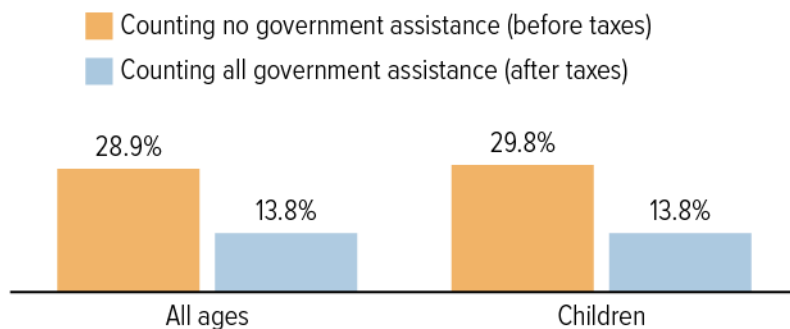


# Nationwide, Safety Net Lifts Roughly 46 Million People Above Poverty Line and Provides Health Coverage to 43 Percent of Children



Federal and state safety net programs lift an estimated 46 million people above the poverty line each year in the United States, cutting the poverty rate in half – from 28.9 percent (before counting government benefits and taxes) to 13.8 percent. Many are children: the safety net lifts roughly 12 million children above the poverty line, reducing the child poverty rate from 29.8 percent to 13.8 percent.<sup>1</sup>

## Safety Net Cuts Poverty Rate by Half in the U.S.



To ensure consistency with the companion state fact sheets, the figures used here reflect the most recent data of their kind that are also available at the state level. The figures measure the combined impact of federal, state, and local policies, although federal programs account for the vast majority of poverty reduction.

## Impact of Largest Programs

Social Security lifts more people above the poverty line each year than any other program. “Means-tested programs,” which tie eligibility to a person’s income – such as SNAP (formerly food stamps) and the Earned Income Tax Credit – also reduce poverty considerably, especially among the non-elderly.

- **Social Security** lifts an estimated 26 million people – most of them elderly – above the poverty line and cuts the elderly poverty rate from 54.2 percent to 14.4 percent.
- **SNAP** lifts an estimated 9.3 million<sup>2</sup> people above the poverty line, and makes many others less poor. Altogether, SNAP now assists about 44 million people a month, including about 20 million children.
- Two working family tax credits, the **Earned Income Tax Credit** and **Child Tax Credit**, lift an estimated 9.6 million<sup>3</sup> people out of poverty. Altogether, roughly 83 million people – including 47 million children – receive the Earned Income Tax Credit or low-income part of the Child Tax Credit.
- **Supplemental Security Income**, which provides critical aid to elderly and severely disabled people with very low incomes, lifts an estimated 4.9 million people above the poverty line.
- **Housing assistance** lifts an estimated 4.1 million people above the poverty line. In total, federal rental assistance helps 10 million people keep a roof over their heads; many other families eligible for assistance don't receive it due to funding limitations.

<sup>1</sup> Figures are for 2009-2012. (State estimates use multiple years to improve reliability.) Other Center documents show that in 2014, the safety net reduced overall poverty from 27.3 percent to 15.3 percent and child poverty from 27.8 percent to 16.7 percent. The 2014 figures, however, are not corrected for underreporting.

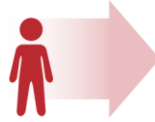
<sup>2</sup> Figure is for 2009-2012. Other Center documents note that SNAP lifted 10.3 million people above the poverty line in 2012.

<sup>3</sup> Figure is for 2011-2013. Other Center documents use the figure that EITC and CTC lifted 10.6 million people out of poverty in 2014.

Safety net programs not only reduce immediate deprivation but also have long-term benefits for children, a growing body of research indicates. The findings suggest, for instance, that SNAP and the Earned Income Tax Credit help reduce infant mortality and low birthweight, and improve children's reading and math test scores, high school completion, college entry, and expected future earnings. The findings also indicate that housing assistance that helps low-income families move to safe, low-poverty neighborhoods with better schools can enhance their children's long-term prospects.

## Higher Income for Poor Children Is Associated With Increased Work Hours and Earnings Later in Life

**+\$3,000**  
a year



Each \$3,000 annual increase in income to poor children before age 6...

**+135**  
working hours  
a year



...is associated with an increase in their working hours between ages 25 and 37 of 135 hours a year and a 17% rise in their annual earnings.

## Health Coverage

An estimated 72 million people have coverage through Medicaid or the Children's Health Insurance Program. (Health coverage provided through public programs doesn't count in determining a household's poverty status.) These programs are particularly essential to children's health, covering 35 million — or more than two-fifths — of all children.

Altogether, 19 states could provide coverage to 2.9 million more adults, largely paid for by the federal government, by joining the 32 other states that have adopted health reform's Medicaid expansion.

Obtaining access to health care through Medicaid has long-term benefits. People eligible for Medicaid coverage in childhood miss fewer school days due to illness or injury, are more likely to complete high school and college, and earn more as adults.

**Data note:** The figures on people lifted out of poverty reflect a comprehensive poverty measure that includes cash benefits and income-like assistance such as SNAP and refundable tax credits, and adjusts for households' underreporting of benefits. The estimates average data over multiple years (in most cases 2009-2012) for increased reliability in the companion state reports; 2012 is the latest year for which it is now possible to correct for underreporting. The figures modestly overstate the safety net's current overall anti-poverty impact, largely due to the subsequent decline in unemployment benefits. (The poverty-reduction figures for the EITC and low-income CTC, where adjustments for underreporting are not required, cover 2011-2013.)

The figures on program participation are the latest data available from program records — March 2016 for Medicaid, April 2016 for SNAP and housing assistance, and 2013/14 for the EITC and CTC.

For methodological reasons, poverty-reduction figures for individual programs add up to somewhat more than the total for the safety net as a whole. For more detail on the lifted-out-of-poverty calculations and the data sources used here, as well as on the effects of particular programs at the state level, see <http://www.cbpp.org/research/poverty-and-inequality/impact-of-the-safety-net-state-fact-sheets-data-sources-and-calculations>.

**(Graphic 1 source)** CBPP analysis of 2009-2012 Census Bureau data from the March CPS and SPM public use files; corrections for underreported benefits from HHS - Urban Institute TRIM3 model. **(Graphic 2 source)** Greg J. Duncan and Katherine Magnuson, "The Long Reach of Early Childhood Poverty," *Pathways*, Winter 2011. **(Graphic 3 source)** CBPP calculations based on CMS Medicaid and CHIP enrollment data for March 2016 and Census Bureau population data.

## More Than Two-Fifths of U.S. Children Covered by Public Health Insurance

Share of children covered by Medicaid and Children's Health Insurance Program

