

MEMORANDUM October 16, 2012

To: Senate Budget Committee

Attention:

From:

Subject: Spending for Federal Benefits and Services for People with Low Income, FY2008-

FY2011: An Update of Table B-1 from CRS Report R41625, Modified to Remove

Programs for Veterans

This memorandum provides information on federal spending for programs explicitly intended for people with low or limited income. The memorandum primarily includes a detailed table (**Table 2**) that shows federal spending for these programs in each of FY2008 through FY2011, with spending under the American Recovery and Reinvestment Act of 2009 (ARRA, P.L. 111-5) identified separately. The table is an update of Table B-1 in CRS Report R41625, *Federal Benefits and Services for People with Low Income: Programs, Policy, and Spending.* Readers are referred to that report for important context and descriptions of the included programs and their categories (e.g., health, cash aid, food assistance, etc.). That report also includes a methodology appendix, a version of which appears at the end of this memo.

As you specifically requested, programs for veterans have been removed from the table in this memo. Table B-1 in the CRS report referenced above included means-tested health care for veterans without service-connected disabilities (Priority Group 5) and the means-tested veterans pension program.

As the memorandum shows, federal spending for low-income programs – not including the two veterans programs mentioned above – grew by 23% from FY2008 (\$563 billion) to FY2009 (\$692 billion). FY2009 also was the first year of ARRA funding, which accounted for at least 65% of the increase in spending for these programs from FY2008 to FY2009. Some portion of the non-ARRA-related spending growth in FY2009 was attributable to increased caseloads for recession-sensitive programs such as Medicaid and the Supplemental Nutrition Assistance Program (SNAP, formerly known as food stamps).

The memorandum further shows that federal spending for low-income programs grew at much slower rates in FY2010 and FY2011. Without the two veterans programs, spending totaled \$733 billion and \$746 billion in those years, respectively, increasing by 6% between FY2009 and FY2010 and by 2% between FY2010 and FY2011. ARRA was a declining but still significant source of the increased spending in these

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¹ Readers should note that ARRA spending is actually understated in this memorandum. ARRA included provisions that expanded the Earned Income Tax Credit and the Additional Child Tax Credit, but the increased spending for these two programs attributable to the ARRA provisions is not shown separately.

Training

Energy

Assistance TOTAL

3

563

10

692

5

746

(0)

(38)

two years, representing at least 58% of the increase between FY2010 and FY2009 pre-ARRA levels, and at least 45% of the increase between FY2011 and FY2010 pre-ARRA levels.

This memorandum does not attempt to quantify nonfederal spending related to federal programs for limited-income populations. However, a significant amount of such spending occurs. Many low-income programs have provisions that require states or other grantees to match federal funds with a specified amount of nonfederal resources ("matching" requirements), or require grantees to maintain the same level of their own spending that occurred in a previous year ("maintenance-of-effort" provisions), or prohibit grantees from substituting federal funds for nonfederal funds that would have been available otherwise ("supplement, not supplant" provisions). Prominent examples of such programs include Medicaid (a federal-state matching program), the Temporary Assistance for Needy Families (TANF) block grant (which has a maintenance-of-effort requirement), and Title I-A of the Elementary and Secondary Education Act (which prohibits supplantation of nonfederal funds).

Table 1 provides a summary of federal low-income spending for each of the four years, broken down by category. The table shows the largest category of spending – health – was 37% higher in FY2011 than in FY2008, primarily due to increased spending for Medicaid. Cash aid is the second largest category and was 12% higher in FY2011 than in FY2008, while spending for the third largest category – food assistance – was 71% greater in FY2011 than in FY2008, largely due to growth in SNAP. Education was 57% higher in FY2011, almost exclusively due to growth in Pell grants. Housing and development (which was similar in size to education in FY2008) was only 2% greater in FY2011 than in FY2008, although this category saw significant growth in FY2009 before declining in the next two years. Social services spending in FY2011 was 3% higher than in FY2008; spending for employment and training was the same in each of the two years (although it rose in the intervening years); and the smallest category – energy assistance – was 67% higher in FY2011 than in FY2008. Energy assistance was also the most volatile over the period, more than tripling between FY2008 and FY2009, from \$3 million to \$10 million, and then declining to \$6 million in FY2010 and \$5 million in FY2011.

Table I. Federal Spending by Major Category on Benefits and Services for People with Low Income (excluding programs for veterans), FY2008-FY2011, including ARRA

FY2010 FY2011 FY2009 **FY2008** FY2009 ARRA FY2010 ARRA FY2011 ARRA Category Health 248 308 (35)335 (41)339 (26)Cash Aid 125 (*) 141 (2) 145 130 (0) Food 59 78 (5) 94 (11)101 (12)Assistance 42 58 (19)58 Education (8) 66 (0)Housing & 40 60 (14)52 (6) 46 (*) Development 40 37 Social Services 36 44 (4) (4) (0)Employment & 6 9 (2) 8 (1)6 (0)

6

733

(*)

(72)

(5)

(84)

(nominal dollars in billions)

Source: Prepared by the Congressional Research Service (CRS) from obligations data contained in the U.S. Budget Appendix for each of FY2010 through FY2013. Amounts may not total due to rounding.

Notes: * indicates amounts that round to less than \$1 billion. ARRA = American Recovery and Reinvestment Act, P.L. 111-5. Amounts shown for ARRA spending in selected fiscal years are included in the totals shown for each of those years. The FY2008 amount for cash aid includes an unspecified amount for a one-time \$300-per-child tax rebate, authorized under the Economic Stimulus Act of 2008 (P.L. 110-185), which was not targeted on low-income families. ARRA spending for cash aid is understated because disaggregated EITC and ACTC spending due to temporary program expansions enacted in ARRA is not available; these amounts are included in the totals for cash aid, but not in the ARRA columns. As requested, the table does not include spending for means-tested health care for veterans (Priority Group 5) or the means-tested veterans pension program; these programs would have increased spending in the health and cash aid categories.

As noted earlier, **Table 2** is an update of Table B-1 in CRS Report R41625, modified to remove the two veterans programs. The original table shows spending for individual programs in FY2008 and FY2009; this memorandum updates that table through FY2010 and FY2011. In a few cases, the amounts shown for FY2008 and FY2009 have been revised based on newer data. In the future, CRS may complete a full update of Report R41625, in which case data and methodologies might change. An explanation of the methodology follows Table 2. It has been adapted from the methodology appendix of the original CRS report.

Table 2. Spending for Federal Benefits and Services for People with Low Income, by Program (excluding programs for veterans): FY2008-FY2011, including ARRA

(new obligations, unless otherwise noted; nominal dollars in millions)

Program	Federal Agency	FY2008	FY2009	ARRA (included in FY2009)	FY2010	ARRA (included in FY2010)	FY2011	ARRA (included in FY2011)
	l .		l	Health Care		I		
Family Planning	HHS	300	307		316		298	
Consolidated Health Centers	HHS	2,021	3,665	1,519	3,049	908	3,295	74
Transitional Cash and Medical Services for Refugees	HHS	296ª	282ª		353ª		353ª	
State Children's Health Insurance Program (CHIP)	HHS	6,360	9,534		10,717		8,740	
Voluntary Medicare Prescription Drug Benefit—Low-Income Subsidy	HHS	17,400♭	20,300b		20,900b		22,300b	
Medicaid	HHS	214,015	265,058	32,888	290,461	39,670	295,836	26,181°
Ryan White HIV/AIDS Program	HHS	2,141	2,227		2,286		2,310	
Breast/Cervical Cancer Early Detection	HHS	201a	206ª		169ª		I 64ª	
Maternal and Child Health Block Grant	HHS	666	662		661		656	
Indian Health Service	HHS	4,347	5,416	294	5,668		5,544	
Health Care, subtotal		247,747	307,657	34,701	334,580	40,578	339,496	26,255c

Program	Federal Agency	FY2008	FY2009	ARRA (included in FY2009)	FY2010	ARRA (included in FY2010)	FY2011	ARRA (included in FY2011)
				Cash Aid				
Temporary Assistance for Needy Families (TANF) (cash aid)	HHS	6,356 ^d	6,341 ^d	378 ^d	9,118 ^d	1,995 ^d	6,594₫	
Supplemental Security Income	SSA	48,926	52,446		54,463		59,854	
Additional Child Tax Credit ^e	IRS	34,019 ^f	24,284		22,659		22,691	
Earned Income Tax Credit (refundable component)§	IRS	40,600	42,418		54,712		55,652	
Cash Aid, subtotal		129,901	125,489	378	140,952	1,995	144,791	
				Food Assistance		•		-
Supplemental Nutrition Assistance Program (SNAP)	USDA	37,179	53,396	4,478	68,192	10,764	74,943	11,896
School Breakfast Program (free/reduced price components)	USDA	2,307	2,513		2,811		2,987	
National School Lunch Program (free/reduced price components)	USDA	7,863	8,498		9,462		9,831	
Special Supplemental Nutrition Program for Women, Infants and Children (WIC)	USDA	6,400	7,028	72	7,245	64	7,300	
Child and Adult Care Food Program (lower- income components)	USDA	2,029	2,217		2,358		2,499	
Summer Food Service Program	USDA	312	356		374		377	
Commodity Supplemental	USDA	141	165		183		196	

Program	Federal Agency	FY2008	FY2009	ARRA (included in FY2009)	FY2010	ARRA (included in FY2010)	FY2011	ARRA (included in FY2011)
Food Program								
Nutrition Assistance for Puerto Rico	USDA	1,623	2,000	240	2,000	254	2,001	
The Emergency Food Assistance Program (TEFAP)	USDA	240	425	125	359	55	298	
Nutrition Program for the Elderly	HHS	756	905	97	845		848	
Food Assistance, subtotal		58,850	77,503	5,012	93,829	11,137	101,280	11,896
	•			Education		•		1
Indian Education	DOI	684	699		784		753	
Adult Basic Education Grants to States	ED	555	572		628		596	
Federal Supplemental Educational Opportunity Grant	ED	759	760		759		740	
Education for the Disadvantaged—Grants to Local Educational Agencies (Title I-A)	ED	13,352	21,495	9,936	14,526	64	14,472	
Title I Migrant Education Program	ED	380a	395ª		395ª		39 4 ²	
Higher Education— Institutional Aid and Developing Institutions	ED	755	801		764		833	
Federal Work-Study	ED	989	1,156	200	995		986	
Federal TRIO Programs	ED	885	905		910		883	
Federal Pell Grants	ED	18,000	26,019	8,497	32,905	7,786	41,458	
Education for Homeless Children and Youth	ED	h	135	70	h		h	

Program	Federal Agency	FY2008	FY2009	ARRA (included in FY2009)	FY2010	ARRA (included in FY2010)	FY2011	ARRA (included in FY2011)
21st Century Community Learning Centers	ED	1,082	1,127		1,166		1,157	
Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR-UP)	ED	303	313		323		303	
Reading First and Early Reading First	ED	560	129		0		0	
Rural Education Achievement Program	ED	172	174		175		175	
Mathematics and Science Partnerships	ED	182	176		180		179	
Improving Teacher Quality State Grants	ED	2,946	2,687		2,955		2,460	
Academic Competitiveness and Smart Grant Program	ED	297	690		918		350	
Education, subtotal		41,901	58,233	18,703	58,383	7,850	65,739	
			Hous	sing and Developme	ent	1		1
Single-Family Rural Housing Loans	USDA	2351	33 l ⁱ		506 ⁱ		121 ⁱ	
Rural Rental Assistance Program	USDA	479	902		979		954	
Water and Waste Disposal for Rural Communities	USDA	685	1,370	631	1,443	556	648	
Public Works and Economic Development	DOC	170	285	147	149		115	
Supportive Housing for the Elderly	HUD	778	800		580		509	
Supportive Housing for	HUD	256	284		216		149	

Program	Federal Agency	FY2008	FY2009	ARRA (included in FY2009)	FY2010	ARRA (included in FY2010)	FY2011	ARRA (included in FY2011)
Persons with Disabilities								
Section 8 Project-Based Rental Assistance	HUD	7,004	9,391	1,991	8,991	19	9,444	
Community Development Block Grants	HUD	3,645	4,733	965	3,956	18	3,341	
Homeless Assistance Grants	HUD	1,538	2,861	1,485	1,813	7	1,888	
Home Investment Partnerships Program (HOME)	HUD	1,647	1,911		1,857		1,495	
Housing Opportunities for Persons with AIDS (HOPWA)	HUD	310	318		314		352	
Public Housing	HUD	6,894	10,843	3,977	7,360		6,999	
Indian Housing Block Grants	HUD	556	1,149	500	762	6	663	3
Section 8 Housing Choice Vouchers	HUD	15,552	16,289		18,071		18,510	
Neighborhood Stabilization Program-I	HUD	j	3,920		1,980	1,980	969	
Grants to States for Low- Income Housing in Lieu of Low-Income Housing Credit Allocations	Treasury	j	2,465	2,465	3,083	3,083	160	
Tax Credit Assistance Program	HUD	j	2,250	2,250	0		0	
Housing and Development, subtotal		39,749	60,102	14,411	52,060	5,669	46,317	3

Program	Federal Agency	FY2008	FY2009	ARRA (included in FY2009)	FY2010	ARRA (included in FY2010)	FY2011	ARRA (included in FY2011)
				Social Services				
Indian Human Services	DOI	118	115		118		115	
Older Americans Act Grants for Supportive Services and Senior Centers	HHS	351	361		368		369	
Older Americans Act Family Caregiver Program	HHS	153	154		154		154	
Temporary Assistance for Needy Families (TANF) (social services)	HHS	9,416 ^k	10,594 ^k	232k	9,837k	2,120 ^k	8,828 ^k	
Child Support Enforcement	HHS	4,585	4,719		5,044		4,671	
Community Services Block Grant	HHS	654	1,692	992	708	8	678	
Child Care and Development Fund	HHS	4,979	7,034	1,990	5,083	10	5,152	
Head Start	HHS	6,877	9,077	578	8,757	1,523	7,559	
Developmental Disabilities Support and Advocacy Grants	HHS	111	114		116		116	
Foster Care	HHS	4,525	4,705		4,603		4,456	
Adoption Assistance	HHS	2,038	2,324		2,438		2,362	
Social Services Block Grant	HHS	1,700	2,300		1,700		1,700	
Chafee Foster Care Independence Program	HHS	140	140		140		140	
Emergency Food and Shelter Program	FEMA	153	300	100	200		121	

Program	Federal Agency	FY2008	FY2009	ARRA (included in FY2009)	FY2010	ARRA (included in FY2010)	FY2011	ARRA (included in FY2011)
Legal Services Corporation	LSC	351	392		422		406	
Social Services, subtotal		36,151	44,021	3,892	39,688	3,661	36,827	
			Emp	loyment and Trainir	ng	•		-1
Supplemental Nutrition Assistance Program (SNAP) (employment and training component)	USDA	351	367		344		354	
Community Service Employment for Older Americans	HHS	504	708		820		454	
Workforce Investment Act (WIA) Adult Activities	DOL	827	1,357	495	862		766	
Workforce Investment Act (WIA) Youth Activities	DOL	984	2,218	1,182	994		946	
Social Services and Targeted Assistance for Refugees	HHS	203ª	203ª		203ª		202ª	
Temporary Assistance for Needy Families (TANF) (employment and training)	HHS	1,697 ¹	1,826 ¹	61	2,6821	5871	1,845 ¹	
Foster Grandparents	CNCS	109a	109a		a		a	
Job Corps	DOL	1,558	1,804	148	1,713	102	1,777	
Employment and Training, subtotal		6,233	8,592	1,831	7,729	689	6,455	
				Energy Assistance				
Weatherization Assistance Program	DOE	291	5,240	4,748	517	228	234	

Program	Federal Agency	FY2008	FY2009	ARRA (included in FY2009)	FY2010	ARRA (included in FY2010)	FY2011	ARRA (included in FY2011)
Low-Income Home Energy Assistance Program (LIHEAP)	HHS	2,590	5,100		5,100		4,701	
Energy Assistance, subtotal		2,881	10,340	4,748	5,617	228	4,935	
TOTAL		\$563,413	\$691,937	\$83,676	\$732,838	\$71,807	\$745,840	\$38,154°

Source: Prepared by the Congressional Research Service from obligations data contained in the U.S. Budget Appendix for FY2010, FY2011, FY2012, and FY2013, unless otherwise noted. This table is an updated version of Table B-I in CRS Report R41625, Federal Benefits and Services for People with Low Income: Programs, Policy, and Spending, FY2008-FY2009, modified to remove means-tested health care for veterans (Priority Group 5) and the means-tested veterans pension program. Readers are referred to that report for important context and program descriptions. An updated version of the methodology appendix of that report is included in this memorandum. In the future, CRS may complete a full update of Report R41625, in which case data and methodologies might change.

Notes: HHS = Department of Health and Human Services. SSA = Social Security Administration. IRS = Internal Revenue Service. USDA = Department of Agriculture.

DOC = Department of Commerce. HUD = Department of Housing and Urban Development. Treasury = Department of the Treasury. DOI = Department of the Interior.

ED = Department of Education. FEMA = Federal Emergency Management Agency. LSC = Legal Services Corporation. DOE = Department of Energy. DOL = Department of Labor. CNCS = Corporation for National and Community Service.

- a. Appropriations.
- b. Aggregate reimbursements for calendar year.
- c. Includes Medicaid spending at the enhanced matching rate authorized by ARRA through December 2010, and continued at a phased-down level for January-June 2011 under P.L. 111-226.
- d. Estimated obligations for cash aid and administration under TANF, based on state reporting of actual expenditures.
- e. Amounts shown for ACTC include spending due to program expansions enacted in ARRA; however, disaggregated amounts specifically due to these provisions are not available.
- f. Includes an unspecified amount for a one-time \$300-per-child tax rebate that was not targeted on low-income families.
- g. Amounts shown for EITC include spending due to program expansions enacted in ARRA; however, disaggregated amounts specifically due to these provisions are not available.
- h. Obligations totaled \$64 million for this program in FY2008, which is below the dollar threshold for inclusion in the table. This funding is not included in spending totals. (See discussion of methodology for explanation of threshold.)
- i. Subsidy outlays, adjusted for net lifetime reestimate amounts, excluding interest.
- j. Program not authorized.
- Estimated obligations for social services under TANF, based on state reporting of actual expenditures.
- I. Estimated obligations for employment and training activities under TANF, based on state reporting of actual expenditures.

Methodology

Selection of Programs

Programs were selected for inclusion in CRS Report R41625 if – at the time the report was prepared in 2010-2011 – they (1) had provisions that base an individual's eligibility or priority for service on a measure (or proxy) of low or limited income; or (2) target resources in some way (e.g., through allocation formulas, variable matching rates) using a measure (or proxy) of low or limited income.

A few programs without an explicit low-income provision were included because either their target population is disproportionately poor or their purpose clearly indicates a presumption that participants will be low-income. Such programs that serve disproportionately low-income people include the Indian Health Service, Homeless Assistance Grants, Indian Education, Title I Migrant Education Program, and Indian Human Services. Programs with purposes that presume a low-income target population include Adult Basic Education and Social Services Block Grants.

Federal student loan programs were considered for inclusion because they determine benefit levels through the same need analysis system that is used for Pell Grants and several smaller postsecondary education programs. However, this system can result in students from relatively well-off families receiving assistance, as there is no absolute income ceiling on eligibility. Pell Grants are structured in such a way that the majority of recipients are low-income and the lowest-income students receive the largest benefits. Student loan programs are not as strongly targeted and therefore, were not included in the report.

On the other hand, deliberations about whether to include the Additional Child Tax Credit (ACTC) reached a different conclusion. The regular Child Tax Credit (CTC) is a nonrefundable credit and phases out at relatively high income levels. The ACTC is a refundable credit that allows families with no or insufficient tax liability to get all or part of the benefit they would otherwise receive from the CTC. Because of the refundable nature and other design features of the ACTC, including certain recently enacted changes, it serves predominantly low-income families. For example, for tax year 2008, 87% of returns that claimed the ACTC were filed by families with adjusted gross incomes (AGI) below \$40,000 and 83% of the credit went to such families; 94% of returns that claimed the ACTC were filed by families with AGI below \$50,000 and 93% of the credit went to such families.² Thus, ACTC is included in the report.

Finally, regarding the selection of programs for this memorandum, please note that – as you requested – we have deleted the two veterans programs that were included in the original Table B-1 from CRS Report R41625: means-tested health care for veterans without service-connected disabilities (Priority Group 5 veterans) and the means-tested veterans pension program.

Categorization of Programs

Most programs are easily assigned to broad categories, such as health, cash aid, food assistance, or education. A few, however, have multiple purposes or allowable activities. For some of those programs, spending can be disaggregated into the relevant categories. For example, using state reporting of actual

² Internal Revenue Service, SOI Tax Stats – Individual Income Tax Returns Publication 1304, Table 3.3.

expenditures, it is possible to estimate the amount of Temporary Assistance for Needy Families (TANF) obligations attributable to cash aid, social services, and employment and training. Other programs cannot be disaggregated, however, and must be assigned to a single category. For example, Transitional Cash and Medical Services for Refugees was categorized as health care, and Indian Human Services was categorized as social services although it also provides cash and housing assistance.

The social services category, in general, is not well-defined and some analysts might assign some programs differently. Head Start, for example, could be considered an education program, since its purpose is to promote school readiness; however, it supports a very broad range of activities—including activities for children age 0-3 through its Early Head Start component—that can best be characterized collectively as social services. Foster Care and Adoption Assistance both give cash to families or other care providers, but income support is not the programs' purpose or sole use of funding. Foster Care subsidizes maintenance payments and administrative activities on behalf of children who cannot remain safely at home, and Adoption Assistance makes payments to facilitate the adoption of children who would otherwise lack permanent homes. Thus, these programs were categorized as social services and not cash assistance.

Selection of Spending Measure

New obligations incurred in the indicated fiscal year were chosen as the measure of spending for the report, although for many programs, readers may be more accustomed to seeing appropriations (budget authority) or outlays. These spending concepts are related. Congress and the President enact *budget authority* through appropriations measures or other authorizing laws. Budget authority in turn allows federal agencies to incur *obligations*, through actions such as entering into contracts, employing personnel, and submitting purchase orders. *Outlays* represent the actual payment of these obligations, usually in the form of electronic transfers or checks issued by the Treasury Department.³ Obligations are used here because they are the most consistent measure available at the necessary level of detail for the majority of programs. The source of obligations data was the U.S. Budget Appendix for FY2011 (for final FY2009 obligations) and FY2010 (for final FY2018 obligations). Likewise, for the updated version of Table B-1, the Budget Appendixes for FY2012 and FY2013 were used (for final FY2010 and FY2011 obligations).

Obligations were either not available or not appropriate for a small number of programs. Because obligations were not available at the necessary program level, appropriations were used for the following: Transitional Cash and Medical Services for Refugees, Breast/Cervical Cancer Early Detection, the Title I Migrant Education Program, Social Services and Targeted Assistance for Refugees, and Foster Grandparents.

The Budget Appendix does not show obligations solely for the low-income subsidy portion of the Medicare Part D prescription drug program. Therefore, the table uses aggregate reimbursements for the low-income subsidy for the calendar year (instead of fiscal year), available from the annual report of the Medicare trustees.⁴

³ See CRS Report 98-410, Basic Federal Budgeting Terminology, by Bill Heniff Jr.

⁴ 2012 Annual Report of the Boards of Trustees of the Federal Hospital Insurance and Federal Supplementary Medical Insurance Trust Funds, Table IV.B.11.

Loan subsidy outlays were used as the more appropriate measure of spending for the Section 502 single-family rural housing loan program. Direct and guaranteed loan subsidy outlays, available from the Budget Appendix, were adjusted for re-estimates provided in the Federal Credit Supplement to the U.S. Budget for the relevant years.

Finally, as noted above, TANF obligations provided in the Budget Appendix were disaggregated into the categories of cash aid, social services, and employment and training, based on states' reporting to the Department of Health and Human Services of their actual expenditures.

Spending Threshold

Programs were included in the report if they had obligations in either FY2008 or FY2009 of at least \$100 million. To simplify the analysis without significantly changing the overall picture, smaller programs were excluded, even if they met the low-income criteria. No changes have been made to the list of programs included in the updated version of the table. Only one program included in the report (and the updated table) —Education for Homeless Children and Youth—had spending above the threshold in one year but below the threshold in the others. Therefore, spending totals for FY2009 include obligations for this program, but spending totals for FY2008, FY2010, and FY2011 do not. Thus, each year's spending total is a snapshot of spending *in that year* for low-income programs which—*in that year*—had obligations totaling at least \$100 million.