

US ECONOMY ► FISCAL POLICY

# US Welfare Programs, the Myths Versus the Facts

## The 6 Major Welfare Programs

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BY [KIMBERLY AMADEO](#)  Updated June 25, 2019

Welfare programs are government subsidies to the poor. Recipients must prove their income falls below a target, which is some percentage of the [federal poverty level](#). In 2019, that's \$25,750 for a family of four.

## Welfare Programs in the United States

There are six major U.S. welfare programs. They are Temporary Assistance for Needy Families, [Medicaid](#), Supplemental Nutrition Assistance Programs, Supplemental Security Income, [Earned Income Tax Credit](#), and Housing Assistance.

The federal government provides the funding for these programs. The states administer the programs. Some provide additional funds.

Often Congress reduces funds for these programs. If it does it without lowering the states' responsibilities, that creates an [unfunded mandate](#). For example, the 1998 [reduction in federal food stamp administration costs](#) added \$5 million to state budgets.

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Never confuse welfare programs with entitlement programs. Welfare programs are based on a family's income. To qualify, their income must be below an income based on the [federal poverty level](#).

Entitlement programs base eligibility upon prior contributions from payroll taxes. The four major U.S. entitlement programs are Social Security, Medicare, unemployment insurance, and worker's compensation.

On April 10, 2018, [President Trump signed an executive order](#) directing federal agencies to review work requirements for many welfare programs. The programs include Temporary Assistance for Needy Families, Medicaid, the Supplemental Nutrition Assistance Program, and housing assistance.

Trump wants agencies to standardize work requirements between programs and states. SNAP recipients in most states must find a job within three months or lose their benefits. They must work at least 80 hours a month or participate in job training. But several states, such as Alaska, California, and Nevada, have opted out of the work requirement. They say [unemployment rates](#) are too high. The executive order encourages agencies to

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make sure all states follow the same rules.

## The Six Major U.S. Welfare Programs Myths Versus Facts

**TANF** is the Temporary Assistance for Needy Families program. Most people refer to this program as welfare. [TANF provided income](#) to 1.2 million families in June 2018. It benefited 835,655 adults and 2.4 million children.

In 2016, [TANF assisted only 23 percent](#) of the families living in poverty. On average, a three-person family received \$447 a month. Despite this help, they still lived below the poverty line.

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Welfare received a bad reputation due to [President Ronald Reagan's 1976](#) presidential campaign. He portrayed the [welfare queen](#) who cheated the system to get enough benefits to drive a Cadillac. He also warned of how welfare created a [cycle of poverty](#). As a result, 61 percent of Americans believe the government should provide jobs instead of welfare payments.

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Fraud like Reagan described has been cut since 1996. That's when [President Clinton](#) created TANF out of the ashes of Aid to Families with Dependent Children.

The number of families "on the dole" dropped from 10 million before welfare reform to 1.9 million in 2017. The new requirements were the reason for this decrease.

**Important:** Families who receive TANF must get a job within two years. They might not get more money if they have another child. They can own no more than \$2,000 in total assets. They can only receive TANF for five years or less in some states.

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**Medicaid** paid for health care for [64.9 million low-income adults in 2014](#). The largest share, which was 50 percent, went to 29.5 million children. Next, it covered 19.2 million adults, mostly parents of these children. It pays for [40 percent of all U.S. births](#).

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Medicaid also paid health expenses for 9.8 million blind and disabled people. The smallest category was 5.4 million low-income seniors. It paid for any health costs that Medicare didn't cover for eligible recipients.

The [Affordable Care Act](#) increased Medicaid coverage by 28 percent. It raised

the [income level](#) and allowed single adults to qualify.

**Child's Health Insurance Program.** In addition to Medicaid, 6 million children received additional benefits from [CHIP](#). It covers hospital care, medical supplies, and tests. It also provides preventive care, such as eye exams, dental care, and regular check-ups.

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**The Supplemental Nutrition Assistance Program** is more commonly called food stamps. It gave food vouchers to 42.6 million people in 2017. The average individual received \$126 a month. The total federal cost for SNAP in [fiscal year 2017](#) was about \$70 billion. Of that, 93 percent was spent on food and the rest on administrative costs. [It requires](#) recipients without children to work after three months. It waives the requirement for those who live in areas with high unemployment.

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There's an additional food stamp program for nursing mothers and young children. The Special Supplemental Food Program for Women, Infants, and Children provides food or vouchers, education, and referrals to help feed pregnant women and children up to age six. In 2017, 7.3 million people received [WIC](#) each month. Of those, more

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than 75 percent were children or infants.

The Child Nutrition Program provides free or reduced-cost lunches to 30 million children. It costs the federal government \$12 billion.

### **Supplemental Security**

**Program** provides cash to help the [aged, blind, and disabled](#) to buy food, clothing, and shelter. As of 2018, roughly 8.2 million people received an average \$551 per month. Of those, 7.3 million are blind or disabled.

**Earned Income Tax Credit** is a tax credit for families with at least one child. For tax year 2018, a family of four, in which couples are married and filing jointly, must earn less than \$51,492 a year to qualify. In tax year 2017, over 27 million received credits totaling \$65 billion for an average \$2,455 per taxpayer. [EITC](#) lifted approximately 9.4 million people out of poverty, half of whom were children. It costs just 1 percent of the amount paid out to administer it. Unfortunately, almost one-fourth of the payments are in error.

An unknown amount is fraudulent.

**Housing Assistance** is provided by 1.2 million units of public housing.

The Housing Choice Voucher

Program gives rent certificates for approved units. The subsidy allows recipients to pay no more than 30 percent of their income. Local agencies administer it to 2.2 million renters. This is the old Section 8 program. The Public Housing Agency allows some families to use the voucher to purchase a modest home.

The [Low-Income Home Energy Assistance Program](#) provides energy assistance and weatherization programs. In 2018, it provided \$3.64 billion in block grants to the states.

## Myths About Welfare Programs in General

A [2018 Rasmussen Report survey](#) found that 61 percent of Americans believe that too many people are dependent on government financial aid.

**Note:** Ironically, many of those with this belief live in [states that receive the most aid](#). This disconnect is because the states receive aid in the form of federal contracts, grants, and tax cuts.

The residents don't realize that they



themselves are benefiting from federal aid given to their state governments.

In 2012, presidential candidate [Mitt Romney said](#) that 47 percent of the population would vote Democrat no matter what. He claimed it was because they receive some type of federal assistance. Many people believe this myth. But the [research shows](#) that welfare and food stamp recipients don't vote much. They are so low income that they are too busy surviving to go to the polls.

In fact, the states that [rely the most](#) on federal benefits vote Republican. They often aren't aware of how dependent they are on tax credits, such as the interest deduction for home mortgage interest. They only consider visible federal benefits, such as welfare checks or food stamps. As a result, they don't think the government has done much for them personally.

Another myth is that immigrants come to the United States to collect welfare and other benefits. According to the myth, most undocumented immigrants are on welfare. But the [Department of Homeland Security found](#) that less than 1 percent of this population is on welfare. That's about the same as native-born Americans.

A similar myth says that undocumented immigrants come to the United States to have "anchor babies" for free. But the report found that only 15.5 percent of undocumented immigrants benefit from Medicaid. [Around \\$2 billion a year](#) goes to hospitals who must care for anyone who shows up at the emergency room. It's similar to the 16.1 percent of native-born Americans who use Medicaid.

The study found that 9.1 percent of undocumented immigrants used food stamps, compared to 11.6 percent of native-born. Many undocumented immigrants receive these benefits because they live in households with eligible Americans.

## The Bottom Line

The United States has six major welfare programs: TANF, Medicaid, CHIP, SNAP, EITC, Supplemental Security Income, and housing assistance. To be eligible, recipients' income must be below the poverty levels set by the states. There are other limits as well. TANF recipients must get a job after two years. They won't receive additional benefits should they have another child while under this program.

Mandatory programs such as Social Security and Medicare aren't welfare programs. They are entitlement programs based on one's payroll tax contributions.

Many Americans believe that too much federal aid is being doled out. Ironically, most of them live in states that receive the most federal aid. They don't know it because the aid is invisible, unlike food stamps and TANF checks. This invisible aid includes jobs from federal contracts and tax credits.

Other Americans believe too many undocumented immigrants are on welfare. But only a small percentage of undocumented immigrants benefit from food stamps and Medicaid. Many are only able to do so because they live in homes with eligible U.S. citizens.

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