

GAO Highlights

Highlights of [GAO-15-516](#), a report to congressional requesters

Why GAO Did This Study

The federal government provides assistance aimed at helping people with low-incomes who may earn too little to meet their basic needs, cannot support themselves through work, or who are disadvantaged in other ways. With fiscal pressures facing the federal government and the demands placed on aid programs, GAO was asked to examine federal low-income programs.

This report (1) describes federal programs (including tax expenditures) targeted to people with low incomes, (2) identifies the number and selected household characteristics of people in poverty, (3) identifies the number, poverty status, and household characteristics of selected programs' recipients, and (4) examines research on how selected programs may affect incentives to work. For a list of low-income programs that were \$100 million in obligations or more in fiscal year 2013, GAO consulted with the Congressional Research Service; surveyed and interviewed officials at relevant federal agencies; and reviewed relevant federal laws, regulations, and agency guidance. GAO also conducted analyses on low-income individuals using Census data on the SPM and official poverty measure and microsimulation data from the Urban Institute that adjusts for under-reporting of benefit receipt in Census survey data. To examine labor force effects, GAO reviewed economic literature. Selected low-income programs were large in dollars and helped meet a range of basic needs.

GAO is not making new recommendations in this report. GAO clarified portions in response to comments from one agency.

View [GAO-15-516](#). For more information, contact Kay Brown at (202) 512-7215 or brownke@gao.gov.

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FEDERAL LOW-INCOME PROGRAMS

Multiple Programs Target Diverse Populations and Needs

What GAO Found

More than 80 federal programs (including 6 tax expenditures) provide aid to people with low incomes, based on GAO's survey of relevant federal agencies. Medicaid (the largest by far), the Supplemental Nutrition Assistance Program (SNAP), Supplemental Security Income (SSI), and the refundable portion of the Earned Income Tax Credit (EITC) comprised almost two-thirds of fiscal year 2013 federal obligations of \$742 billion for these programs. Aid is most often targeted to groups of the low-income population, such as people with disabilities and workers with children. Survey responses showed that criteria used to determine eligibility vary greatly; most common were variants of the federal poverty guidelines, based on the Census Bureau's official poverty measure.

In 2013, 48.7 million people (15.5 percent), including many households with children, lived in poverty in the United States, based on Census's Supplemental Poverty Measure (SPM). This measure takes into account certain expenses and federal and state government benefits not included in the official poverty measure. The SPM is not used to determine program eligibility; however, it does provide more information than the official measure on household resources available to meet living expenses. In 2013, the SPM poverty threshold ranged from \$21,397 to \$25,639 for a family of four, depending on housing situations. Based on six mutually exclusive household types GAO developed, individuals in a household headed by a person with a disability or a single parent had the highest rates of poverty using the SPM, while childless or married parent households had larger numbers of people in poverty using the SPM.

In 2012, the most recent year of data available, GAO estimated that 106 million people, or one-third of the U.S. population, received benefits from at least one or more of eight selected federal low-income programs: Additional Child Tax Credit, EITC, SNAP, SSI, and four others. Almost two-thirds of the eight programs' recipients were in households with children, including many married families. More than 80 percent of recipients also lived in households with some earned income during the year. Without these programs' benefits, GAO estimated that 25 million of these recipients would have been below the SPM poverty threshold. Of the eight programs, EITC and SNAP moved the most people out of poverty, however, the majority of recipients of each of the programs were estimated to have incomes above the SPM threshold, after accounting for receipt of benefits.

Research suggests that assistance from selected means-tested low-income programs can encourage people's participation in the labor force, but have mixed effects on the number of hours they work. Changes in certain low-income programs through the years, including the EITC, have enhanced incentives for people to join the labor force, according to studies. While workers who receive means-tested benefits face benefit reductions as their earnings rise, research shows that various factors limit how much people change their work behavior in response. For example, people may not be aware of such changing interactions in a complex tax and benefit system or be able to control the number of hours they work, according to studies. Research also shows that enhancing work incentives can create difficult policy trade-offs, including raising program costs or failing to provide adequate assistance to those in need.