THE HAMILTON PROJECT

Changes in the safety net over recent decades and their impact

Robert Greenstein

MAY 2025

ACKNOWLEDGMENTS

I have many people to thank for their help on this paper, starting with Lauren Bauer, who both guided me through the process of producing the paper and provided invaluable comments that led to my rethinking substantial parts of the paper. In addition, Danilo Trisi and Richard Kogan helped me understand various poverty and budget data in greater depth and reviewed and commented on parts of the paper that employ such data, and Danilo provided additional poverty data for my use here. I also received very insightful comments, which improved the paper considerably, from Aviva Aron-Dine, Wendy Edelberg, Wendell Primus, Louise Sheiner, and Ernie Tedeschi.

I am particularly grateful for the outstanding research assistance that Olivia Howard, Riki Matsumoto, Asha Patt, Noadia Steinmetz-Silber, and especially Eileen Powell provided. I'm also grateful to Larry Haas and Alison Hope for editorial assistance, Anton Marx for assistance with tables and formatting issues, Laura Mooney for tracking down many articles and books used in the paper, and Jeanine Rees for the paper's layout and design.

MISSION STATEMENT

The Hamilton Project seeks to advance America's promise of opportunity, prosperity, and growth.

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BROOKINGS

Abstract

This paper examines changes since 1970 in the U.S. safety net (i.e., tax and transfer programs), focusing primarily on the “targeted” or “means-tested” part of the safety net. The first half of the paper considers how various programs (and categories of programs) have evolved and grown or shrunk over this period, and how that has impacted various types of low-income households. The paper looks in particular at the pronounced impact the safety net changes made over this period have had on poverty rates, as well as on the share of Americans who are uninsured. The latter half of the paper then assesses various criticisms of the safety net and its growth. The paper concludes with the author’s observations and recommendations about where policymakers should go from here as they consider the future of these programs.

Contents

Introduction

How has the U.S. safety net changed since 1970, and what have been the results? In particular, what impacts have changes made in safety net programs since that time had on conditions like poverty, health care coverage, and children's well-being, and what are the implications for future policy? At a time when federal policymakers are considering substantial cuts and other changes in some major safety net programs, these questions take on added importance.

This paper examines changes in the U.S. safety net since 1970, with a focus on the part of the safety net that consists of programs targeted on people with low or modest incomes. To assess ongoing changes in these programs and the resulting impacts, the paper looks particularly at changes made between fiscal years 1970 and 2019, although it also includes substantial data for 2023 (and some data for 2024 where available) with the caveat that the data for years after 2019 reflect the effect of various temporary program expansions implemented in response to the COVID pandemic and related recession. The four principal fiscal years for which the paper provides data—fiscal years 1970, 2019, 2023, and 2024—all had unemployment rates in the vicinity of 4 percent (4.4 percent in 1970, 3.7 percent in 2019, 3.6 percent in 2023, and 4.0 percent in 2024).

The paper also considers several criticisms of the safety net and its evolution over the past half-century, including criticisms from both the left and right of the political spectrum. It examines contentions that the safety net has been cut substantially as a result of neoliberal policies, that the safety net has grown but the growth has failed to reduce poverty appreciably, that the growth in targeted safety net programs is the main cause of the nation's fiscal problems, that the safety net would be more effective in reducing poverty and do so at less cost if it had tougher, more widespread work requirements, and that policymakers should turn away from further strengthening redistributive safety net programs and focus exclusively on predistributive measures instead.

Key findings

The paper finds that while some programs have contracted, and support has become less generous for some groups, the safety net overall has grown substantially and become considerably stronger. The paper also finds that the safety net expansions of the past half-century have resulted in large reductions both in poverty and in the share of Americans who are uninsured.

Federal spending for *universal* social programs—Social Security, Medicare, and Unemployment Insurance (UI)—rose from 3.7 percent of Gross Domestic Product (GDP) in 1970 to 8.0 percent in 2019 and 8.1 percent in 2023 (Congressional Budget Office [CBO] 2025; Kogan 2022; Office of Budget and Management [OMB] 2025). These increases were driven primarily by the aging of the population and rising health care costs, though program expansions such as the enactment of a Medicare prescription-drug benefit also played a role (Howard 2025; Kogan et al. 2024).

Various of the main *targeted*, or means-tested, programs grew as well, with federal spending for such programs (including both targeted mandatory programs, most of which are entitlement programs, and targeted discretionary programs) rising from 1.7 percent to 4.2 percent of GDP over the 1970–2019 period and to 4.8 percent of GDP in 2023 (CBO 2025; Kogan 2022; OMB 2025). That growth was driven primarily by expansions in targeted health care programs to cover tens of millions of the uninsured, along with increases in health care costs.

Targeted programs grew by less than universal programs did as a share of GDP, but by more in percentage terms. In both targeted and non-targeted programs, the growth came in mandatory programs. Expenditures for non-defense discretionary programs declined over the period as a share of GDP, though by much less than mandatory programs grew.

As this paper demonstrates and as other analysts also have found (Bahk, Moffitt, and Smeeding 2024), these safety net expansions—rather than the economy—are the main reason poverty rates have fallen considerably over recent decades[1] and health care coverage has markedly expanded. The poverty rate *before* counting government benefits and taxes stood at 23.6 percent in 2019 and 23.4 percent in 2023, only modestly lower than in 1970. But the poverty rate *after* counting government benefits and taxes was 13.5 percent in 2019 and 12.9 percent in 2023 (the most recent year for which we have poverty data), far lower than in 1970. By 2019 and 2023, government benefits and taxes were lifting from poverty nearly half (43 percent to 45 percent) of people who would otherwise be poor, compared to just five percent in 1970 (Trisi and Sherman 2024). These data use the anchored version of the Supplemental Poverty Measure (SPM), as discussed in section IV of this paper.

The number and share of Americans who lack health insurance fell sharply as well, especially after implementation of the Affordable Care Act (ACA). Nearly 15 percent of Americans were uninsured in 1970, after large declines following the creation of Medicare and Medicaid in the 1960s (Council of Economic Advisers [CEA] 2017), and 14.5 percent still were uninsured in 2013, the last year before the ACA's major

1. I am referring here to changes in poverty rates over the course of the business cycle rather than to year-to-year cyclical fluctuations in poverty rates as the economy expands and contracts.

coverage expansions took effect (Lukens 2024a). By 2023, only 7.9 percent were uninsured, marking the lowest U.S. uninsurance rate ever recorded (U.S. Census Bureau [Census] 2023). And the share of children who were uninsured, which stood at nearly 25 percent in 1988, fell to about five percent in 2023 (Blewett et al. 2024; Census 1995–2023; Census 2023).[2]

Among those who have benefited most from the safety net expansions of the past half-century are lower-income working families with children, including millions of families modestly above the poverty line that struggle to get by on low wages. Today, many targeted programs—including Medicaid, the ACA, the Children's Health Insurance Program (CHIP), the Earned Income Tax Credit (EITC), the Child Tax Credit (CTC), and the Supplemental Nutrition Assistance Program (SNAP, formerly known as the Food Stamp Program)—help not only those who are poor but also many near-poor and modest-income working families.

But the story is not simply one of program expansions; it also includes some program cuts. Since 1970, cash welfare assistance for families with little or no earnings has shrunk substantially. So has cash aid for indigent individuals who are not elderly, disabled, or raising children at home. As a result, the income gap has widened between those living in deep poverty—for some of whom the safety net has weakened—and other families and individuals with low incomes (especially low-income working families with children), for whom the safety net has grown considerably stronger.

In addition, the federal minimum wage has eroded over recent decades, and the share of U.S. workers who are labor-union members has plunged. This has led some on the left to call for focusing almost exclusively in coming years on predistributive measures like minimum-wage increases and changes in labor laws, while eschewing further improvements in redistributive social programs (Bruenig 2024[3]; Pancotti 2024; Wu 2024). This paper argues that such a policy prescription overlooks the important role that safety net programs play in reducing poverty, shrinking the ranks of the uninsured, and improving children's well-being, and glides over the fact that predistributive measures cannot do much themselves for people who are elderly, have work-limiting disabilities, or are unemployed. The paper concurs with those who have concluded that predistribution and redistribution measures complement each other and are most effective in tandem (Rothstein and Zipperer 2020). The paper also notes that predistribution measures require the support of 60 senators to pass the Senate, which makes them much harder to enact than redistributive measures, which need only 51 Senate votes if they are included in a budget reconciliation bill.

Criticism has come from the right of the political spectrum as well, where some contend both that targeted social programs are the main driver of the federal government's growing fiscal problems and that these programs perform poorly in addressing poverty because they lack sufficiently stiff and widespread work requirements (Gramm and Arrington 2024). Yet as discussed in section VI of this paper, the past quarter-century's large tax cuts account for more of the fiscal imbalance that has emerged since the federal budget was last in balance, in the 1998–2001 years, than the strengthening of targeted social programs to reduce poverty, help support working families with modest incomes, and expand health insurance coverage (Horton 2017; Kogan et al. 2024; Tax Policy Center [TPC] 2017; Tedeschi 2025a, 2025b). As for work requirements, research shows that in those places and for those populations for which such requirements have been implemented in Medicaid and SNAP, they have proven largely ineffective in increasing employment but have caused substantial shares of those subject to the requirements to lose food aid or health care coverage, in large part because of the extensive paperwork and red tape often involved and the difficulty people often have encountered in demonstrating compliance (Bauer, Schanzenbach, and Shambaugh 2018; Khan 2025; Lukens and Zhang 2025).

The findings summarized above and explored in more detail below lead me to the conclusion, discussed in section VII of this paper, that policymakers should adhere to two basic principles as they consider next steps with respect to targeted safety net programs. First, they should do no harm: They should not make deep cuts in critical safety net programs like Medicaid and SNAP (or fail to extend the strengthened subsidies for purchasing health insurance in the ACA marketplaces that will otherwise expire at the end of 2025), as doing so could undo much of the progress of the past half-century in reducing poverty and hardship and expanding health care coverage.

The second main conclusion I draw is that policymakers should seek to address important safety net gaps that remain, though that likely will need to be pursued on an incremental basis over time. Ideally, policymakers would endeavor to take such steps as strengthening UI, making the CTC fully available to the poorest children, expanding the supply of affordable housing and bolstering rental assistance for low-income families, making child care more widely available and affordable (and thereby enabling more parents to work or to work more hours), and strengthening the

2. Various surveys place the uninsured rate for children in 2023 at between 4 percent and 6 percent (Blewitt et al. 2024; Census 1995–2023; Census 2023).

3. Bruenig notes, critically, that a number of people support a predistribution agenda "as if it is some kind of substitute for the welfare state," that this idea "has purchase in a lot of political groupings" including among some of the left, and that "prominent people dabble in this notion that we don't need welfare expansion, that it can be substituted by some other predistributionist policy" (Bruenig 2024).

now-meager safety net for poor individuals who are not raising children at home and are not elderly or disabled. (In addition, although this is beyond scope of this paper, policymakers should strengthen programs such as apprenticeships that have been found effective in boosting employment prospects, especially for people without a college education.) Policymakers should offset the costs of such measures through well-designed revenue increases and spending reforms, particularly measures that go after "weak claims" rather than "weak clients."

I. The safety net in 1970

In 1970, the safety net, apart from Social Security, Medicare, and UI, was relatively spartan in scope and impact. For example, the Food Stamp Program (which has been called SNAP since 2008) was not available in all parts of the country, and eligible households had to use their own cash to buy their food stamps (they received more in food stamps than they paid in cash), which prevented many cash-poor households from enrolling. Studies at the time found substantial hunger and child malnutrition, especially in Appalachia and the deep South (Greenstein 2017).

Medicaid was highly constrained as well: It was limited largely to people who received cash welfare assistance, and it excluded most of the working poor and large numbers of low-income children. CHIP did not yet exist. Nor did the ACA subsidies to help people afford private health insurance. And Medicare lacked prescription-drug coverage.

Neither the EITC nor the CTC existed either, and millions of low-income working households were literally taxed into, or deeper into, poverty because their income and payroll taxes exceeded any safety net benefits they received (Greenstein 2024; Trisi and Sherman 2024).

Various other safety net programs also did not yet exist, including the Supplemental Security Income (SSI) program for poor individuals and couples who are elderly or have serious disabilities, the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), and the Low Income Home Energy Assistance Program (LIHEAP).

II. Changes since 1970: Did the safety net expand or contract?

Some critics of "neoliberal" policies have argued that from roughly 1970 until the outbreak of COVID—a period said to be one of neoliberal dominance—policymakers cut U.S. social programs sharply. For example, Gary Gerstle's *The Rise and Fall of the Neoliberal Order,* in a passage Ezra Klein cited in a 2023 *New York Times* article on key new books that year, contends that "the apogee of America's welfare state, with all its limitations, was coterminous with the height of the Cold War. The dismantling of the welfare state and the labor movement, meanwhile, marched in tandem with communism's collapse" (Gerstle 2022, 16; Klein 2023).[4]

New York Times contributing opinion writer Elizabeth Spiers similarly wrote in September 2024 of "what little social safety net this country still offers" (Spiers 2024).[5] And Matt Bruenig has observed that a narrative popular among some on the left holds that the U.S. has undergone "a neoliberal wave of reduced unionization, *welfare-state retrenchment*, privatization, and deregulation" (Bruenig 2025, emphasis added).

But while Gerstle and others who share his view are certainly correct about the decline in labor-union strength—fewer than 10 percent of U.S. wage and salary workers were union members in 2024, compared to more than one-third in the mid-1950s (DeSilver 2018; Gurley 2025)—Gerstle's claim of safety net dismantling does not withstand scrutiny. Although some social programs have indeed shrunk over the past half-century, the overall picture is one of strong safety net expansion, as this section and section III of this paper document. We look first at changes in various programs over this period and then at the effects of those changes on program expenditure levels.

SNAP (formerly known as the Food Stamp Program)

As noted, in 1970 the Food Stamp Program was not yet fully national in scope, and it required poor households to buy their food stamps, with the result that large numbers of eligible people did not enroll and received no benefits (Greenstein 2017).

Since then, the program has expanded markedly. The 1977 Food Stamp Act eliminated the requirement that people buy their food stamps, and program

4. Neoliberalism is often described as a governing philosophy that, in contrast to the New Deal liberalism that dominated economic policymaking through the mid-20th century, lauds free markets, free trade, deregulation, and less government intervention in economic affairs. See, for instance, the definition by Britannica Money (Smith 2024). In his book, Gerstle writes: "The neoliberal order that arose in the 1970 and 1980s and crested in the 1990s and 2000s … was grounded in the belief that market forces had to be liberated from government regulatory controls that were stymieing growth, innovation, and freedom. … Neoliberalism is a creed that prizes free trade and the free movement of capital, goods, and people. It celebrates deregulation … [and] hails globalization. …" Neoliberalism, he adds, favors a smaller government role than New Deal liberalism, seeks to impose market discipline more broadly on society, and is marked by "indifference to questions of economic equality and redistribution" (Gerstle 2022, 11, 13-14). Regarding timing, Klein speaks of "the neoliberal order, which spanned the 1970s to the 2010s" (Klein 2023).

5. In a related example, Samuel Moyn recently wrote in the *New York Times* Book Review that for the past 50 years, leaders of both political parties have "tighten[ed] belts and slash[ed] budgets" (Moyn 2025, 21).

participation surged (Caswell and Yaktine 2013). Policymakers *did* cut the program in 1981, 1982 and 1996 (and imposed stiff work requirements in 1996 on recipients ages 18 to 49 who were not raising children or considered disabled). But those cuts were more than offset overall by subsequent program expansions, and program participation grew further (U.S. Department of Agriculture [USDA] n.d.a.). In addition, many low-income working households with incomes between 130 percent and 200 percent of the poverty line now are eligible for benefits, and most states have eased or dropped the program's austere asset limits (USDA 2024). While 2.1 percent of the U.S. population received food stamps in 1970, some 10.9 percent did in 2019 (Bureau of Economic Analysis 1970–2019; USDA n.d.b).

The program also operates as an automatic stabilizer, expanding during economic downturns as more people become eligible and receding as the economy recovers, and Congress has also enacted temporary benefit increases during the past few recessions. Also, the Biden administration raised SNAP benefit levels by more than 20 percent through action taken in 2021, in response to a requirement of the 2018 farm bill that called for a revaluation of the adequacy of SNAP benefits (Jones Cox 2023; White House 2025).

Health insurance programs

To qualify for Medicaid in the early 1970s, people generally had to be enrolled in a federal cash welfare program: either Aid to Families with Dependent Children (AFDC) or the state cash assistance programs for poor elderly or disabled individuals that SSI replaced. Modest numbers of other people could also qualify, but most working-poor households, as well as most low-income people who were not raising children at home and were not classified as elderly or disabled, were ineligible (Provost and Hughes 2000).

Since the 1970s, policymakers have expanded federal health insurance programs markedly. Today, Medicaid covers children in every state with household incomes up to 138 percent of the poverty line, and depending on the state, either Medicaid or CHIP (which policymakers created in 1997) covers millions of additional children with incomes somewhat above that level (Cohen and Briones 2024; Medicaid and CHIP Payment and Access Commission 2018). In addition, due to the ACA, all but 10 states now provide Medicaid coverage to non-elderly adults with incomes up to 138 percent of the poverty line who are not raising children at home and do not have disabilities (Kaiser Family Foundation [KFF] 2025). And nearly 21 million people, most with modest incomes, received comprehensive health care coverage in 2024 through the ACA's health insurance exchanges (or marketplaces), with many of these individuals receiving subsidies to help them afford the coverage (Lukens 2024a).[6]

This broadening of federal health insurance programs has played a pivotal role in shrinking the share of Americans who are uninsured. In addition, many fewer people who have coverage now are underinsured, mainly due to the ACA's coverage requirements and standards (Kominski, Nonzee, and Sorensen 2018).

Access to certain forms of care also has improved for people who are elderly or disabled and consequently qualify for Medicare. In 1970 and for several decades after, Medicare lacked coverage for prescription drugs. Policymakers added that coverage through the 2003 Medicare Modernization Act and then strengthened it through the 2022 Inflation Reduction Act (Cubanski, Neuman, and Damico 2024; Oliver, Lee, and Lipton 2004). The 2022 law placed a $35-a-month cap on how much Medicare beneficiaries can be charged for insulin, and starting in 2025, beneficiaries will pay no more than $2,000 out of pocket each year for prescription drugs that Medicare covers. (The $2,000 cap will be adjusted annually for inflation.) As a result, those who need high-cost drugs for conditions such as various forms of cancer are expected to save thousands of dollars a year (Cohn 2025; Cubanski, Neuman, and Damico 2024).

Finally, while significant numbers of low-income Medicare beneficiaries previously found it difficult to afford Medicare's premiums or cost-sharing charges, policymakers acted over recent decades to eliminate Medicare premiums, deductibles, and cost-sharing charges for beneficiaries below the poverty line and to eliminate Medicare Part B premiums for beneficiaries between 100 percent and 150 percent of the poverty line,[7] although beneficiaries must apply for that relief and many miss out because they do not do so (Primus and Rich Bingham 2024).

Major programs created since 1970

Various other major social programs were created only after 1970. The EITC was created in 1975, while the CTC was created in 1997, and policymakers have since expanded both programs several times.[8] WIC, originally created as a pilot program in 1972, has been a national program since 1974 and, since 1997, has generally

6. Monthly marketplace enrollment reached 20.8 million in February 2024 (Lukens 2024a).
7. To secure this relief, Medicare beneficiaries must also have assets below specified levels, which were $8,400 for an individual and $12,600 for a couple in 2022. Assets such as a home, car, and burial plot do not count against these limits (Congressional Research Service [CRS] 2022).
8. In 2019, the EITC provided $64.5 billion in tax credits, including about $5.3 billion in reductions in income tax owed and a little more than $59 billion in "refundable" credits (Internal Revenue Service [IRS] n.d.; Kogan 2022).

served all eligible women, infants, and children who apply. LIHEAP was created in 1981.

Moreover, 31 states and the District of Columbia have established their own *state* EITCs (Butkus 2024a; Waxman, Lefebvre, and Master 2024), most of which are fully refundable, and 15 states and the District now have state CTCs, 12 of which are fully refundable (Butkus 2024b).[9]

Major programs cut since 1970

While policymakers expanded various programs and created new ones, they also cut some programs substantially, particularly programs that provide cash assistance outside the tax code primarily to people who are not currently employed.

From 1993 to 2016, real spending for cash welfare assistance through AFDC and its successor, Temporary Assistance for Needy Families (TANF), fell by a stunning 78 percent, Zachary Parolin reported in a 2021 study. And that retrenchment came on top of sizeable cuts made in AFDC benefits in the 1970s and 1980s (Office of the Assistant Secretary for Planning and Evaluation [ASPE] 1995; Parolin 2021). In 1970, AFDC benefits lifted a family of three with no other income to above 60 percent of the poverty line in most states, and no state provided benefits equal to less than 20 percent of the poverty line (Center on Budget and Policy Priorities [CBPP] 2022). Today, not a single state provides TANF benefits equal to more than 60 percent of the poverty line, and 17 states provide benefits equal to less than 20 percent (Azevedo-McCaffrey and Aguas 2025). In addition, for every 100 families with children that had cash incomes below the poverty line in 1979, 82 received cash assistance through AFDC; by 2020, only 21 out of every 100 such families received cash assistance through TANF (CBPP 2022; Greenstein 2022).

Many states also cut their state-funded General Assistance (GA) programs, which provide cash aid to very poor individuals who are not elderly, classified as disabled, or raising children at home. As recently as 1989, 38 states had GA programs. By 2020, only 24 states and the District of Columbia still provided GA benefits to people who are not elderly, have not passed a disability or incapacity test, and are not raising children at home. Moreover, almost all of the 24 states that retained a GA program for such individuals reduced the benefits in real terms (Greenstein 2024). By 2020, the maximum GA benefit was below half of the poverty line in all but two states still operating such a program and below a quarter of the poverty line in half of those states (Greenstein 2024; Llobrera et al. 2021; Schott 2020).

Adding to the squeeze on poor individuals who have little or no earnings and are not elderly, disabled, or raising children, the 1996 federal welfare law restricted their eligibility for SNAP, limiting it to three months in which they are not employed for at least 20 hours a week out of each three-year period, unless their state or locality secures a federal exemption due to elevated unemployment.[10]

Also, while SSI's creation in 1974 strengthened cash assistance for poor people who are elderly or have a serious disability, important aspects of SSI's eligibility and benefit structure have eroded substantially since then, because they either have not been adjusted for inflation or have been adjusted only partially. For example, SSI's asset limits—just $2,000 for individuals and $3,000 for couples, with some assets such as a home exempted—have not been adjusted for inflation since 1989 (Romig, Nunez, and Sherman 2023).[11] Today, the elderly poverty rate, as measured under the Supplemental Poverty Measure (a poverty measure I discuss in detail later in this paper), is slightly higher than the child poverty rate (Shrider 2024).

Finally, UI has been hit hard. While the program expands during recessions and contracts during economic recoveries, its long-term trend is one of marked shrinkage. In the 1950s, roughly half of unemployed workers received UI benefits in an average month, as did about 40 percent of the unemployed in the 1970s. But from 2010 through 2019, only 27 percent of unemployed workers received UI benefits in an average month (U.S. Department of Labor [DOL] 1979–2019, n.d.a.; Wandner and Stettner 2000).

Summing up program expansions and contractions

For the low-income population overall, and particularly for groups such as low-income children and low-income working families, the creation and expansion of various safety net programs since 1970 has heavily outweighed the program contractions—as the program spending, poverty rate, and health insurance

9. The state EITCs are fully refundable in 26 of these 32 jurisdictions and partially refundable in two others. Puerto Rico also has an EITC, which receives some federal funding (Butkus 2024a).

10. Legislation enacted in 2023, as part of a bipartisan deal to raise the federal debt limit, raised the age range of individuals subject to SNAP's three-month limit to include those aged 50–54, while exempting people who are experiencing homelessness, are veterans, or are under age 25 and were previously in foster care. The Congressional Budget Office (CBO) estimates that slightly more people gained SNAP eligibility due to the new exemptions from the three-month limit than lost it due to the broadening of the age range of people who are subject to it (Bergh and Rosenbaum 2023).

11. In addition, a feature of SSI that disregards $20 a month of a household's income in determining the household's eligibility and benefit level has not been adjusted for inflation since the program's inception in 1974 (McGarry and Schoeni 2015).

data in sections III and IV of this paper demonstrate. For example, under a key poverty measure (the anchored SPM, discussed in section IV of this paper), government benefits and taxes raised out of poverty *nearly half* (45 percent) of those who otherwise would be poor in 2023, compared to just 5 percent in 1970 (see table 3a).

Safety net expansions for low-income working families have been especially pronounced. In 1970, such families qualified for few means-tested benefits, which were largely focused on people receiving cash welfare assistance and often featured wide variation in generosity by state. Today, tens of millions of low- and modest-income working families, including many working families with incomes above the poverty line, qualify for and receive health care coverage through Medicaid, CHIP, or the ACA, as well as benefits or other assistance through such programs as SNAP, WIC, LIHEAP, the EITC, and the CTC, many of which now have national eligibility and benefit standards (Howard 2025).

At the same time, the safety net has stagnated or contracted for some other individuals and households, especially deeply poor individuals who have little or no earnings, are not raising children at home, and are not elderly, disabled, or incapacitated. For adults ages 18 to 64 who aren't raising children at home and don't receive disability benefits, government benefits and taxes in 2017 lifted from poverty (under the anchored SPM) only about 8 percent of those who would otherwise be poor, representing essentially no improvement from the 7 percent for 1970. For these individuals, expansions in some programs were offset by retrenchment in others (Barrow, Schanzenbach, and Rivera 2024; Greenstein 2024; Trisi 2023). The safety net has also contracted for some categories of legal immigrants, primarily as a result of restrictions the 1996 welfare law placed on their eligibility for various targeted programs (Bitler and Hoynes 2011).

As a result, the income gap after taxes and transfers between the poorest households— especially households consisting of indigent individuals who aren't elderly, disabled or raising children—and other low-income households has widened. By 2019, one study found, the average household at the 15th percentile of the pre-tax-and-transfer income scale received more in public benefits than the average household at the 5th percentile (Parolin, Desmond, and Wimer 2023). Another study found that single-parent families with low earnings now receive more safety net support than single-parent families with no earnings (Schmidt, Shore-Sheppard, and Watson 2025).[12] Both of those studies and others also found widening gaps between working-age households with children, for whom support increased overall, and working-age households without children, who were largely left behind (Bruch, Van Der Naald, and Gornick 2023). Still another study found that deep and extreme poverty increased between 1995 and 2016 among people in households without children (Brady and Parolin 2020).

III. A closer look at changes in program spending over the past half-century

Since 1970, as we have seen, policymakers have expanded some programs and scaled back others, with the overall picture being one of considerable growth rather than contraction. Since 1970, universal and targeted programs have grown strongly as a share of GDP.[13] Spending fell as a share of GDP for cash welfare assistance (AFDC/TANF) and UI. But it rose, often substantially, for many other major social programs, both universal and targeted.

Overall spending for the main *universal* programs—Social Security, Medicare, and UI—climbed from 3.7 percent of GDP in 1970 to 8.0 percent of GDP in 2019 and 8.1 percent in 2023 (CBO 2025; Kogan 2022),[14] with the increase driven primarily by rising health care costs and the aging of the population (Howard 2025; Kogan et al. 2024). Spending for *targeted* programs, including both targeted mandatory and targeted discretionary programs, grew from 1.7 percent of GDP in 1970 to 4.2 percent in 2023 (CBO 2025; Kogan 2022). It then increased further to 4.8 percent of GDP in 2023 (CBO 2025; Kogan 2022; OMB 2025; see tables 1 and 2), due primarily to the strengthening of subsidies for the purchase of health insurance, an increase in SNAP benefits, and the continued effect of some temporary expansions enacted in response to COVID and the ensuing recession that had not fully unwound by 2023.

The bulk of the spending growth in targeted programs occurred in health care programs, which rose from 0.4 percent of GDP in 1970 to 2.3 percent of GDP in 2019 and 2.7 percent in 2023. Spending for targeted programs outside health care rose by less, from 1.3 percent to 1.9 percent of GDP between 1970 and 2019 and 2.1 percent of GDP in 2023 (CBO 2025; Kogan 2022; OMB 2025). (See table 2.)

12. The study by Schmidt, Shore-Sheppard, and Watson also reports that low-income *married* families with children are among those who benefited most from the safety net expansions of recent decades, due to such factors as the removal of rules that had tied eligibility for Medicaid to receipt of cash welfare assistance as well as the creation or expansion of SNAP, the EITC, and the CTC, which serve both married and unmarried households.

13. For detailed year-by-year budget data that Richard Kogan compiled for fiscal years through 2019 from the Office of Management and Budget's (OMB) spending database, see Kogan 2022.

14. The data cited here for program expenditures as a share of GDP in 1970 and 2019 contain a few extremely small changes from Kogan 2022, due to recent, small refinements in the BEA's GDP data for years from 1970 to 2019 (CBO 2025).

TABLE 1

Spending levels for various mandatory programs, fiscal years 1970, 2019, and 2023, as a share of GDP

	FY 1970	FY 2019	FY 2023
Universal programs			
Social Security	2.8%	4.9%	4.9%
Medicare*	0.6%	3.0%	3.0%
UI	0.3%	0.1%	0.1%
Targeted programs			
Medicaid/CHIP	0.3%	2.0%	2.3%
ACA premium tax credit***	0	0.2%	0.3%
SNAP	0.1%	0.3%	0.5%
AFDC/TANF	0.4%	0.1%	0.1%
SSI**	0	0.3%	0.2%
Child nutrition	0.04%	0.1%	0.1%
Pell Grants	0.05%	0.15%	0.1%
EITC***	0	0.3%	0.2%
Child Tax Credit***	0	0.1%	0.1%

Source: CBO 2025; Kogan 2022; OMB 2025.

Note: SSI, the EITC, the Child Tax Credit, and the ACA premium tax credit did not yet exist in 1970. *The Medicare data here include the Medicare low-income prescription drug subsidy, which is part of the Medicare prescription drug benefit. **SSI's first full fiscal year of operation was 1975; its spending equaled 0.3 percent of GDP that year, the same percentage as in 2019. SSI operated for part, but not all, of FY 1974. ***Figures here reflect outlays for these tax credits, not the portions of the tax credits that reduce income tax owed.

THE HAMILTON PROJECT
BROOKINGS

TABLE 2

Spending levels by program category, fiscal years 1970, 2019, and 2023, as a share of GDP

	FY 1970	FY 2019	FY 2023
Universal programs	3.7%	8.0%	8.1%
Targeted programs	1.7%	4.2%	4.8%
Targeted mandatory programs	1.1%	3.7%	4.2%
Targeted discretionary programs	0.6%	0.5%	0.6%
Targeted health programs*	0.4%	2.3%	2.7%
Targeted non-health programs	1.3%	1.9%	2.1%

Source: CBO 2025; Kogan 2022; OMB 2025.

Note: *Targeted health programs are those in Function 550 of the federal budget.

THE HAMILTON PROJECT
BROOKINGS

IV. The impact of the safety net changes on poverty, health care coverage, and child well-being

Poverty

Poverty rates, as measured by the Supplemental Poverty Measure (SPM), have fallen markedly over the past 50 years. As the data below demonstrate, the primary reason is that social programs have grown considerably stronger.

Data from the so-called "Official Poverty Measure" (OPM) suggest the nation has made little progress on poverty (Desmond 2023). That measure, however, has limited value in assessing changes in poverty over time because it excludes income from all social programs that do not provide their benefits in cash or that provide benefits in cash but do so through the tax code. The OPM thus entirely *excludes* the income from a number of the major programs that policymakers have created or expanded over the past half-century, including SNAP, the EITC, and the CTC, while it *counts* the income from the main programs that have shrunk—cash welfare assistance and UI (Sherman, Parrott, and Trisi 2014).

In response to the OPM's serious deficiencies, the Census Bureau now also issues—and analysts increasingly rely on—the newer and more comprehensive SPM, which *counts* income from non-cash benefits like SNAP (though not Medicaid or other health-coverage programs) and also includes as income the EITC's and CTC's refundable benefits (i.e., the EITC and CTC amounts that exceed the income tax a household otherwise owes). The SPM also subtracts from household income the income and payroll taxes that a household pays. Most analysts agree the SPM is far superior to the OPM in measuring poverty (McGranahan and Schanzenbach 2024). The National Academy of Sciences, Engineering, and Medicine (NASEM) recommends using the SPM rather than the OPM (NASEM 2023).

The SPM has two versions: the "anchored SPM," under which the poverty-line thresholds are adjusted for inflation each year; and the "standard" SPM, under which those thresholds are adjusted each year to reflect changes in living standards as well, making it a quasi-relative measure of poverty (Creamer 2024). Some analysts prefer the anchored SPM while others prefer the standard SPM, but Christopher Wimer and his colleagues make a strong case that the anchored SPM is the better measure to use for calculating changes in poverty over time (Wimer et al. 2016).[15]

Both versions of the SPM illuminate how poverty rates have changed over recent decades and the role of safety net programs in shaping those changes. Under both the anchored SPM and the standard SPM, poverty rates based only on *market income*—that is, on household incomes *before* counting government benefits and taxes—have changed little since 1970. Under the anchored SPM,[16] the poverty rate before counting government benefits and taxes stood at about 27 percent in both 1970 and 2017, at 24 percent in 2019, and at 23 percent in 2023 (with the 2019 and 2023 figures reflecting refinements Census made in its methodology several years ago that slightly reduce measured poverty rates).[17] But the poverty rate after counting government benefits and taxes has declined

15. The Census Bureau's release in September 2024 of 2023 poverty data has further driven the debate over which version of the SPM is better. The poverty line under the anchored SPM rose by 4.1 percent between 2022 and 2023, reflecting the overall inflation rate in the Consumer Price Index. But the poverty line under the standard SPM rose much more rapidly, by between 6.8 percent (for homeowners) and 8.6 percent (for renters) (Bureau of Labor Statistics [BLS] 2024). Under the standard SPM, the poverty-line thresholds are adjusted annually based in part on changes in what typical families spend on basic needs such as housing and food, averaged over five years. Further complicating matters, Labor Department economists estimated that average inflation for the full range of items purchased by the poorest fifth of households rose by 4.6 percent in 2023, which was well below the amount that the standard SPM thresholds increased (Trisi and Sherman 2024; Creamer 2024). On a related front, Christopher Wimer and colleagues have written that because the standard SPM is a quasi-relative measure, "historical changes in poverty [under that measure] could be at least partly due to changes in thresholds. In this respect, an anchored or absolute measure can provide a cleaner estimate of the role of resources in affecting trends in poverty. Thus, although a relative or quasi-relative measure may be more appropriate for assessing the level of need in any given year . . .[,] an anchored measure is more useful for establishing how families' resources have changed against a fixed benchmark because an anchored poverty threshold takes changes in living standards out of the equation when assessing changes in poverty over time" (Wimer et al. 2016, 1208).

16. These poverty rate data for both the standard and anchored SPM are drawn from recent analyses by Danilo Trisi and Arloc Sherman (Trisi and Sherman 2024; Trisi 2024), which provide a detailed discussion of their methodology and sources. For the anchored SPM data, these analyses use poverty-line thresholds for earlier years that are anchored to the 2023 thresholds and adjusted for inflation in earlier years using the DOL's retroactive Consumer Price Index research series (R-CPI-U-RS). The analyses use SPM data from the Columbia Center on Poverty and Social Welfare Policy for years before 2009 and Census Bureau data for the years since.

17. In 2018, the Census Bureau began using an updated processing system to compute its poverty rates. To enable comparisons of poverty rates over time, the Bureau issued two versions of the poverty data for 2017, one based on the previous processing system and one based on the new processing system. These data indicate that the overall poverty rate *before* counting benefits and taxes is about a half percentage point lower under the new processing system than under the old system, and the poverty rate *after* counting benefits and taxes is about 1 percentage point lower. (The differences are somewhat larger for child poverty rates, as the tables in this paper show.) In this paper, when I compare poverty rates in 2017 to those for earlier years, I use the 2017 data under the old processing system. Some tables in this paper provide poverty rates for 2017 under both the old and new processing systems so that readers can see how changes in the processing system affected those rates.

TABLE 3

SPM poverty rates for the US population, before and after counting government benefits and taxes

	Before benefits and taxes	After benefits and taxes	Percentage change in poverty due to benefits and taxes
A. Under the anchored SPM			
1970	27.2%	25.9%	-5%
2017	26.8%	16.8%	-37%
2017*	26.3%	15.9%	-40%
2019*	23.6%	13.5%	-43%
2023*	23.4%	12.9%	-45%
B. Under the standard (quasi-relative) SPM			
1970	21.7%	17.2%	-21%
2017	25.0%	13.9%	-44%
2017*	24.4%	13.0%	-47%
2019*	22.5%	11.8%	-48%
2023*	23.4%	12.9%	-45%

Source: Trisi and Sherman 2024.

Note: *These data reflect the Census Bureau's implementation of an updated processing system, starting in 2017.

THE HAMILTON PROJECT
BROOKINGS

markedly—from 26 percent in 1970 to 17 percent in 2017 and about 13 percent in 2019 and 2023. (See table 3.)

Why did poverty rates under the anchored SPM fall so substantially after counting benefits and taxes? Because social programs expanded. As noted earlier, government benefits and taxes lowered the poverty rate by only 5 percent in 1970—that is, they lifted from poverty 5 percent of people who would otherwise be poor. But by 2017, government benefits and taxes lowered the poverty rate by 40 percent, a figure that climbed to 43 percent in 2019 (before COVID and the resulting recession) and 45 percent in 2023; see table 3a. In other words, the safety net now cuts poverty nearly in half.

The story is similar under the standard SPM: The poverty rate *before* counting government benefits and taxes has actually risen over the last half-century; it was 25 percent in 2017 and about 23 percent in 2019 and 2023, compared to 22 percent back in 1970. But the poverty rate *after* counting government benefits and taxes has been much lower in recent years than it was in 1970, because benefits and taxes now cut the poverty rate nearly in half under this version of the SPM as well; see table 3b. With such data in mind, several leading poverty scholars recently concluded that the substantial reduction in poverty over the past half-century is "entirely the result of growth in the effectiveness of antipoverty programs" (Bahk, Moffitt, and Smeeding 2024, 39).

The data for *child* poverty also are striking. Under the anchored SPM, government benefits and taxes *increased* the child poverty rate in 1970, because income and payroll taxes pushed more children's families into poverty than the safety net raised out of poverty. In 1970, the child poverty rate was 28.5 percent *before* counting benefits and taxes and nearly 31 percent *after* counting benefits and taxes. The child poverty rate *before* counting benefits and taxes has remained high since then; it stood at 27 percent in 2017, which was close to its 1970 level, and at 22 percent in 2023. But the child poverty rate *after* counting benefits and taxes was 14 percent in 2023, as government benefits and taxes reduced the rate by more than a third; see table 4a. Christopher Howard observes that the large drop in child poverty over recent decades is comparable to the decline in elder poverty that occurred in the 1960s and 1970s (Howard 2025).

The story for child poverty is similar under the standard SPM: The child poverty rate *before* counting benefits and taxes has remained above 20 percent in recent years, with levels close to or above its 21.5 percent rate in 1970. But the child poverty rate *after* counting benefits and taxes has been roughly a third lower in recent years (2019 and 2023) than it was in 1970; see table 4b.

The SPM data also show that progress in reducing child poverty has been greatest among Black and Latino families. Racial disparities in child poverty rates are considerably smaller now than in 1970, though they remain

TABLE 4

SPM poverty rates for children, before and after counting government benefits and taxes

	Before benefits and taxes	After benefits and taxes	Percentage change in poverty due to benefits and taxes
A. Under the anchored SPM			
1970	28.5%	30.7%	+8%
2017	27.2%	19.2%	-29%
2017*	26.7%	18.1%	-32%
2019*	22.9%	14.6%	-36%
2023*	21.9%	13.8%	-37%
B. Under the standard SPM			
1970	21.5%	19.6%	-9%
2017	24.6%	15.6%	-37%
2017*	23.9%	14.2%	-41%
2019*	21.4%	12.6%	-41%
2023*	21.9%	13.8%	-37%

Source: Trisi and Sherman 2024.

Note: *These data reflect the Census Bureau's implementation of an updated processing system, starting in 2017.

THE HAMILTON PROJECT

BROOKINGS

substantial. Using the anchored SPM, Sherman, Trisi, and Cureton (2024) find that poverty rates for Latino children and non-Latino Black children exceeded those for non-Latino White children by 37 percentage points and 39 percentage points, respectively, in 1970, but by a much smaller 15 percentage points and 13 percentage points, respectively, in 2023. Since 1970, the authors observe, poverty rates have declined for all racial and ethnic groups but have fallen most for Blacks and Latinos (Sherman, Trisi, and Cureton 2024; Trisi 2024).

Health insurance

Policymakers have greatly reduced the ranks of the uninsured in recent years by expanding health-coverage programs, especially through the ACA. Some 14.5 percent of the U.S. population, or 45.2 million people, were uninsured in 2013, before the ACA's major coverage expansions took effect, according to data from the Census Bureau's American Community Survey (ACS). By 2019, the share and number of uninsured Americans had fallen to 9.2 percent and 29.6 million people, respectively (Census 2023). By 2023, the figures were 7.9 percent—the lowest uninsured rate on record—and 26.2 million people (Census 2023; Lukens 2024a).

The share of Black Americans who are uninsured has fallen by half over the past decade, from 17.1 percent in 2013 to 8.5 percent in 2023, the ACS data show. The share of people who are uninsured fell by half among non-Hispanic whites as well, from 10.2 percent in 2013 to 5.1 percent in 2023 (Census 2023). Uninsurance rates remain higher among Hispanics, in part due to issues related to immigration status (Artiga et al. 2021). But progress has been significant there as well. The Hispanic uninsurance rate dropped from 28.4 percent in 2013 to 16.6 percent in 2023 (Census 2023).

Progress has been particularly notable for the non-elderly population, including for working people and children. The share of non-elderly people without health insurance stood at between 16 percent and 18 percent in most of the years from the early 1970s to the ACA's implementation (KFF 2018), but fell to 9.4 percent in 2023 (Census 2023). Also, the uninsured rate for full-time workers declined from 16.2 percent in 2013 to 8.9 percent in 2023, while falling for part-time workers from 22.7 percent to 12.9 percent (Census 1995–2023).

Among children, one in every four was uninsured in 1988, before that decade's Medicaid expansions for children took full effect and before CHIP and the ACA were enacted, as microdata from the National Health Interview Survey show. By 2023, under this data series, the share of uninsured children had fallen to about 4 percent, less than one-sixth the 1988 level (Blewett et al. 2024).

Other Census data tell a similar story. Data from the Annual Social and Economic Supplement of the Census Bureau's Current Population Survey show the children's uninsurance rate plunging from about

BOX 1

Progress on poverty greater after adjusting for the underreporting of benefits

The poverty data cited in this paper somewhat understate both the progress over recent decades in reducing poverty and the impact of social programs in driving that progress, due to the underreporting in Census Bureau data of the receipt of various social-program benefits. To address this problem, the Urban Institute and the U.S. Department of Health and Human Services (HHS) developed the Transfer Income Model, or TRIM, which uses government administrative data on the amounts of various safety net benefits actually disbursed to households. Census data with TRIM adjustments, which date back to 1993 but are not available for earlier years, show that under both the anchored SPM and the standard SPM, government benefits and taxes cut both the overall poverty rate and the child poverty rate about in half in 2019, the latest year for which TRIM data were publicly available as of this paper's writing; see tables 5a and 5b.

However, while *not* applying TRIM adjustments produces results that clearly overstate poverty rates and understate the poverty reduction that social programs generate, applying the TRIM adjustments may somewhat *understate* poverty rates and *overstate* the poverty reduction that social programs produce. That is because analysts have found the TRIM adjustments appear to attribute too large a share of the underreported benefits to people otherwise below the poverty line and too small a share to people already above the poverty line (Bee et al. 2023; Shantz and Fox 2018; Stevens, Fox, and Heggeness 2018).

Note: SPM poverty rates *with* TRIM adjustments should probably be seen as a lower bound for those rates, while SPM poverty rates *without* TRIM adjustments should probably be considered an upper bound.

TABLE 5

SPM poverty rates, before and after benefits and taxes, with TRIM adjustments for the underreporting of benefits

	All			Children		
	Before benefits and taxes	After benefits and taxes	Percentage change	Before benefits and taxes	After benefits and taxes	Percentage change
A. Under the anchored SPM						
1993	29.2%	23.1%	-21%	32.9%	31.3%	-5%
2017	26.8%	15.6%	-42%	27.2%	16.5%	-39%
2019*	23.9%	12.7%	-47%	22.7%	12.2%	-46%
B. Under the standard SPM						
1993	25.3%	15.9%	-37%	28.3%	21.7%	-23%
2017	25.0%	12.6%	-50%	24.6%	12.7%	-48%
2019*	22.8%	10.8%	-52%	21.3%	10.1%	-53%

Source: Trisi 2025.

Note: *These data reflect the Census Bureau's implementation of an updated processing system.

THE HAMILTON PROJECT
BROOKINGS

15 percent in 1996 to less than 6 percent in every year since 2015 (Census 1995–2023). Data from the ACS place the children's uninsurance rate at 5.4 percent in 2023 (Census 2023).

Medicaid expansions, both before the ACA and as part of it, have played a central role in this progress. Between the early 1970s and 2023, the share of nonelderly Americans with Medicaid coverage more than quadrupled, rising from less than five percent in the early 1970s to 23.3 percent in 2023 (Cohen 2024).

Child well-being

These reductions in child poverty and in the share of children who are uninsured take on added significance in light of the growing body of research showing that the receipt of various social-program benefits in childhood generates health, educational, and other gains for children over the long term (Bailey et al. 2024; Hoynes, Schanzenbach, and Almond 2016; Sherman and Mitchell 2017).

"The weight of the causal evidence does indeed indicate that income poverty itself causes negative child outcomes … ," concluded a 2019 NASEM study that examined the research in the field. "Many programs that alleviate poverty—either directly, by providing income transfers, or indirectly by providing food, housing, or medical care—have been shown to improve child well-being" (NASEM 2019, 2, 3; Trisi 2024). A second NASEM study, issued in 2024, adds, "Evidence suggests that safety net programs during childhood and adolescence can improve children's educational and labor market attainment, as well as their physical health in adulthood" (NASEM 2024, 7). The 2024 NASEM study particularly emphasizes the role of the EITC in improving children's long-term outcomes.

Recent reviews of the research literature by the Urban Institute and by poverty scholar Jane Waldfogel similarly conclude that various safety net programs produce long-term benefits for children. Analysts with the Urban Institute report that "Long-term payoffs to society are especially high for investments in children's health and education programs, programs reducing childhood poverty, and programs directed at supporting very young children" (Farr, Lou, and Daly 2024, 2). Their review finds that "Children enrolled in Medicaid experience better health outcomes during childhood and well into adulthood, [and] have improved academic performance, decreased high school dropout rates, increased college completion rates, and higher rates of employment into adulthood," while food assistance programs like SNAP also "lead to better financial self-sufficiency in adulthood" (Farr, Lou, and Daly 2024). Waldfogel cites "strong [evidence] that higher EITC benefits have led to improvements in children's health, mental health, behavior, test scores, school achievement, school attainment (including high school graduation and college completion) and employment" (Waldfogel forthcoming, 149). She also calls attention to evidence that children who received food stamps in early childhood had higher earnings, better health, and more human capital in adulthood and were less likely to be incarcerated.

V. Should policymakers focus almost exclusively on predistribution now and largely cease expanding redistributive programs like the EITC?

I turn now and in the next section of this paper to various criticisms of safety net programs or their growth that are heard in different parts of the political spectrum. This section looks at several criticisms from some on the political left; the following section considers criticisms from some on the political right.

Some on the left argue that policymakers in general, and Democrats in particular, should eschew efforts to strengthen redistributive safety net programs further and focus entirely or almost entirely on predistribution measures instead, such as raising the federal minimum-wage and overhauling labor laws to facilitate union organizing (Bruenig 2024[18]; Pancotti 2024; Wu 2024). Some who hold this view are particularly critical of the EITC and of efforts to continue strengthening it, arguing that the EITC is primarily a corporate subsidy rather than a worker benefit and has done little to help low-income working people (Desmond 2023; Ghilarducci and Farmand 2019).

Those who express such a view of the EITC often cite a 2010 paper by labor economist Jesse Rothstein, which estimated (based on simulations of the 1993 federal EITC expansion) that roughly 73 cents of each EITC dollar went to the credit's beneficiaries but that employers captured a portion of the benefits as well, because the EITC increased labor supply, enabling employers to pay modestly lower wages (Rothstein 2010).

Yet such arguments about the EITC have some serious weaknesses. First, even Rothstein's 73-cents-on-the-dollar estimate indicates the EITC results in significantly higher after-tax income for affected workers. And, in a 2020 Economic Policy Institute (EPI) paper co-authored with Ben Zipperer, Rothstein pointed out that under the estimates in his 2010 study, "For every dollar of EITC benefits paid to single mothers (the main beneficiaries at that time), their total family incomes went up by $1.05, with the additional income deriving from increased work" (Rothstein and Zipperer 2020, 5).

In addition, Rothstein and Zipperer found in their 2020 paper that the estimates in Rothstein's 2010 paper had grown out of date and that the portion of the EITC that employers capture through lower wages is smaller now than in the 1990s, which were the years on which Rothstein's 2010 estimates were based. That is because since the 1990s, many states and localities have raised the real value of their state minimum wages. Rothstein and Zipperer explain that a stronger minimum wage "acts to prevent wage declines that might otherwise derive from EITC-supported increases in labor supply" (Rothstein and Zipperer 2020, 7).[19]

18. Bruenig notes, critically, that a number of people support a predistribution agenda "as if it is some kind of substitute for the welfare state," that this idea "has purchase in a lot of political groupings" including among some on the left, and that "prominent people dabble in this notion that we don't need welfare expansion, that it can be substituted by some other 'predistributionist' policy" (Bruenig 2024).
19. A recent paper by Henrik Kleven, first circulated in 2019 and published in 2024, challenges the finding of many papers that the EITC induces more single mothers to work (Kleven 2019, 2024). Rothstein and Zipperer (2020) point out that if Kleven were to be proven

Rothstein and Zipperer also observe that even if the EITC does enable employers to limit wages to some extent, the EITC nevertheless "[is] quite effective at raising the incomes of its intended beneficiaries" and "makes recipients much better off" (Rothstein and Zipperer 2020, 1). They also write that the EITC "dramatically reduces child poverty … and has important positive effects on a range of health, educational, and child developmental outcomes" (Rothstein and Zipperer 2020, 2). They conclude that "The evidence is overwhelmingly clear that the EITC is a successful, effective policy" (Rothstein and Zipperer 2020, 8), a conclusion that a recent NASEM study on poverty reduction (NASEM 2024) reinforces with its strong emphasis on the EITC's long-term benefits for children.

Rothstein and Zipperer advise that the optimal policy for low-paid workers thus is a strong minimum wage *combined with* a strong EITC. A sufficiently high minimum wage, they conclude, can ensure that low-wage workers receive the EITC's full benefits or close to it, while the EITC "can raise earnings above the low floor guaranteed by the minimum wage, which cannot plausibly be raised high enough to generate livable incomes for many families without additional supplementation" (Rothstein and Zipperer 2020, 1). Schanzenbach and Nunn (2017) reach the same conclusion.

Redistribution versus predistribution?

The EITC and the minimum wage thus should be viewed as complements to each other rather than as alternatives. This, in turn, illustrates a larger principle: Redistribution and predistribution generally work most effectively *in tandem;* they are both/and, rather than either/or. On this front, Matt Darling also argues that a strong safety net helps raise wages because "it shifts the reservation wage [the lowest wage for which a worker will accept a particular type of job] in bargaining" (Darling 2024).

This indicates that focusing exclusively on predistribution going forward—rather than on predistribution and redistribution *both*—is not the best course if the goal is to substantially improve workers' living conditions. Nor are predistribution measures likely to do much by themselves for lower-income households who are not working because they are elderly, have work-limiting disabilities, or are otherwise unemployed (Bruenig 2024). Calls to largely turn away from seeking further improvements in redistributive programs, rather than to focus on predistributive and redistributive measures both, also overlook the impressive role that redistributive programs play in reducing poverty, improving child well-being, and shrinking the ranks of the uninsured, as well as the significant safety net gaps that remain and deserve attention, as I discuss in section VII.

Finally, redistributive measures and predistributive measures need not—and generally have not—competed with each other on Capitol Hill. The expansion of programs like the EITC over recent decades has not come at the expense of predistribution measures, as some have implied (Kuziemko, Longuet-Marx, and Naidu 2024). Discussions of this issue often suffer from a critical omission, overlooking the reality that predistributive measures simply cannot pass the U.S. Senate unless they secure a super-majority of 60 votes, while redistributive measures often need only a simple Senate majority of 51 Senate votes (Kuziemko, Longuet-Marx, and Naidu 2023; Steinbaum 2025).

Increases (or cuts) in entitlement programs other than Social Security—as well as in taxes and tax credits—need only 51 Senate votes (51 senators or 50 and the vice president) if they are part of a budget reconciliation bill (Kogan and Cohen 2024). But predistributive measures like minimum-wage increases and labor-law reforms cannot come to the Senate floor under the reconciliation process, are vulnerable to a Senate filibuster, and need the support of at least 60 senators to clear that body (Kogan and Cohen 2024). This means that if one political party in the Senate stands unified against a predistribution measure, as Republicans have consistently stood in recent decades against labor-law reform and most of the time against minimum-wage increases (Areas Munhoz 2024; McGahey 2021; Richardson 2019), the measures cannot pass unless Democrats hold at least 60 Senate seats.

Consider recent history. Democrats last held 60 or more Senate seats for a meaningful period of time in the 95th Congress of 1977–78 (Senate n.d.). In those years, labor unions, the Democratic Congressional leadership, and other supporters pushed hard for labor-law reform and almost succeeded. Such legislation passed the House and came within just one senator of meeting the Senate's 60-vote threshold.[20] But with party membership in the Senate much closer in recent

correct on this matter and the EITC does *not* increase labor supply, then employers capture none of the EITC.

20. Democrats had a 60-vote Senate majority in 2009, but only briefly. They reached that threshold on June 30, 2009 when Al Franken was declared the winner of the contested November 2008 Minnesota Senate race, but that 60-vote majority included two senators (Edward M. Kennedy and Robert C. Byrd) who, as the *New York Times* reported at the time, "are ailing and have regularly been absent" (Davey and Hulse 2009), as well as an independent senator, Joseph Lieberman, who caucused with the Democrats but did not always vote with them. The Democrats' nominal 60-vote working majority lasted only 72 working days while the Senate was in session. Democrats have not had a 60-vote Senate majority any time since. (Note: The recorded vote count for the 1978 labor-law reform bill shows 58 rather than 59 senators voting for the measure [Congress.gov. n.d.a.], but an additional senator pledged to union representatives that he would vote for the measure if his vote got them to 60. Hence, they fell short by one senator [Greenstein 1978].)

years and likely to remain so for the foreseeable future, the chances of securing 60 Senate votes for such a measure any time soon appear quite low (Senate n.d.).

The story is broadly similar with the minimum wage, which policymakers last successfully voted to raise—to $7.25 an hour—in 2007 (Congress.gov n.d.b.). Since then, Senate Republican opposition has made further increases unattainable. Even the 2007 legislation almost failed: All but five Republican senators opposed it, leaving it short of 60 votes until Democrats agreed to attach to the bill a package of tax cuts that GOP senators insisted on as their price for letting the bill through (U.S. Congress 2007; Zappone 2007a, 2007b). The last time the Senate voted on a minimum-wage increase, in 2021, every Republican senator voted "no" (Everett 2021).

In short, it is the need for 60 Senate votes for predistribution measures coupled with largely unified Republican opposition to such measures, not the EITC or other safety net expansions, that principally explains why labor-law reforms and most minimum-wage increases have failed. Indeed, the policymakers who have most strongly and consistently supported major safety net expansions over the years are, by and large, the same policymakers who have supported minimum-wage increases and labor-law reforms (Gaines, Hardy, and Schweitzer 2021). I do not find evidence that the EITC or other safety net program expansions have come at the expense of predistributive measures—i.e., that were it not for those expansions, policymakers would have enacted minimum-wage or labor-law-reform legislation.[21]

VI. Criticism from the right: Are targeted programs busting the budget, and would stiffer work requirements make the programs more effective?

In a recent *Wall Street Journal* op-ed, former Senate Budget Committee member Phil Gramm and current House Budget Committee chair Jodey Arrington present two of the principal critiques of targeted safety net programs from the political right: that these programs are busting the budget and that they lack sufficiently tough work requirements (Gramm and Arrington 2024).

Fiscal impacts

According to Gramm and Arrington (2024), targeted safety net programs are "the major source" and "real driver" of the nation's growing deficits and debt. Do the data support this claim?

Conservatives like Gramm and Arrington often set as a test of fiscal responsibility whether the federal government is running a balanced budget or a deficit. In early 2025, Arrington circulated to other House Republicans a list of proposed budget cuts with an explicit goal of balancing the budget over 10 years (Guggenheim 2025). Numerous Republican members of the Senate similarly espoused a balanced-budget goal in the January 2025 Senate Budget Committee hearings on the nomination of Russell Vought to be Director of OMB (Senate Budget Committee 2025).

The federal government last ran a balanced budget in fiscal years 1998 through 2001, with the budget surplus peaking in 2000 (OMB 1901–2024). What has caused sizeable budget deficits to re-emerge since then?

Federal spending on targeted social programs—including both targeted mandatory and targeted discretionary programs—stood between 3.0 percent and 3.2 percent of GDP in all four of the balanced-budget years from 1998 to 2001. In 2019, before the COVID pandemic and ensuing recession hit, spending on these programs stood at 4.2 percent of GDP, an increase of a little more than 1 percentage point of GDP from the 1998–2001 level (CBO 2025; Kogan 2022). Various temporary measures to respond to the pandemic and accompanying recession and some program expansions then pushed spending on targeted programs up further. It stood at 4.8 percent of GDP in 2023 with some of the temporary measures continuing to unwind (CBO 2025; Kogan 2022; OMB 2025), a level that is somewhat less than 2 percentage points of GDP higher than in 1998–2001 and is expected to decline modestly as the unwinding completes. This increase over the 1998–2001 spending level as a share of GDP has been driven primarily by a rise in the cost of targeted health care programs (CBO 2025; Kogan 2022; OMB 2025), the result of both program expansions that have extended health care coverage to millions of the uninsured and increases in costs that have occurred across the U.S. health care system (Schmidt, Shore-Sheppard, and Watson 2025) due to various factors, including advances in medical technology (Matsumoto and Cho 2020).[22]

Over the same period, federal revenues fell from an average of 19.4 percent of GDP in the 1998–2001 years (peaking at 20 percent of GDP in 2000) to 16.3 percent of GDP in 2019, 16.2 percent in 2023, and 17.1 percent in

21. The Progressive Policy Institute issued a paper in June 1989 criticizing the minimum wage and calling EITC expansion a better course (Geismar 2022), but Congress nonetheless enacted a minimum wage increase in November 1989 (DOL n.d.b.). During the Clinton Administration, both the EITC and the minimum wage were increased—the EITC in 1993 and the minimum wage in 1996.

22. Federal health care spending has risen since the 1998-2001 years but has come in lower than budget forecasts issued in those years projected (Sanger-Katz, Parlapiano, and Katz 2023).

2024[23] (CBO 2025), a drop of about 2 to 3 percentage points of GDP that is primarily due to an array of large tax cuts, especially those enacted in 2001 and 2017. These data indicate that the tax cuts, which delivered the lion's share of their benefits to affluent individuals and large profitable corporations (Elmendorf et al. 2008; Institute for Taxation and Economic Policy [ITEP] 2024; TPC 2017), account for more of the fiscal imbalance that has emerged since the turn of the century than policymakers' actions to strengthen targeted social programs to reduce poverty, aid working families with modest incomes, and shrink the ranks of the uninsured (Tedeschi 2025b).

A recent analysis by fiscal policy expert Richard Kogan and colleagues (2024) reinforces this conclusion. They estimate that if the Bush and Trump tax cuts had not been enacted, the budget deficit today would be less than half its current size and the debt (net of financial assets) would have equaled 56 percent of GDP in 2024 rather than 91 percent. "Tax cuts enacted over the last 25 years are the major cause of the gap or mismatch between the level of revenue and the level of program [non-interest] costs," they find (Kogan et al. 2024, 22). They also show that a large share of the increase in recent decades of federal spending as a share of GDP (outside of interest payments) has occurred in Social Security and Medicare and been driven primarily by the aging of the population and rising health care costs, with the share of Americans ages 65 or older now being nearly twice (18 percent) what it was in 1975 (10 percent; SSA 2024).

Finally, as Ernie Tedeschi has emphasized, in 2000, the Congressional Budget Office projected—based on the laws then in effect—that we would pay off all of the national debt within the coming decade and the budget would remain in balance or surplus for years after that despite the increases expected in Social Security and Medicare spending as the U.S. population aged. The principal factors that so substantially changed the debt outlook, Tedeschi explains, were three economic downturns (two of them among the largest in U.S. history), two wars, and several rounds of substantial tax cuts.[24] By contrast, Tedeschi observes, "non-interest federal spending next year as a share of GDP will be almost exactly what CBO projected in 2000," when it forecast a future of budget surpluses (Tedeschi 2025a, 2025b).[25]

23. Final program expenditure data for fiscal year 2024 were not yet available when this paper was written.
24. In a conversation with Ernie Tedeschi, he recalled that the forecast CBO issued in 2000 projected that revenues would remain at about 20 percent of GDP.
25. Over the years since the turn of the century, largely as CBO projected in 2020, Social Security and Medicare expenditures rose as the population aged and health care costs increased. Policymakers also added prescription drug coverage to Medicare during this period. Social Security and Medicare expenditures rose from an average of 6.1 percent of GDP over the 1998-2001 balanced-budget years to 7.9 percent of GDP in 2019 and 8.0 percent in 2023 (CBO 2025; Kogan 2022; OMB 2025).

Work requirements

Gramm and Arrington (2024) also contend that much more stringent and widespread work requirements would make social programs more effective by inducing more low-income beneficiaries to work and thereby better themselves over the long term while saving federal dollars. This is a common contention on the right (Rector 2023). In a 2023 debate on SNAP work requirements, for example, Rep. Dusty Johnson (R-S.D.) declared, "What we know unimpeachably from the bulk of the evidence is that work requirements, when properly deployed, absolutely help people escape poverty and grow the economy" (Luhby 2023). In early 2025, Johnson asserted that "[work requirements] are fantastically effective in helping people" (Kennard 2025). Also in early 2025, House Speaker Mike Johnson (R-La.) insisted that tougher, more extensive work requirements would not harm anyone (Cohn, Delaney, and Bobic 2025).

An important CBO analysis of work requirements, however, casts doubt on such claims, as do a number of studies conducted since CBO issued its study in 2022. The CBO report *Work Requirements and Work Supports for Recipients of Means-Tested Benefits* (CBO 2022) examined the research in the field and considered the effects of work requirements implemented in three major targeted programs: TANF, Medicaid, and SNAP.

In TANF, CBO found, the stiffened work requirements instituted under the 1996 welfare law did increase employment among poor families headed by a single parent, the primary recipients of the program, but also drove a reduction in benefits equal to the increase in earnings, with the result that those subject to the work requirements wound up no better off overall.

For Medicaid and SNAP, CBO found the results of work requirements to be more discouraging. In Medicaid, CBO reported—based on Arkansas' experience with Medicaid work requirements before a federal court halted them—that the requirements produced no increase in employment while causing large-scale losses in health care coverage. In SNAP, CBO noted, work requirements may have raised employment some, though by less than in TANF, but many more people were cut from the program than secured or increased employment. And as discussed below, more recent studies of SNAP work requirements, which use more sophisticated analytic methods than the SNAP studies available when CBO wrote its report, find that SNAP work requirements do not raise employment (Bauer and East 2025; Schanzenbach 2025).

Developments with Medicaid work requirements in Georgia that were instituted after CBO issued its

BOX 2

Work requirements and the low-wage labor market

A new study of the low-wage labor market (Bauer, East, and Howard 2025) can further inform the debate over work requirements. The study finds that nearly 40 percent of low-income working households have irregular work schedules, with those schedules being driven by the employer two-thirds of the time. The study also notes that 64 percent of low-income working households subject to volatility in their work schedules report they would like more hours of work than their employers are giving them. And the study finds that workers with volatile work schedules report more difficulty securing child care than workers who receive the same wages but have stable schedules. The study concludes that for the most part, "earnings and hours volatility for low-income workers are not due to their preferences but rather reflect the nature of the low-wage labor market."

These findings have significant implications for proposals to impose more widespread work requirements. Such proposals typically condition the provision of benefits on an individual working at least a fixed number of hours per week or month. But, the study cautions, making program benefits conditional on meeting such requirements "does not acknowledge the reality of the volatile labor market for low-income workers. Rigid hours- or earnings-based work requirement rules would restrict benefits from low-wage workers who experience volatility, low-wage workers who are subject to employer-driven decisions that affect workers' schedules, and at times and in places with low labor demand" (Bauer, East, and Howard 2025). (A recent Kaiser Family Foundation study similarly finds that many Medicaid enrollees who work part time do so for reasons such as these including an inability to find full-time work [Tolbert et al. 2025].)

As these data and findings also suggest, the specific nature of a work requirement and how it is implemented—including whether it takes the realities of the low-wage labor market into account, whether it counts job search as a work activity or denies benefits to people who seek jobs but cannot find them, and how complex and cumbersome its reporting and other paperwork requirements are—are likely to affect the degree to which a work requirement causes large coverage and benefit losses.

2022 report reinforce these findings. Georgia secured a federal waiver to expand Medicaid coverage to various non-elderly adults below the poverty line who had previously been ineligible for Medicaid in that state, but to condition the new Medicaid coverage on these individuals meeting rigid work requirements. Under the requirements, which remain in effect today, only 6,500 of those whom the waiver made eligible for Medicaid actually had coverage in January 2025, a tiny fraction of the number of people that Georgia itself had estimated would be served (Harker 2024; Hinton and Rudowitz 2025; Lukens and Zhang 2025). Moreover, nearly 80 percent of the Georgia waiver program's costs have gone for administration (including consulting fees), rather than for the provision of health care (Hinton and Rudowitz 2025).

As one recent analysis concluded, the track record in Arkansas and Georgia indicates that such Medicaid work requirements "lead to large coverage losses, as enrollees are caught up in administrative burdens and red tape" and that "large numbers of enrollees who work or qualify for an exemption … nevertheless lose coverage due to administrative burdens" (Lukens 2024b, 1). Indeed, a leading study of the Arkansas work requirement found its steep coverage losses occurred even though more than 95 percent of those subject to the requirement appeared to already be working and meeting the requirements or to qualify for an exemption (Sommers et al. 2019).

Yet another study, this one of work requirements in both Medicaid *and SNAP*, helps explain why such results occur. "Proponents of work requirements would ideally like to sanction individuals who are able to work but choose not to," the study observes. "But in practice, strict enforcement of proposed work requirements will sanction many groups, including: those who are unable to work, those who are able to work but do not find work, those who are working but not consistently above an hourly threshold, and those who are meeting work or exemption requirements but fail to provide proper documentation. Evidence suggests that the vast majority of those exposed to proposed work requirements for SNAP and Medicaid fall into these groups" (Bauer, Schanzenbach, and Shambaugh 2018, 2). Also relevant is a KFF analysis that found that 91 percent of the non-elderly-or-disabled adults enrolled in Medicaid already work, are caregivers or students, or are unable to work due to illness (Guth et al. 2023).

These findings also are consistent with a second CBO analysis, in which CBO assessed the probable impacts of a 2023 bill before Congress to implement Medicaid work requirements nationwide and extend the requirements to more beneficiaries. "Federal costs would decrease," CBO wrote, "the number of people without health insurance would increase, the employment status and hours worked by Medicaid recipients would be unchanged, and state costs would increase" (CBO 2023).

James Capretta, a senior fellow and health policy analyst at the American Enterprise Institute who served as an Associate Director of OMB under President George W. Bush, recently summed up the experience with Medicaid work requirements, commenting that such requirements "have been tried in a couple of states and basically flopped" (Capretta 2025a). Capretta also observed that telling jobless people with underlying health conditions they can't get health care coverage unless they are working overlooks the fact that many of these individuals, such as those with mental health challenges, may need health care first to stabilize them so they are able to work and succeed in the labor market.

A recent *Health Affairs* article registers a similar concern with respect to people with substance abuse disorders. It warns that a Medicaid work requirement would likely cause many such individuals to lose health care coverage and hence access to treatment, and it cautions that "loss of access to treatment would make it harder for them to find and retain work in the future, undercutting the stated policy aim of getting this population into the workforce" (Hodgkin et al. 2025). A recent KFF analysis similarly observes that "an unmet need for mental health or addiction treatment results in greater difficulty with obtaining and maintaining employment" and that "…being in poor health is associated with increased risk of job loss while access to affordable health care has a positive effect on the ability to obtain and maintain employment" (Hinton and Rudowitz 2025).

With regard to SNAP, the 2022 CBO analysis concluded that work requirements have reduced benefits by more than they have raised earnings, leaving beneficiaries with less income overall (CBO 2022), while high-quality research conducted since CBO issued its report finds no increase in employment from SNAP work requirements but steep declines in program participation. Two new reviews of the body of research on SNAP work requirements both conclude that the best evidence on the work requirements' effects comes from recent research that relies upon higher-quality data than earlier studies (including those available to CBO in 2022) were able to employ. One of the new reviews reports that the higher-quality research "consistently finds large decreases in SNAP participation as a result of the work requirements, with no change in employment" (Bauer and East 2025). The other review notes that the new, high-quality studies show "SNAP work requirements have no positive impact on work-related outcomes, as measured by employment, earnings, or hours worked" (Schanzenbach 2025). An economist at Moody's Analytics made a comparable assessment in 2023, concluding that changes enacted that year to stiffen SNAP work requirements would have a minimal effect on employment (Sheffey and Hoff 2023). Research has also found that SNAP work requirements do little to increase labor supply, while weakening the program's ability to act as an automatic stabilizer during economic downturns (Bauer and East 2025; Cook and East 2024; Gray et al. 2023; Shambaugh 2019).

The 2022 CBO analysis is also noteworthy in one other respect: it indicates that certain other types of measures—including subsidized child care, intensive job-search assistance, and subsidized employment—are likely to be more effective in boosting employment than work requirements in Medicaid and SNAP. Subsidized child care raises low-income single parents' employment and earnings, CBO reported, while a Labor Department study that CBO cites found intensive job-search assistance increased average earnings by about $2,200 in the following year (CBO 2022; Fortson et al. 2017). Other studies suggest that increasing the EITC could be another effective way to raise employment (Bauer, Schanzenbach, and Shambaugh 2018; Hoynes, Rothstein, and Ruffini 2017).

VII. Where to go from here?

Some mistaken notions about the safety net, its trajectory over recent decades, and its effectiveness have clouded debates on where policymakers should go from here. Critics have asserted that the safety net was cut heavily during the supposed period of neoliberal dominance (Gerstle 2022), or that it expanded but has not reduced poverty or produced much in the way of other desirable results (Desmond 2023), or that targeted social programs are driving the nation's fiscal imbalances (Gramm and Arrington 2024) and stiffer, more widespread work requirements would reduce poverty and make life better for low-income households (Gramm and Arrington 2024; Luhby 2023; Rector 2023), or that going forward, policymakers should focus almost entirely on predistribution measures rather than on further strengthening redistributive programs as well (Pancotti 2024; Wu 2024; also see Bruenig 2024[26]).

This analysis finds these notions to be mistaken. In reality, the safety net has expanded substantially over recent decades, reducing poverty, shrinking the ranks of the uninsured, and improving child well-being. To be sure, not all programs have worked as intended. Nevertheless, the data and research in the field suggest that policymakers should pursue two paths as they consider what to do next with respect to safety net programs:

26. See footnote 3, which explains that the Bruenig article reports that a number of people hold this view, not that Bruenig himself does. As his article makes clear, he is critical of this view.

- First, do no harm. Do not make deep cuts in critical safety net programs that would upend the progress of the last half-century and ratchet poverty, destitution, and the lack of health insurance back up.
- Second, address important safety net gaps that remain, recognizing that this likely will entail seeking incremental improvements over time.

Do no harm

As this paper is being written, Congress is moving to make major cuts in various social programs, especially Medicaid and SNAP. In April 2025, Congress adopted a budget resolution calling for committees of the House of Representatives to make deep cuts in these and other programs, and Senate Majority Leader John Thune has pledged that the Senate will endeavor to make cuts of comparable magnitude. Congressional Republican leaders plan to include these cuts in a massive budget reconciliation bill that also will include extensive tax cuts and that will require only 51 Senate votes (which can include the vice president's vote) to pass (Park 2025; Tully-McManus, Scholtes, and Hill 2025).

Rather than "doing no harm," cuts of this magnitude would almost certainly increase poverty and leave many more Americans without health insurance.[27]

Nor are cuts like these necessary to bolster the nation's fiscal health, as a recent Aspen Economic Strategy Group fiscal policy report by Jason Furman demonstrates. Furman, the former chair of President Obama's Council of Economic Advisers, urges tough action to stabilize the debt as a share of GDP and keep interest payments on the debt below 2 percent of GDP by balancing the budget outside of interest payments by 2030 (Furman 2024). To meet this goal, he calls for an array of measures that include tax increases and other tax reforms, actions to restore the long-term solvency of both Social Security (centered around an increase in the payroll tax but also including other measures) and Medicare, and strong pay-as-you-go rules for new investments. But he does not call for cuts in targeted safety net programs. To the contrary, he recommends strengthening the CTC for low-income children by making the credit fully refundable (i.e., fully available to children in the poorest families).

In addition, in a recent paper James Capretta of the American Enterprise Institute explains that the fundamental problem with the U.S. health care system is the high prices charged for care, not the eligibility or coverage rules in programs like Medicaid. Ours "is the most expensive system in the Western world, but without delivering care superior to that in other high-income countries," he writes (Capretta 2025b, 5). What is needed is action to address high prices in both private and public coverage, he notes, not restrictions on Medicaid eligibility, which "would likely increase the number of uninsured Americans, as those with low incomes have no other option beyond Medicaid for securing coverage" (Capretta 2025b, 6).

Capretta also observes that expansions of public health insurance programs like Medicaid and the ACA have not led to higher costs for the U.S. health care system as a whole. "On this point, the ACA's architects were right. The U.S. has substantially lowered the uninsured rate without producing noticeable upward pressure on total [health care] expenditures" (Capretta 2025c). He adds that cutting federal support for Medicaid won't necessarily lower total national health care spending and that "a better strategy would be to attack high [health care] pricing in all settings, including public coverage" (Capretta 2025c).

Address important safety net gaps

Two recent studies underscore why it also is important to address serious safety net gaps that remain. One study, by several of the nation's leading poverty scholars, finds that while the poverty rate fluctuates over the business cycle as the economy expands and contracts, the U.S. economy has produced "no long-term impact in reducing poverty" since the late 1960s, with the long-term poverty reductions that have been achieved over this period having been due almost entirely to safety net improvements. Unless long-term economic-growth trends change, the study concludes, "further substantial reductions in the poverty rate are unlikely to result from improvements in the economy and are likely to require further improvements in the tax and transfer system" (Bahk, Moffitt, and Smeeding 2024, 40).

The other study compares poverty data and trends across five countries and finds that "child poverty in the United States is more than four times as likely to lead to adult poverty than in Denmark and Germany and is more than twice as likely than in the United Kingdom and Australia" (Parolin 2025). Compared to the other countries, the study finds, the United States has a much weaker set of "public investments to reduce poverty's lingering consequences for adults who were born to disadvantaged families" (Parolin 2025; Parolin et al. 2025).

Indeed, our safety net continues to feature significant gaps. One glaring gap, as noted earlier, involves UI. Fewer than 30 percent of the unemployed now receive UI benefits in an average month, a precipitous decline from the 1950s, 1960s, and 1970s (DOL n.d.a.). UI reforms that make the program a more adequate support for workers who lose their jobs are long overdue.

27. Doing no harm also entails extending the strengthened subsidies enacted in 2021 and renewed in 2022 to help modest-income working households afford health care coverage through the ACA's insurance marketplaces. Without a further extension, the strengthened subsidies will expire at the end of 2025, and an estimated 4 million more people will become uninsured (Banthin et al. 2024; CBO 2024; Lukens and Zhang 2024).

Another gap comes from the CTC's limited availability to low-income children, even as the credit goes in full to affluent families making up to $400,000 a year. The case is strong for making the credit fully refundable, as it was for one year in 2021 under the American Rescue Plan (Curran, Hoynes, and Parolin 2024; Waldfogel forthcoming).[28] If that proves politically infeasible for the foreseeable future, as may well prove to be the case, policymakers could at least strengthen the credit for children in low-income working families such as by phasing it in with family earnings on a per-child rather than a per-family basis, starting the phase-in with a family's first dollar of earnings, and dropping the arbitrary cap on how much of the credit a low-income working family can receive beyond what it owes in federal income taxes.

Another promising option is to create a tax credit for newborns, which presumably would not have an earnings requirement. An innovative study focusing on first-born children provides impressive evidence that receipt of income support during a child's first months can lead to increased human capital and result in higher reading and math scores, higher high school graduation rates, and higher earnings in adulthood (Barr, Eggleston, and Smith 2022).

But raising the CTC above its current $2,000 per child (other than adjusting it annually for inflation) merits considerably lower priority, especially if policymakers do not change the rules that sharply limit the credit for low-income children. For example, raising the credit from $2,000 to $3,000 per child without improving those rules not only would be very expensive—costing $400 billion to $500 billion over 10 years—but also would confer 83 percent of its benefits on families in the top three income quintiles, with those in the top quintile receiving more than those in the bottom two quintiles combined (Maag, Airi, and Collyer 2023). Waldfogel argues that raising CTC benefits without changing the credit's rules for low-income families "does little or nothing to reduce child poverty … [and] is not a good use of public funds" (Waldfogel forthcoming, 15).

Policymakers should also address the large and growing shortage of affordable housing through efforts both to increase the supply of affordable housing, as Klein and Thompson call for in *Abundance* (2025), and to provide more rental assistance for lower-income households (Aurand et al. 2024). Although under federal standards housing shouldn't consume more than 30 percent of a household's income to be considered affordable for people of limited means, more than 80 percent of renters who earn less than $30,000 a year pay more than that (Joint Center for Housing Studies at Harvard University 2024), in part because only one in four low-income renters who qualify for rental assistance receives it due to limited program funding (Kogan et al. 2024), and in part because of inadequate housing supply.

There is also a strong case for taking steps to make child care more widely available and affordable for low- and modest-income families. The average price for child care nationally exceeded $11,500 in 2023, more than 30 percent of the median income of single parents with children (Child Care Aware 2023). To be affordable under Department of Health and Human Services' standards, child care should consume no more than 7 percent of a family's income (Department of Health and Human Services [HHS] 2024). In addition, an estimated 40 percent of families seeking child care placements go on a waiting list, with an average wait time of six months (Menza 2024).

Not surprisingly, the lack of adequate, affordable child care adversely affects mothers' labor-force participation, while child care subsidies improve it (Burgess, Chien, and Enchautegui 2016; Morrissey 2017; NASEM 2024; Pepin 2020; Schneider 2025). Boosting the supply of affordable child care would likely do more to raise employment among low-income parents than imposing work requirements on them or making existing requirements more severe.

Another gap, though one outside the purview of this paper with the paper's focus on safety net support programs, is the inadequate investment in programs and strategies that have proven effective in enabling people to gain skills or education so they have better prospects in the labor market. As the American Enterprise Institute's Michael Strain has emphasized, "As technology marches forward, workers with more skills—who can use technology to be more productive—will see their wages continue to increase, and lower-skilled workers will see their relative wages stagnate or fall. Low wages keep lesser-skilled individuals out of the labor market" (Strain 2018). This suggests the nation should invest more in areas of known effectiveness, such as apprenticeships, to help workers who lack a college education gain stronger skills, and in Pell Grants to better enable young people from low-income backgrounds to afford college.[29]

As for particular groups of households, the safety net remains threadbare for poor individuals who aren't raising children at home and aren't classified as elderly or disabled. The EITC they can receive if they have earnings is tiny, and most people in this group qualify for little or no other cash assistance. Their access to SNAP is limited if they are not employed at least 20 hours a week, a threshold that low-wage workers often find difficult to meet on a continual basis. In 10 states, these individuals lack Medicaid coverage because

28. Waldfogel (forthcoming) has a useful review of the research literature on the effects of an expanded, fully refundable CTC on parental employment.

29. The maximum Pell Grant covered only 30 percent of the average cost (tuition, fees, and room and board) of attending a state university in the 2024-2025 school year (Ma, Pender, and Oster 2024).

their state has not adopted the ACA's Medicaid expansion. And in programs with limited funding such as federal rental assistance, they often are placed at the bottom of the list to receive aid (Bauer, Hardy, and Howard 2024).

In 2017, one study found, the safety net lifted from poverty 69 percent of elderly people and 44 percent of children who would otherwise be poor, but only 8 percent of non-elderly childless adults not receiving disability benefits who would otherwise be poor, about the same percentage as in 1970 (Greenstein 2024; Trisi 2023). In addition, that study found, one of every two Americans who live in deep poverty (i.e., below half of the poverty line) is a non-elderly childless adult who doesn't receive disability benefits. This group also comprises a majority of those who are homeless (U.S. Department of Housing and Urban Development [HUD] 2023).

Measures that could help this group include a strengthened EITC for workers not raising children at home (as was in effect for one year in 2021), a closing of the Medicaid coverage gap in states that have not adopted the ACA's Medicaid expansion, an increase in the availability of affordable housing, a stronger UI system, and the institution of subsidized jobs programs, as well as a modification of SNAP's severe time limit/work requirement for these individuals so that people who look for work but are unable to find it do not have their benefits cut off after three months (CBPP 2024; Greenstein 2024).

Several programs for low-income people who are elderly or have disabilities merit attention as well. As discussed above, SSI's low benefits leave many beneficiaries below the poverty line, and important aspects of SSI's eligibility and benefit structure have not been adjusted for inflation for up to half a century. In addition, Medicare premiums can be challenging for a number of near-poor elderly and disabled people; in 2024, an elderly couple with income at 150 percent of the poverty line had to pay more than $5,000—17 percent of their income—in Medicare premiums (Primus and Rich Bingham 2024). Traditional Medicare also continues to lack coverage for dental, vision, and hearing services and long-term care, although addressing those gaps would carry quite high price tags (Fiedler 2021), and the gains for people with low or modest incomes likely would be greater if policymakers devoted a comparable level of resources to other safety net improvements discussed here. (Also of note, a recent analysis observes that in recent decades, eligibility and benefit levels for universal programs have expanded only to a limited degree, with the much higher costs that universal program expansions usually carry having made them harder to enact [Howard 2025].[30])

Needless to say, policymakers will need to make tough choices among safety net strengthening measures such as these, with political achievability being an important factor in those decisions. And given the nation's fiscal challenges, policymakers should seek to offset the costs of addressing safety net gaps, such as through a combination of well-designed revenue increases—including tax measures that do not exempt all households with incomes below $400,000—and well-designed spending reforms that include reforms to slow health care cost growth without sacrificing health care coverage or quality, as well as measures to secure savings in less-effective, lower-priority programs.

Finally, various safety net measures will prove most effective if they are coupled both with needed predistribution measures, including a long-overdue federal minimum wage increase, provisions to provide paid leave, and reforms to address unfair practices used to thwart labor organizing, and with "abundance" reforms to boost the supply of housing and other needed goods and services (Klein and Thompson 2025).

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30. Another recent commentary similarly notes that the largest expansions in universal social insurance programs occurred by the 1970s, and that "Since then, Social Security and Medicare have had more success preventing retrenchment than accomplishing expansion." The commentary observes that "The evidence of the last three decades or so is that the U.S. political system may be better at expanding means-tested programs, and less willing to expand universal programs, than previously thought" (Taylor 2025).

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This paper examines changes since 1970 in the U.S. safety net (i.e., tax and transfer programs), focusing primarily on the "targeted" or "means-tested" part of the safety net. The first half of the paper considers how various programs (and categories of programs) have evolved and grown or shrunk over this period, and how that has impacted various types of low-income households. The paper looks in particular at the pronounced impact the safety net changes made over this period have had on poverty rates, as well as on the share of Americans who are uninsured. The latter half of the paper then assesses various criticisms of the safety net and its growth. The paper concludes with the author's observations and recommendations about where policymakers should go from here as they consider the future of these programs.

SPM poverty rates for the US population, before and after counting government benefits and taxes

	Before benefits and taxes	After benefits and taxes	Percentage change in poverty due to benefits and taxes
A. Under the anchored SPM			
1970	27.2%	25.9%	-5%
2017	26.8%	16.8%	-37%
2017*	26.3%	15.9%	-40%
2019*	23.6%	13.5%	-43%
2023*	23.4%	12.9%	-45%
B. Under the standard (quasi-relative) SPM			
1970	21.7%	17.2%	-21%
2017	25.0%	13.9%	-44%
2017*	24.4%	13.0%	-47%
2019*	22.5%	11.8%	-48%
2023*	23.4%	12.9%	-45%

Source: Trisi and Sherman 2024.

Note: *These data reflect the Census Bureau's implementation of an updated processing system, starting in 2017.

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