of $100 million. A program's spending is not added to the aggregate spending numbers if it did not have $100 million in spending for a given year.

Additionally, please consider the following:

- Programs included here are not *social insurance*. That term refers to programs intended to insure Americans against the loss of wages and work-related benefits due to retirement, disability, or temporary unemployment (e.g., Social Security, Medicare, Unemployment Insurance). Social insurance benefits are generally entitlements earned through work.
- Programs in this report cannot be collectively characterized as *welfare*. Welfare is typically thought of as government assistance to help poor people pay for necessities. As defined in this report, low-income programs are much broader, and include in-kind benefits and activities such as education, social services, and community development, among others.
- Low income does not necessarily mean *poor*, as the federal government officially defines that term. Programs in this report use a variety of criteria to determine eligibility, including multiples of the official federal poverty guidelines and other measures altogether. At the same time, to be included in this report, the program must have a low-income focus. For example, the refundable tax credit and cost-sharing subsidies that help pay health insurance premiums under the Affordable Care Act (ACA) are not included in this report, as their benefits *begin* at 100% of the federal poverty level.
- While this report discusses trends in *federal* spending, a significant amount of *non-federal* spending (primarily state and local) is also associated with some of the programs included here. Thus, amounts discussed do not reflect all *public* spending for low-income programs.
- Unless noted otherwise, all spending amounts cited in this report are nominal dollars and not adjusted for inflation. Most of the information is based on program-level obligations found in the *Budget of the United States.* Some exceptions are noted in CRS Report R44574.

While the programs in this report share the common feature of an explicit low-income focus, the individual programs are highly diverse in their purpose, design, and target population. They were established at different times, in response to different policy challenges. In terms of target population, the largest portion of low-income assistance goes to families with children with

[1] The rate of inflation used here was the Gross Domestic Product (GDP) price index; the rate of economic growth is the growth in the GDP in nominal terms, because the spending increase was not adjusted for price inflation.

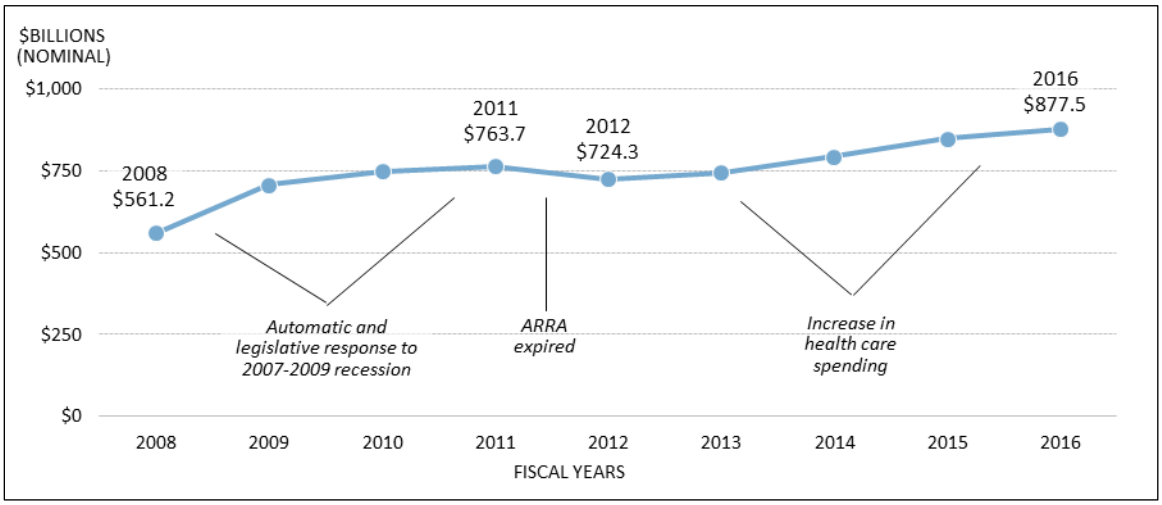
working parents and the disabled (see CRS In Focus IF10355, *Need-Tested Benefit Receipt by Families and Individuals*).

Trends in Spending on Federal Benefits and Services for People with Low Income

Figure 1 shows the trend in federal spending on benefits and services for people with low income for FY2008 through FY2016. The early portion, FY2008 through FY2011, represents a period of time where spending increased because of automatic or legislated responses to the recession of 2007 through 2009. The largest low-income assistance programs are entitlements, and their spending increased automatically as more people became eligible for their benefits as incomes fell due to the recession. Additionally, Congress and the President responded to the recession with time-limited expansions or funding increases in some of these programs in the American Recovery and Reinvestment Act of 2009 (ARRA, P.L. 111-5). Total spending on these programs increased by 36% over this period.

Federal spending on benefits and services for low-income people stabilized in FY2011 and FY2012 as ARRA expired and other spending increases associated with the recession abated. However, from FY2012 through FY2016 spending for these programs increased at a steady pace, stemming from increases in spending on health care for low-income people.

Figure 1. Federal Spending on Benefits and Services for People with Low Income, FY2008-FY2016



Source: Prepared by the Congressional Research Service (CRS) from information contained in federal budget documents for Presidential budget submissions, FY2010-FY2018.

Federal Spending on Benefits and Services for Low-Income People by Category

CRS's series of reports on benefits and services for low-income people divides spending for the programs into eight categories:

- health care,
- cash aid,
- food aid,
- education,
- housing and development,
- social services,
- employment and training, and
- energy assistance.

Table 1 shows federal spending for the programs by category for FY2008 through FY2016. The categories are sorted by the amount of their spending, with the largest (health care) first and the smallest (energy aid) last. Health care represents more than half of total spending for the programs in FY2016 and almost three times the amount of the next largest category, cash aid. The two smallest categories are employment and training programs (exclusive of education spending) and energy assistance.

Table 1. Federal Spending on Benefits and Services for People with Low Income, by Category, FY2008-FY2016

Billions of dollars

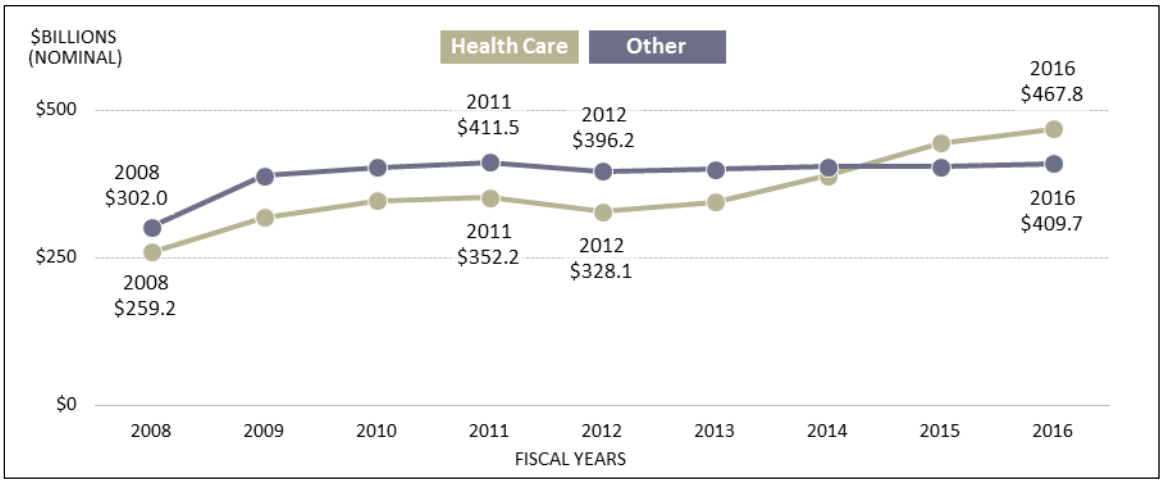
	2008	2009	2010	2011	2012	2013	2014	2015	2016
Health Care	$259.2	$318.8	$347.0	$352.2	$328.1	$344.0	$389.2	$444.2	$467.8
Cash Aid	116.4	129.6	145.3	149.1	142.4	150.3	155.3	154.7	159.4
Food Aid	58.9	77.6	93.9	101.4	104.8	107.1	102.0	103.1	100.7
Education	41.9	58.2	58.6	66.5	58.6	55.1	53.7	52.2	53.7
Housing and Development	39.7	60.0	51.8	46.2	44.0	41.4	45.1	44.6	46.3
Social Services	36.0	43.9	39.7	37.0	36.7	36.7	38.1	38.4	39.4
Employment and Training	6.2	8.6	7.7	6.5	6.1	6.0	6.5	7.0	6.5
Energy Assistance	2.9	10.3	5.6	4.9	3.6	3.4	3.6	3.7	3.6
Total	**561.2**	**707.2**	**749.7**	**763.7**	**724.3**	**744.1**	**793.6**	**847.8**	**877.5**

Source: Prepared by the Congressional Research Service (CRS) from information contained in federal budget documents for Presidential budget submissions, FY2010-FY2018.

Figure 2 breaks out total federal spending on benefits and services for people with low income into two groups: health programs and all other programs. As shown in the figure, the increase in spending in the earlier portion of the period (affected by recession-related spending) stemmed from increases in both health and other program spending. However, since FY2012 the increase is attributable to higher spending on health care. Much of this is increased Medicaid spending, and partially reflects increases to states that implemented the Affordable Care Act's (ACA, P.L. 111-

148, as amended)[2] Medicaid expansion as well as increases in Medicaid spending caused by other factors.[3]

Figure 2. Federal Spending on Benefits and Services for People with Low Income, Health and Non-health, FY2008-FY2016



Source: Prepared by the Congressional Research Service (CRS) from information contained in federal budget documents for Presidential budget submissions, FY2010-FY2018.

Mandatory and Discretionary Spending

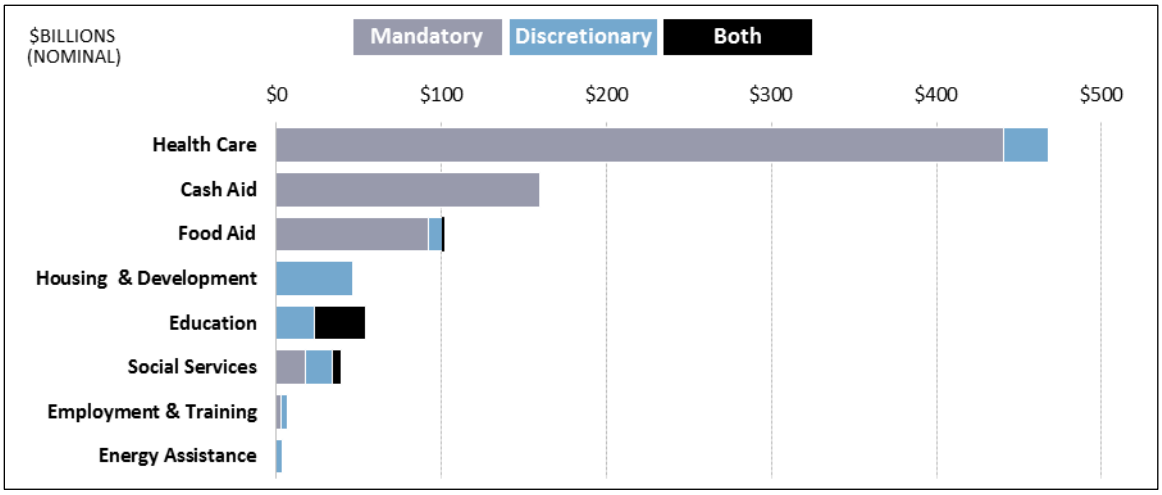
The largest programs providing benefits and services to low-income people are mandatory spending programs. These are programs where spending is controlled by the terms of their authorizing laws—such as entitlements either to individuals or states—rather than the annual appropriation process. Discretionary spending is generally determined through annual appropriations.

Figure 3 shows federal spending in FY2016 on benefits and services for people with low income by category and budget classification (mandatory, discretionary, or some programs have spending classified as both). The largest categories (health, cash aid, and food aid) are dominated by mandatory spending. Housing is almost entirely discretionary spending, determined through annual appropriations. Education is split between discretionary spending and the Pell Grant program, which has both mandatory and discretionary components. Social services and employment and training have a mix of mandatory spending (much of it coming from the broad-based Temporary Assistance for Needy Families (TANF) block grant) and discretionary funding. Energy assistance is entirely discretionary.

[2] See CRS In Focus IF10399, *Overview of the ACA Medicaid Expansion*.

[3] The major factors other than the ACA Medicaid expansion affecting health expenditures and Medicaid spending are population growth, changes in the use of health care services, and changes in the prices of health care services. See Office of the Actuary, Centers for Medicare and Medicaid Services, United States Department of Health and Human Services, *2016 Actuarial Report on the Financials Outlook for Medicaid*, 2016, p. 12.

Figure 3. Federal Spending on Benefits and Services for People with Low Income, by Budget Classification, FY2016



Source: Prepared by the Congressional Research Service (CRS) from information contained in federal budget documents for the Presidential budget submission, FY2018.

Federal Spending on Benefits and Services for Low-Income People by Program

Table 2 shows spending for federal benefits and services to low-income persons by program for FY2008 to FY2016. The programs were classified into the eight categories of spending noted above, and are ranked within each category by FY2016 spending. Note that in many categories, spending is dominated by a few large programs. For example, in FY2016, Medicaid accounted for 85% of health care spending, Supplemental Security Income and two refundable tax credits for low-income workers (the Earned Income Tax Credit and the refundable portion of the Child Tax Credit) accounted for 92% of all cash aid, Supplemental Nutrition Assistance Program (SNAP) accounted for 70% of all food aid, and Pell Grants plus aid to school districts with large shares of disadvantaged children accounted for 82% of all education aid.

Most programs had spending that was classified in a single category. The exceptions are the broad-purpose TANF block grant and SNAP. TANF, though best known as a program that provides cash assistance to needy families with children, had $6.4 billion in federal spending on cash aid, making it the fourth largest cash program and accounting for 4% of cash spending. In contrast, TANF spending on social services made it the second largest social services program (behind only Head Start), and its employment and training expenditures made it the largest employment and training program. SNAP spending was divided into its food assistance and its employment and training components. SNAP is the largest food assistance program ($70 billion in food assistance in FY2016), but it also contributed $427 million in employment and training expenditures in FY2016.

Table 2. Federal Spending on Benefits and Services for Low-Income People, by Program, FY2008-FY2016

(Millions of dollars)

Program	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16
Health Care									
Medicaid	$214,015	$265,058	$290,461	$295,836	$270,914	$286,920	$329,019	$378,896	$398,217
Voluntary Medicare Prescription Drug Benefit—Low-Income Subsidy	18,100	19,600	21,100	22,200	22,500	23,200	24,300	25,600	26,700
State Children's Health Insurance Program (CHIP)	6,360	9,534	10,717	8,740	9,362	9,357	10,111	11,353	14,069
Medical Care for Veterans without Service-Connected Disability	10,246	11,201	11,780	12,000	11,970	11,737	11,921	13,087	13,130
Indian Health Service	4,347	5,416	5,668	5,544	5,729	5,661	5,910	6,074	5,207
Consolidated Health Centers	2,021	3,665	3,049	3,295	3,384	2,882	3,587	4,701	5,040
Ryan White HIV/AIDS Program	2,141	2,227	2,286	2,310	2,367	2,220	2,290	2,318	2,266
State Grants and Demonstrations	556	625	418	758	416	534	524	680	1,536
Maternal and Child Health Block Grant	666	662	661	656	639	605	632	637	637
Transitional Cash and Medical Services for Refugees	296	282	353	353	323	401	391	383	532
Family Planning	300	307	316	298	294	278	286	286	286
Breast/Cervical Cancer Early Detection	201	206	210	206	213	197	207	207	209
Total Health Care	***259,249***	***318,783***	***347,019***	***352,196***	***328,111***	***343,992***	***389,178***	***444,222***	***467,829***
Cash Aid									
Supplemental Security Income (SSI)	48,926	52,446	54,463	59,854	53,773	59,756	62,159	62,055	66,751
Earned Income Tax Credit (EITC) (refundable component)	40,600	42,418	54,712	55,652	54,890	57,513	60,087	60,084	60,580
Additional Child Tax Credit (refundable portion)	16,690	24,284	22,659	22,691	22,106	21,608	21,490	20,592	20,188
Temporary Assistance for Needy Families (TANF)	6,364	6,341	9,118	6,594	6,737	6,263	6,340	6,444	6,407
Pensions for Needy Veterans	3,777	4,134	4,345	4,294	4,892	5,195	5,258	5,497	5,468
Total Cash Aid	***116,357***	***129,623***	***145,297***	***149,085***	***142,398***	***150,335***	***155,334***	***154,672***	***159,394***

Program	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16
Food Aid									
Supplemental Nutrition Assistance Program (SNAP)	37,179	53,396	68,192	74,943	77,828	79,365	73,721	73,615	70,406
National School Lunch Program (free/reduced price components)	7,863	8,498	9,462	9,831	9,984	10,549	10,801	11,515	11,777
Special Supplemental Nutrition Program for Women, Infants and Children (WIC)	6,400	7,028	7,245	7,300	7,168	6,945	7,019	6,774	6,864
School Breakfast Program (free/reduced price components)	2,307	2,513	2,811	2,987	3,256	3,514	3,618	3,956	4,135
Child and Adult Care Food Program (lower-income components)	2,029	2,217	2,358	2,499	2,616	2,799	2,920	3,154	3,259
Nutrition Assistance for Puerto Rico	1,623	2,000	2,000	2,001	2,000	2,001	1,903	1,951	1,959
Nutrition Program for the Elderly	756	905	817	820	814	765	807	812	834
Summer Food Service Program	312	356	374	377	400	437	464	517	540
The Emergency Food Assistance Program (TEFAP)	240	425	359	298	309	312	318	370	374
Commodity Supplemental Food Program	141	165	183	196	189	187	180	198	223
Fresh Fruit and Vegetable Program	0	0	0	115	157	165	166	139	167
Food Distribution Program on Indian Reservations (FDPIR)	0	119	114	0	103	100	119	143	145
Total Food Aid	***58,850***	***77,622***	***93,915***	***101,367***	***104,824***	***107,139***	***102,036***	***103,144***	***100,683***
Housing									
Section 8 Housing Choice Vouchers	15,552	16,289	18,071	18,510	18,316	17,897	19,181	19,333	19,634
Section 8 Project-Based Rental Assistance	7,004	9,390	8,991	9,444	9,311	8,818	9,870	9,810	10,680
Public Housing	6,894	10,843	7,360	6,999	5,847	5,954	6,383	6,421	5,954
Community Development Block Grants	3,645	4,733	3,956	3,341	3,245	2,971	3,213	2,664	3,193
Homeless Assistance Grants	1,538	2,861	1,813	1,888	2,079	2,086	1,957	2,109	2,137
Rural Rental Assistance Program	479	902	979	954	905	837	1,110	1,088	1,390
Home Investment Partnerships Program (HOME)	1,647	1,911	1,857	1,485	1,208	919	1,023	848	961

Program	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16
Indian Housing Block Grants	556	1,149	762	663	691	627	665	653	670
Water and Waste Disposal for Rural Communities	685	1,370	1,443	648	583	524	685	604	622
Supportive Housing for the Elderly	778	800	580	509	1,056	389	362	456	437
Housing Opportunities for Persons with AIDS (HOPWA)	310	318	314	352	352	302	349	290	342
Supportive Housing for Persons with Disabilities	256	284	216	149	243	102	209	207	189
Public Works and Economic Development	170	285	149	115	129	0	133	101	111
Grants to States for Low-Income Housing in Lieu of Low-Income Housing Credit Allocations	0	2,465	3,083	160	0	0	0	0	0
Single-Family Rural Housing Loans	178	279	277	0	0	0	0	0	0
Neighborhood Stabilization Program-1	0	3,920	1,980	969	0	0	0	0	0
Tax Credit Assistance Program	0	2,250	0	0	0	0	0	0	0
Total Housing	***39,692***	***60,049***	***51,831***	***46,186***	***43,965***	***41,426***	***45,140***	***44,584***	***46,320***
Education									
Federal Pell Grants	18,000	26,019	32,905	41,458	34,308	31,887	29,808	28,153	29,106
Education for the Disadvantaged—Grants to Local Educational Agencies (Title I-A)	13,352	21,495	14,526	14,472	14,490	13,757	14,383	14,410	14,893
Improving Teacher Quality State Grants	2,946	2,687	2,955	2,460	2,450	2,334	2,341	2,370	2,325
21st Century Community Learning Centers	1,082	1,127	1,166	1,157	1,150	1,091	1,146	1,149	1,163
Federal Work-Study	989	1,156	995	986	986	934	978	990	990
Federal TRIO Programs	885	905	910	883	840	796	838	840	900
Indian Education	684	699	784	753	803	766	747	808	835
Higher Education—Institutional Aid and Developing Institutions	755	801	764	833	816	780	792	777	818
Federal Supplemental Educational Opportunity Grant	759	760	759	740	738	698	736	733	733
Adult Basic Education Grants to States	569	585	641	607	606	576	575	593	597
Title I Migrant Education Program	380	395	395	394	393	373	375	375	364

Program	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16
Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR-UP)	303	313	323	303	302	286	302	302	323
Pre-School Development Grants	0	0	0	497	133	370	250	250	253
Rural Education Achievement Program	172	174	175	175	179	170	170	170	176
Mathematics and Science Partnerships	182	176	180	179	148	141	150	152	153
Indian Education Grants to Local Educational Agencies	0	0	104	104	106	100	100	100	100
Reading First and Early Reading First	560	129	0	0	0	0	0	0	0
College Access Challenge Grants	0	0	145	150	128	0	0	0	0
Academic Competitiveness and Smart Grant Program	297	690	918	350	0	0	0	0	0
Education for Homeless Children and Youth	0	135	0	0	0	0	0	0	0
Total Education	***41,915***	***58,246***	***58,645***	***66,501***	***58,576***	***55,059***	***53,691***	***52,172***	***53,729***
Social Services									
Head Start	6,877	9,077	8,757	7,559	7,968	7,573	8,105	8,717	9,119
Temporary Assistance for Needy Families (TANF)	9,411	10,594	9,837	8,828	8,913	9,491	9,295	8,729	8,682
Child Care and Development Fund	4,979	7,034	5,083	5,152	5,218	5,140	5,288	5,379	5,712
Foster Care	4,525	4,705	4,603	4,456	4,180	4,133	4,746	4,669	4,815
Child Support Enforcement	4,585	4,719	5,044	4,671	4,179	4,278	4,324	4,347	4,379
Adoption Assistance	2,038	2,324	2,438	2,362	2,296	2,278	2,450	2,473	2,587
Social Services Block Grant	1,700	2,300	1,700	1,700	1,700	1,613	1,577	1,576	1,584
Community Services Block Grant	654	1,692	708	678	677	635	667	674	715
Maternal, Infant, and Early Childhood Home Visiting Program	0	0	100	250	344	378	394	430	391
Legal Services Corporation	351	392	422	406	351	343	368	378	387
Older Americans Act Grants for Supportive Services and Senior Centers	351	361	368	369	367	348	348	348	348
Older Americans Act Family Caregiver Program	153	154	154	154	154	146	145	146	151

Program	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16
Indian Human Services	118	115	118	115	110	100	135	150	145
Chafee Foster Care Independence Program	140	140	140	140	140	140	140	140	140
Guardianship	0	0	0	0	0	0	0	101	120
Emergency Food and Shelter Program	153	300	200	121	120	114	120	120	120
Total Social Services	***36,035***	***43,907***	***39,672***	***36,961***	***36,717***	***36,710***	***38,102***	***38,377***	***39,395***
Employment and Training									
Temporary Assistance for Needy Families (TANF)	1,694	1,826	2,682	1,845	1,683	1,579	1,696	2,228	2,216
Job Corps	1,558	1,804	1,713	1,777	1,735	1,718	1,984	1,751	1,552
Workforce Investment Act (WIA) Youth Activities	984	2,218	994	946	902	856	898	906	875
Workforce Investment Act (WIA) Adult Activities	827	1,357	862	766	773	731	766	775	813
Supplemental Nutrition Assistance Program (SNAP)	351	367	344	354	334	368	400	630	427
Community Service Employment for Older Americans	504	708	820	454	448	429	440	384	321
Social Services and Targeted Assistance for Refugees	203	203	203	202	152	198	198	198	222
Foster Grandparents	109	109	111	111	111	105	108	108	108
Total Employment and Training	***6,230***	***8,592***	***7,729***	***6,455***	***6,138***	***5,984***	***6,490***	***6,980***	***6,534***
Energy Assistance									
Low-Income Home Energy Assistance Program (LIHEAP)	2,590	5,100	5,100	4,701	3,472	3,255	3,401	3,395	3,372
Weatherization Assistance Program	291	5,240	517	234	126	182	234	255	270
Total Energy Assistance	***2,881***	***10,340***	***5,617***	***4,935***	***3,598***	***3,437***	***3,635***	***3,650***	***3,642***
Totals	**561,209**	**707,162**	**749,725**	**763,686**	**724,327**	**744,082**	**793,606**	**847,801**	**877,526**

Source: Prepared by the Congressional Research Service (CRS) from obligations data contained in the U.S. Budget Appendix for each of FY2010-FY2017.

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