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## Need-Tested Benefit Receipt by Families and Individuals

Need-tested benefits have received increased attention from policy makers in recent years as federal spending levels remain elevated well into the economic expansion that followed the 2007-2009 recession. While information is available on receipt of benefits from individual programs, it is more challenging to examine the cumulative benefits received by families from all programs and how these benefits interact.

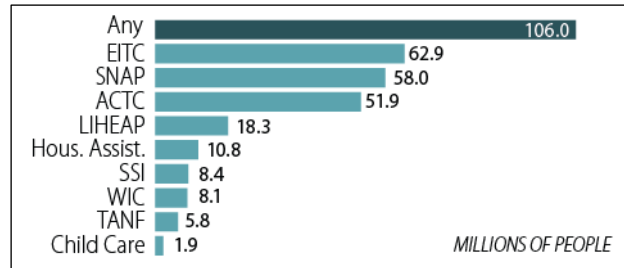
This In Focus summarizes information from CRS Report R44327, *Need-Tested Benefits: Estimated Eligibility and Benefit Receipt by Families and Individuals*. The report uses information from U.S. Census Bureau household surveys, combined with a microsimulation computer model, to estimate total benefits received from nine need-tested programs. For a discussion of the estimating methods and their limitations, see that report.

Need-tested programs require an individual or family to meet a test of low income and/or financial resources to qualify for benefits. The nine need-tested programs examined are: (1) The Supplemental Nutrition Assistance Program (SNAP, formerly called food stamps); (2) the Earned Income Tax Credit (EITC); (3) Supplemental Security Income (SSI); (4) housing assistance (public housing, Housing Choice Vouchers, and Section 8 project-based rental assistance); (5) the Additional Child Tax Credit (ACTC); (6) the special supplemental nutrition program for Women, Infants and Children (WIC); (7) cash assistance from the Temporary Assistance for Needy Families (TANF) block grant; (8) the Child Care and Development Fund (CCDF); and the Low-Income Home Energy Assistance Program (LIHEAP).

### How Many Individuals Received Need-Tested Benefits?

An estimated 106 million persons (or one in three persons in the population) received benefits from at least one of these need-tested programs in 2012. **Figure 1** shows the estimated number of individuals who received a selected need-tested benefit in that year by program. The estimates show the number of people who received benefits at any time during the year (which differ from a monthly average number of recipients often reported for these programs). The program benefit received by the most people in 2012 was the EITC, followed by SNAP and the ACTC. Both the EITC and ACTC are refundable tax credits that require a family to have earnings in order to benefit. The cash assistance programs, SSI and TANF, aided fewer people than the refundable tax credits and SNAP.

**Figure 1. Estimated Number of People Receiving Selected Need-Tested Benefits in 2012**



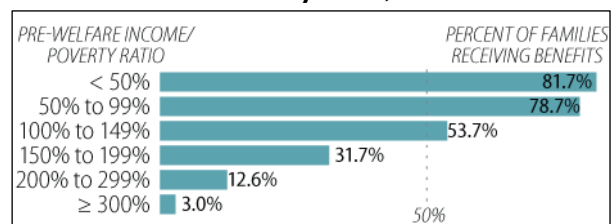
**Source:** CRS estimates using data from the Census Bureau's 2013 Annual Social and Economic Supplement to the Current Population Survey, supplemented with estimates of program eligibility, receipt, and benefits from the TRIM3 microsimulation model.

The 106 million individuals receiving need-tested benefits resided in 42 million families. About 40% of these families benefitted from only one of these programs (most typically, SNAP or a refundable tax credit); 60% received benefits from multiple programs.

### What Types of Families Receive Need-Tested Aid?

The families most likely to receive need-tested benefits were poor. However, not all poor families received benefits. Conversely, not all families that received benefits were poor. In 2012, about 80% of families with pre-welfare income (measuring income before need-tested benefits) below the poverty level received at least one need-tested benefit. In that year, 53.7% of families with income just over the poverty line (100% to 149% of poverty) received need-tested aid. As income increased, receipt of need-tested benefits decreased. Poverty is measured based on annual income; a somewhat higher income family may have been in need for part of a year and received benefits.

**Figure 2. Receipt of Need-Tested Benefits by Pre-Welfare Income to Poverty Ratio, 2012**

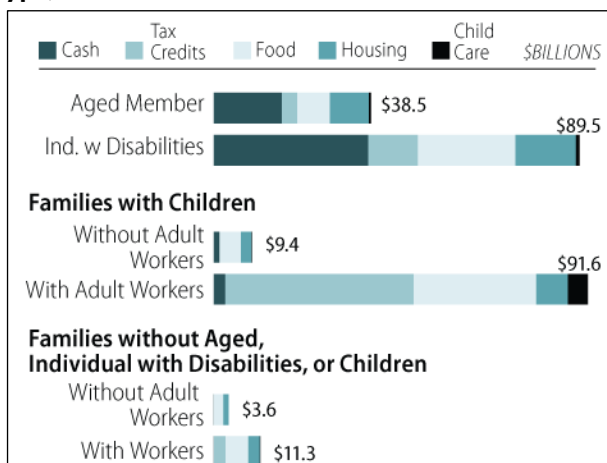


**Source:** See Figure 1.

In addition, some programs explicitly aid only certain types of families (e.g., families with children) or have their benefits targeted to families of a certain type. In 2012, benefits were concentrated among families that had an individual with disabilities or children. For families with

children, the bulk of aid went to those with a working adult, with half the spending for such families coming from the two refundable tax credits (EITC and ACTC). Families without an aged member, individual with disabilities, or children received the smallest amount of benefits in total.

**Figure 3. Total Need-Tested Benefit Amounts for Selected Programs, by Family Category and Benefit Type, 2012**



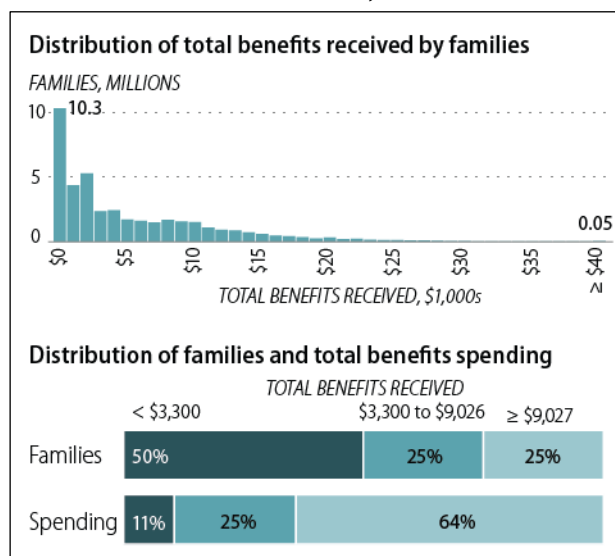
**Source:** See Figure 1. Cash is TANF cash assistance and SSI. Tax credits are the ACTC and the EITC. Food assistance is SNAP and WIC. Housing assistance is Section 8 rental assistance, rent subsidies in public housing, and LIHEAP.

## How Much Do Families Typically Receive in Benefits from All Programs?

In 2012, the median benefit received by families from all programs over the year was \$3,300 (meaning half of all families that received benefits received less than that amount and half received more). However, the median did not represent a benefit amount received by a “typical” family. **Figure 4** shows the “skewed” distribution of total benefits received by families: many families are at the low end of the distribution, with a smaller and decreasing number of families as the total benefit increases. About 10 million families (close to one fourth of all families that received benefits) received a total benefit of less than \$1,000. A characteristic of this skewed distribution is that the relatively small number of families that received large benefits accounted for a disproportionately large share of the total spending on the selected need-tested programs. In 2012, the 25% of families that received the largest total benefit (of \$9,027 per year or higher) accounted for 64% of all spending.

The dollar amounts shown are the “face value” of benefits. For benefits paid in noncash form (food, housing, and child care) that are not fungible for other purposes, a recipient might not value those benefits equal to their face value.

**Figure 4. Total Benefit Amounts of Families that Received Need-Tested Benefits, 2012**



**Source:** See Figure 1.

## Conclusions and Implications

The one in three persons in the United States who received at least one of the selected need-tested benefits in 2012 represent a diverse group. Some are in populations traditionally associated with receipt of need-tested aid: the aged, individuals with disabilities, and families with children without adult workers. However, programs to support parental work were created and expanded over four decades (1970s through 2000s), extending need-tested benefits to families with children not often associated with economic disadvantage (families with full-time workers, married couples, or adults with a college degree).

Many families receive relatively small benefit amounts. However, some do receive relatively large benefits (defined as the “top 25%” in terms of benefit receipt). Those that received relatively large benefits were more likely than other recipient families to be families with an individual with disabilities or families with children. Families with children with relatively large benefits were often large families or families with adults who had characteristics often associated with economic disadvantage: having low educational attainment, being a single parent; being a racial/ethnic minority (other than Asian-American), and working less than full-time all year.

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