2025 Budget Stakes: Poverty and Hardship Could Rise for Millions

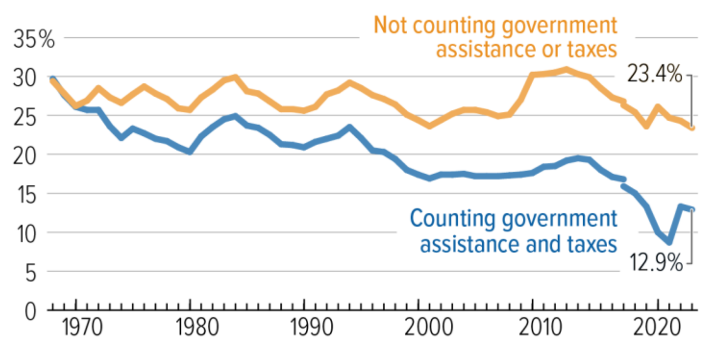
Millions of people would be pushed into, or deeper into, poverty under Republican proposals that Congress could consider this year. A range of spending cuts and other proposals that House Republicans are reportedly considering would increase hardship for individuals and families in every part of our nation by taking away health coverage, food assistance, and other supports to people who struggle to afford the basics.

Republican Proposals Would Increase Hardship and Poverty

Economic security programs and policies such as Social Security, food and rental assistance, and the Child Tax Credit and Earned Income Tax Credit lifted more than 34 million people above the poverty line in 2023. They are largely responsible for a drop in the poverty rate from 29.7 percent to 12.9 percent between 1967 and 2023, according to a CBPP analysis using the more comprehensive of the Census Bureau's two poverty measures. Also, Medicaid provides health coverage for over 70 million people, providing access to health care and reducing medical costs and debt. Economic security supports are effective in narrowing the large differences in child poverty rates between racial and ethnic groups.

Economic Security Programs Largely Responsible for Decline in Poverty Since 1960s

Poverty rate



Note: Break in 2017 reflects the implementation of an updated processing system by the Census Bureau. Figures use Supplemental Poverty Measure (SPM) and 2023 poverty line adjusted for inflation.

Source: CBPP analysis of SPM data from Columbia Center on Poverty and Social Policy (before 2009) and U.S. Census Bureau (2009 and later)

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Taking away entirely or cutting food and housing assistance, health coverage, and income supports from people with low or moderate incomes would increase the breadth and depth of poverty and hardship, including for millions of children. Such proposals include:

Taking away or cutting food assistance provided through SNAP. Cutting already modest SNAP benefits (now just $6.20 per person per day, on average) and shifting part of the cost of benefits to states would increase food insecurity and poverty. Shifting even a small share of SNAP benefit costs to states would strain state budgets, likely forcing cuts in benefits or eligibility — including during recessions, when hardship rises and state revenues fall. Preventing future updates to SNAP benefits to ensure they are enough to afford an adequate diet, or reversing the most recent update, would increase poverty as well. The 2021 update, the first in decades to account for changes in the scientific evidence on the makeup of a healthy diet, was estimated to lift more than 2 million people above the poverty line, according to the Urban Institute, with the largest poverty reductions for Black and Latino people.

Cutting the number of households getting rental assistance. Nearly 23 million people live in households that pay more than 50 percent of their income on rent, an all-time high. Many Republican proposals would slash the part of the budget that funds housing efforts as well as many other public services, from child care to transportation. Cutting the number of households getting help to pay the rent would increase how much low-income families must pay, pushing some into or further into poverty and potentially causing some to lose their homes. Rental assistance lifts nearly 3 million people above the poverty line and reduces the severity of poverty and hardship for millions more.

Taking away health coverage. Affordable Care Act reforms expanding Medicaid and creating marketplace coverage dramatically cut the uninsured rate, with particularly large gains for people of color, and lowered the cost of health coverage. Proposals to cut Medicaid could both shift costs to states and take coverage away from millions of people, making it harder for them to afford health care and other household costs and increasing medical debt and bankruptcies. Failing to extend the premium tax credit improvements for marketplace coverage (which expire this year) means that millions of people would face higher health care costs or lose coverage completely; those with incomes just over the poverty line would be at the greatest risk of losing coverage, and with it their access to care and protection from medical debt.

Taking assistance away from people who don't meet rigid work requirements. In programs like Medicaid, SNAP, and rental assistance, most participants who can do paid work already do. Taking assistance away from people who can't document they are complying with a rigid work requirement doesn't increase employment, research shows, but *will* increase poverty and hardship. Arkansas's experiment with Medicaid work requirements found no evidence that the policy increased work, but 1 in 4 of those subject to the requirement lost coverage.

Blocking tax credits to U.S. citizen children whose parents lack a Social Security number (SSN). The Child Tax Credit, now worth up to $2,000 per child, reduces child poverty. Denying the credit to children who are U.S. citizens if their parents lack an SSN would increase poverty among children, especially for Latino children, hurting children's long-term outcomes and ability to contribute to the economy as adults.

Cutting assistance to families with disabled children. Reducing Supplemental Security Income (SSI) benefits for low-income disabled children, who have conditions such as Down syndrome, cerebral palsy, autism, intellectual disability, and blindness, if another member of the family also receives SSI could push many deeper into poverty. Families caring for children with disabilities, especially those with more than one disabled child, are more likely than other families to be poor and face more material hardships.

Slashing programs providing assistance and services to low-income families. Cutting funding for the Temporary Assistance for Needy Families (TANF) program, which sends funds to states to provide basic cash assistance and services like child care to low-income families, would further limit this program's reach in responding to poverty. Only about 1 in 5 families below the poverty line receive TANF assistance.

Alternative Path Can Reduce Poverty

The extreme agenda represented by proposals like these, which would make millions of people worse off while extending and expanding tax breaks for wealthy households and businesses, is the wrong direction for our nation. A far better path would be to improve families' economic security. For example, Congress could expand rental assistance to reach more people who struggle to afford housing, close the Medicaid "coverage gap," and expand the Child Tax Credit for the 17 million children who don't get the full credit because their families' incomes are too low.

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