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## SELECTED RESEARCH FINDINGS ON ACCOMPLISHMENTS OF THE SAFETY NET

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Summarized below are some of the most important research findings on the accomplishments of government programs that assist low-income families and individuals. For more information, see the series of Center reports entitled *What Have Low-Income Programs Accomplished?*\*

### Public Benefit System

Sometimes called the “safety net,” the U.S. public assistance system includes social insurance programs such as Social Security, unemployment insurance, and Medicare as well as means-tested programs and tax credits such as food stamps, the Earned Income Tax Credit, and Medicaid.

- Public benefit programs reduced the number of poor Americans by 27 million people in 2003, from 58 million to 31 million. The 27 million people removed from poverty included 14 million elderly people and nearly 5 million children. Of this 27 million, nearly 11 million were lifted out of poverty by means-tested benefits alone.
- Public benefit programs markedly reduced the *severity* of poverty for those who remained poor, increasing their average disposable income in 2003 from 29 percent of the poverty line to 57 percent of the poverty line.
- If we look at the elderly, public benefit programs reduced the number of seniors living in poverty in 2003 by 14 million — more than 80 percent — and lifted the disposable income of those remaining in poverty from an average of just 8 percent of the poverty line to 62 percent of the poverty line. In addition, Medicare and Medicaid combined to provide health insurance for virtually all of the 35 million Americans age 65 and older.
- If we look at children, public benefit programs lifted nearly one of every three otherwise-poor children above the poverty line in 2003.
- Public health insurance programs reduce the ranks of the uninsured by tens of millions.

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\* Available at <http://www.cbpp.org/pubs/accomplishments.htm>

- However, most other Western industrialized nations have more effective anti-poverty policies — and lower poverty rates — than the United States, especially for children. Research shows that, due in large part to the relative weakness of U.S. benefit programs, the lowest-income children in the United States have lower incomes than their counterparts in other Western industrialized nations such as Canada, Germany, Belgium, and the Netherlands. For example, the lowest-income 25 percent of children in the United States are poorer than the lowest-income 25 percent of children in Canada.

## Federal Nutrition Assistance

The **Food Stamp Program** helps more than 25 million low-income people afford an adequate diet. **WIC** (the Special Supplemental Nutrition Program for Women, Infants, and Children) provides nutritious foods, nutrition counseling, and health care referrals to about 8 million low-income pregnant and postpartum women, infants, and children under age five who are at nutritional risk. The **School Lunch** and **School Breakfast** programs provide free and reduced-price meals to more than 22 million school children from low-income families.

- In the 1960s, before the Food Stamp Program was established as a nationwide program, various studies found severe hunger to be a significant problem in the United States. Today, severe hunger has become relatively rare. Rebecca Blank, dean of the Ford School of Public Policy at the University of Michigan, has observed that “evidence of severe malnutrition-related health problems has almost disappeared in this country. The primary reason is Food Stamps.”
- Studies examining some of the nation’s poorest counties found substantial increases in food sales after the Food Stamp Program was established and expanded nationwide. Similarly, studies found substantial increases in food purchases (and, correspondingly, in the nutrition available to low-income households nationwide) as a result of the Food Stamp Program.
- A large body of research has consistently found that WIC contributes to healthier births, including a reduction in the incidence of low birthweight. Infants born with low birthweight are more likely to have serious short- and long-term health problems.
- A GAO analysis estimated that each \$1 spent on WIC for pregnant women generated \$2.89 in health care savings during the first year after the birth of the child and \$3.50 in savings over 18 years.
- Children who participate in the School Lunch Program consume more protein, vitamin B12, riboflavin, calcium, magnesium, phosphorus, zinc, and fiber at lunch — and less added sugar — than children who do not eat school lunches.
- Eating breakfast has been shown to have a positive impact on a child’s cognitive development and academic performance. Low-income children are more likely to eat a more adequate breakfast if the School Breakfast Program is available.

## Health Care Programs

**Medicaid** provides health and long-term care to low-income families and individuals, including children, parents, the elderly, and people with disabilities. The **State Children's Health Insurance Program** (SCHIP) supplements Medicaid by providing health care to children with family incomes modestly above the Medicaid limits. The two programs serve more than 55 million Americans.

- Research has shown that both children and adults covered by Medicaid are more likely to have seen a doctor in the last 12 months and to receive preventive care. This access to care pays off in better health outcomes. For example,
  - √ expansions of Medicaid eligibility for low-income children in the late 1980s and early 1990s led to a 5.1 percent reduction in childhood deaths;
  - √ expansions of Medicaid coverage for low-income pregnant women led to an 8.5 percent reduction in infant mortality and a 7.8 percent reduction in the incidence of low birth weight;
  - √ studies have shown that among adults who have chronic diseases — including heart disease, high blood pressure, diabetes, and asthma — those covered by Medicaid are more likely to obtain and use needed medications than are people who are uninsured;
  - √ the availability of Medicaid has increased the degree to which low-income women receive preventive screening for breast cancer and cervical cancer; and
  - √ a major federal study found that those who live in areas with broader Medicaid eligibility experienced lower average rates of preventable hospitalizations.
- If Medicaid enrollment had not increased to cushion the loss of employer-sponsored coverage between 2000 and 2003, more than one million additional adults would have become uninsured. Even more impressive, the percentage of low-income children who are uninsured has fallen in recent years, despite the erosion of private health coverage, because of expanded enrollment in Medicaid and SCHIP.
- For senior citizens and many individuals with disabilities, Medicaid fills gaps in coverage left by Medicare, such as the lack of long-term care. About 70 percent of Medicaid spending goes toward care for low-income senior citizens and people with disabilities.
- Medicaid provides health care at a lower per-person cost than private health insurance, and Medicaid's costs per beneficiary have been rising more slowly in recent years than the per-beneficiary costs of private insurance.

## The Earned Income Tax Credit

The EITC reduces tax burdens and supplements wages for 21 million low-income working families and individuals.

- The Committee for Economic Development, an organization of 250 corporate executives and university presidents, concluded: “The EITC has become powerful force in dramatically raising the employment of low-income women in recent years.” One study found that EITC expansions between 1993 and 1996 induced more than one-half million families to move from welfare (AFDC cash assistance) to work.
- In 2002, the EITC lifted 4.9 million people out of poverty, including 2.7 million children. Without the EITC, the poverty rate among children would have been nearly one-third higher.
- When combined with food stamps, the EITC enables a family of four with a full-time, minimum-wage worker to approach the poverty line, though these families remain below that threshold due to the recent erosion in the minimum wage. (To raise the minimum wage sufficiently so that earnings *alone* raised this family to the poverty line would require that the minimum wage be more than doubled.)
- Research shows that a significant share of families use part of their EITC to make purchases or investments that help them maintain or improve their standard of living, such as repairing a car needed to get to work, making home repairs, and paying for education or job training.

## Supplemental Security Income

Supplemental Security Income (SSI) assists seven million people who are age 65 or over, blind, or who have a disability and who have very low incomes and very limited resources.

- SSI benefits lifted more than 2.1 million beneficiaries and family members above the poverty line in 2002.
- Many individuals remain poor despite receiving SSI benefits, since the benefits are too low to lift a beneficiary out of poverty if his or her household has little or no other income. But poor SSI beneficiaries have average incomes that equal three-quarters of the poverty line; without SSI, their average incomes would have been only one-third of the poverty line.
- SSI assists nearly three million people with severe mental impairments, enabling many of them to live independently rather than in institutions.
- Researchers focusing on low-income families in four California counties found that without SSI, low-income families containing a child with severe disabilities had a greater probability of hardship (including hunger, homelessness, and having electricity or other utilities terminated) than low-income families that did not have a child with severe disabilities. With SSI, such families had about the same probability of hardship as other low-income families.
- The Social Security Administration (the federal agency that oversees SSI and Social Security) stated in a 2004 report on SSI that “By any measure, the SSI program has been extremely successful over its 30 years of operation.... For the low-income aged, blind, and disabled individuals, SSI is truly the program of last resort and is the safety net that protects them from impoverishment.”