

THE HERITAGE LECTURES

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**The Paradox of
Poverty: How We
Spent \$3.5 Trillion
Without Changing
the Poverty Rate**

By Robert Rector



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The Paradox of Poverty: How We Spent \$3.5 Trillion Without Changing the Poverty Rate

By Robert Rector

The U.S. Census Bureau has released its 1992 report on income and poverty. The report shows that the current prolonged recession—caused largely by Congress's insistence on raising taxes at the beginning of an economic downturn—has thrown millions out of work. This unemployment and the suffering it causes are real. Expansion of welfare programs, however, will not truly help the unemployed. What they need are jobs and economic growth. Bigger government and higher taxes do not produce jobs and growth.

Let me begin with seven basic facts:

- 1) **The level of welfare spending in the United States is enormous and growing rapidly.** In 1990, the latest year for which complete data are available, welfare spending reached a record high of \$226 billion, or 4.1 percent of GNP. Contrary to political claims, welfare spending increased during the 1980s, the Reagan era, after adjusting for inflation. Nor was the recent increase restricted to medical aid; in constant dollars, cash, food, and housing aid also increased more rapidly than the growth in the population.
- 2) **Total welfare spending is more than sufficient to raise the incomes of all persons defined as "poor" by the Census Bureau above the poverty income levels.** Part of the \$226 billion dollars in welfare spending goes to persons in nursing homes and other institutions who are not included in the annual Census Bureau population and poverty count. But \$184 billion was spent on the general non-institutional population in 1990. This sum was roughly two and a half times the amount needed to eliminate poverty. Welfare cash, food, and housing aid alone were more than enough to eliminate poverty.
- 3) **The Census Bureau ignores most welfare assistance when calculating the standard of living of the "poor."** Of a total of \$184 billion in welfare spending on non-institutionalized persons, only \$32.5 billion was counted as income by the Census Bureau. The missing funds, which were spent on low-income persons but not counted by the Census Bureau, equalled 2.8 percent of GNP. The non-counted cash, food, and housing aid alone was more than what was needed to raise all "poor" persons' incomes above the poverty level.
- 4) **Few of the people defined as "poor" by the Census Bureau are "poor" in the sense understood by the general public.** Nearly all of the 30 million-plus people identified as "poor" by the Census Bureau are reasonably well housed. Most are well fed; there are few nutritional differences between "poor" and middle-class Americans.
- 5) **The War on Poverty did not succeed.** While there may be little material poverty left, this does not mean that the War on Poverty was a success. The recent expansion of the

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welfare state has not really raised incomes of less affluent Americans. Instead it has largely replaced work and earnings with dependence. And by undermining family structure, welfare has greatly contributed to the increase in single mothers who have difficulties supporting their families.

- 6) **The real problem in low-income communities is behavioral poverty.** "Behavioral poverty" refers to a breakdown in the values and conduct that lead to the formation of healthy families, stable personalities, and self-sufficiency. Behavioral poverty is a cluster of social pathologies including: dependency and eroded work ethic, lack of educational aspiration and achievement, inability or unwillingness to control one's children, increased single parenthood and illegitimacy, criminal activity, and drug and alcohol abuse.

So while there may be little material poverty in the United States, behavioral poverty is abundant and growing. For example, the black illegitimacy rate was around 25 percent when the War on Poverty began; today two out of three black children are born out of wedlock. A similar increase is occurring among low-income whites. Likewise, crime and dependency rates exploded as welfare spending increased.

- 7) **The central dilemma of the welfare state is that nearly all of the cash, food, housing, and medical programs designed to alleviate material poverty have the harmful side effect of profoundly increasing behavioral poverty.** The current welfare system fosters dependency and family disintegration. The erosion of the work ethic and family structure in turn demolishes the real-life prospects of low-income Americans, greatly contributing to crime, school failure, and other problems.

If the Census Bureau's methods were corrected to measure accurately the assets, cash income, and welfare benefits of low-income households, the result would show far fewer persons in material poverty than claimed by current official statistics. But even the corrected figure still would conceal the real tragedy of America's welfare system: millions of children growing up without fathers, millions of parents lacking the work ethic and dignity, and entire generations being robbed of real dreams and hopes for the future.

By creating a false picture of chronic, pervasive material poverty, the Census Bureau report harms both the taxpayers and the poor. The false picture of pervasive material poverty has led to the increased spending on welfare programs which fuel behavioral poverty. It distracts attention from, and makes more difficult, serious discussions of welfare reforms which are needed truly to help the disadvantaged.

Living Standards of the Poor

For many years the U.S. Census Bureau has reported that over 30 million Americans are "poor." For most Americans the word "poverty" suggests destitution, an inability to provide a family with sufficient food, clothing, and reasonable shelter. Only a small fraction of the persons identified as "poor" by the Census Bureau fits that description, however. The actual living standard of most persons defined as poor by the Census Bureau is far higher than the public imagines.

In fact, numerous government reports indicate that most "poor" Americans today are better housed, better fed, and own more personal property than average U.S. citizens throughout most of this century. In 1990, after adjusting for inflation, the per capita expenditures of the lowest income one-fifth of the U.S. population exceeded the per capita income of the median American household in 1960.

The following are facts about persons defined as “poor” by the Census Bureau. Data are taken from various government reports:

- ◆ In 1989 nearly 40 percent of all “poor” households actually owned their own homes. The average home owned by persons classified as “poor” by the Census Bureau is a three-bedroom house with a garage and porch or patio. Contrary to popular impressions, the majority of “poor” persons who own their own homes are not elderly.
- ◆ One million “poor” persons own homes worth over \$80,000; 75,000 “poor” persons own homes worth over \$300,000.
- ◆ Only 8 percent of “poor” households are overcrowded. Nearly two-thirds have more than two rooms per person.
- ◆ The average “poor” American has twice as much living space as the average Japanese and four times as much living space as the average Russian. (Note: These comparisons are to the *average* citizens in these countries, not to those classified as poor.)
- ◆ 62 percent of “poor” households own a car; 14 percent own two or more cars; a third own microwave ovens.
- ◆ “Poor” Americans live in larger houses or apartments, eat more meat, and are more likely to own cars and dishwashers than is the general population in Western Europe.
- ◆ About 53 percent of “poor” households, renters as well as owners, have air conditioning. By contrast, just twenty years ago only 36 percent of the entire population enjoyed air conditioning.
- ◆ The average consumption of protein, vitamins, and minerals is virtually the same for poor and middle-class children, and in most cases is well above recommended norms. Poor children today are in fact supernourished, growing up to be on average one inch taller and ten pounds heavier than the GIs who stormed the beaches of Normandy in World War II.
- ◆ Family structure and personal behavior are the most important factors in determining a family’s economic well-being. In 1990 the Census Bureau found that only 3 percent of married couples with children and a full-time worker were “poor.” By contrast, 67 percent of single mothers who did not work were “poor.”

What’s Going On?

Over 25 years have passed since President Lyndon Johnson declared his “Unconditional War on Poverty.” Johnson declared that this war was to be a great “investment” which would return its cost to society manyfold. Since then, welfare spending in constant dollars has increased fivefold. Total welfare spending since the onset of the War on Poverty has amounted to \$3.5 trillion in constant 1990 dollars—more than the full cost of World War II after adjusting for inflation. In other words, the average American household has paid around \$50,000 fighting the War on Poverty. I think that taxpayers are justified in asking what return they have gotten on their “investment.”

The official picture is bleak. As the following chart shows, before the War on Poverty began, when welfare spending was low, the poverty rate was declining dramatically. It plummeted from 32 percent in 1950 to 14.7 percent in 1966 when the War on Poverty was just beginning. After 1966, welfare spending began to explode; annual cash, food, and housing expenditures alone increased by \$70 billion by 1990. But as the chart also shows, coincident with this spending explosion, the pov-

erty rate leveled off and, with a few modest dips and peaks, remained largely unchanged for the next 23 years. Moreover, during the same period that welfare spending soared, "behavioral poverty" began a dramatic increase. For America's taxpayers, federal policy makers, and members of Congress in particular, this raises some basic questions:

How is it possible for total welfare spending in constant dollars to have quintupled over the last 25 years while the poverty rate remained almost unchanged?

How is it possible for constant dollar welfare spending on cash, food, and housing to have nearly quadrupled over twenty years while the poverty rate remained almost unchanged?

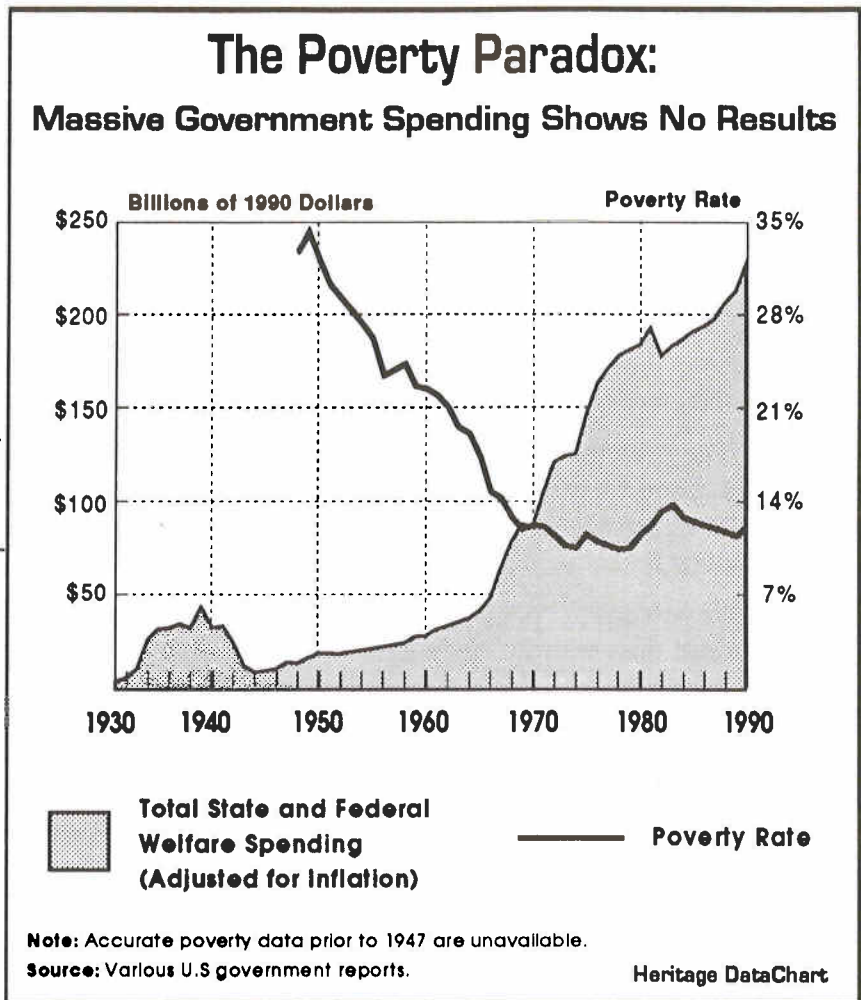
How is it possible to spend \$226 billion per year on welfare, *more than twice the amount needed to eliminate all poverty in the United States*, and still have over 30 million poor people?

The answer, of course, is that it is not possible. Not even the federal government can spend \$226 billion per year on low-income people without having a significant effect on living standards. The simple fact is that the Census Bureau counts little of this welfare assistance in calculating the number of poor Americans.

The Politics of Poverty: Business As Usual

There is a political bunko game going on in Washington. The elements of this game are as follows: First, the Census Bureau defines as "poor" any household which has an income below the poverty threshold, which was \$13,942 for a family of four in 1991. Assets are ignored. Second, the taxpayers are told that there are over 30 million poor Americans. Greater welfare spending is urged. Third, welfare spending is increased. Fourth, quietly, behind the scenes in Washington, efforts are undertaken to assure that cash earnings of low-income people are undercounted and that virtually no welfare spending is counted as income when determining if a family is poor. Fifth, the next year the public is again told that there are over 30 million poor people and greater spending is again needed. The cycle continues. As long as nobody checks the numbers, welfare advocates can play the game year after year.

As the following table shows, total welfare spending equalled \$226 billion in 1990, the last year for which data are available. Out of this total \$184 billion was spent on the non-institutionalized population covered in the annual Census Bureau income and poverty reports. But the Census Bureau counted only \$32 billion of this spending as income. The funds which were spent on



Missing Welfare Spending: 1990

(In \$ billions)	Total Welfare Spending: Congressional Research Service and Other Government Sources	Total Welfare Spending: Excluding Spending on Persons in Institutions	Total Welfare Spending: Census Bureau Estimates	Total Shortfall
Means-tested Cash Assistance	\$55.1	\$50.3	\$32.5	\$17.8
Means-tested Non-Cash Food Assistance	25.26	25.26	0.0	25.26
Means-tested Non-Cash Housing and Energy Assistance	22.65	22.65	0.0	22.65
Medicaid and other Medical Benefits	97.6	60.7	0.0	60.7
Urban Development	3.1	3.1	0.0	3.1
Social Services and Training	23.24	23.24	0.0	23.24
TOTAL	\$226.9	\$185.2	\$32.5	\$152.7
<i>Source: Vee Burke, Cash and Non-Cash Benefits for Persons with Limited Income: Eligibility Rules, Participant and Expenditure Data, FY 1988-1990 (Washington, D.C.: Congressional Research Service, The Library of Congress), September 1991. Background Material on Programs Within the Jurisdiction of the Committee on Ways and Means. Unpublished data provided the the Department of Health and Human Services and other government agencies.</i>				

low-income Americans but not counted by the Census Bureau amount to 2.8 percent of GNP. Missing cash, food, and housing spending alone was around \$70 billion, more than enough to raise the incomes of all poor people above the poverty level.

The Liberal Defense

Welfare advocates in Washington have criticized my analysis of welfare and poverty. These criticisms are offered as a defense of the Census Bureau estimates and as an attempt to keep alive the myth of widespread destitution among America's poor. In effect they are a defense of Washington's annual poverty game.

Among these criticisms:

Liberal Defense #1: In addition to its widely publicized official poverty measure that counts only cash income, the Census Bureau also has alternative poverty measures which count non-cash welfare benefits. These alternative measures still show high rates of poverty.

Response: The Census Bureau does have largely unknown alternative poverty measures in some of its publications which include a few noncash benefits. But even the best of these alternative measures still omits most welfare spending. For example, it omits nearly half of cash, food, and housing aid.

Liberal Defense #2: The huge figure of \$226 billion in welfare spending includes many programs for the middle class, such as Social Security and Student Loans.

Response: This is not true. My calculations are based on reports produced by the non-partisan Congressional Research Service (CRS) of the Library of Congress. These CRS reports count total spending on “means-tested” assistance — that is, assistance which is distributed to persons below certain specific income levels. True, a few programs which CRS includes, such as student loans, are formally means tested, but the income limits are so high that most beneficiaries are middle class. I have omitted such programs; my calculations are confined to programs which benefit only low-income persons. I have added to the CRS figures Medicare spending on poor persons and some government aid targeted to economically disadvantaged communities such as Urban Development Action Grants. A list of all the welfare programs included in my count of welfare spending is included in the appendix.

Liberal Defense #3: Welfare spending does not go just to poor persons. Some goes to low-income persons with cash incomes above the poverty level.

Response: This is true. But if even a quarter of all means-tested cash, food, and housing aid went to “non-poor” persons, the remaining amount would still be enough to raise all poor persons’ incomes above the poverty thresholds.

Liberal Defense #4: Nearly all of the increase in welfare spending in recent years has been for medical care.

Response: This is untrue. Cash, food, and housing aid measured in constant dollars increased faster than the growth of population during the 1980s. In constant dollars, means tested cash, food, and housing expenditures increased by 20 percent from 1980 to 1990.

Liberal Defense #5: It may be true that most of the persons defined as “poor” by the Census Bureau have actual incomes above the official poverty income thresholds, but the poverty income thresholds should be raised.

Response: The poverty income thresholds were set in 1963 at the level of funds needed to provide for basic needs. Each year they have been adjusted upward for inflation. There is no evidence that poor families are unable to provide for basic needs with incomes at the poverty level, at least in most parts of the country. Indeed, in many parts of the country a family can meet basic needs with incomes well below the poverty level.

Critics such as Dr. Patricia Ruggles of the Urban Institute advocate raising the poverty threshold and adopting a relative poverty measure. As the general level of prosperity rises, the definition of what is “poor” would rise proportionately. Dr. Ruggles actually has proposed raising the current poverty income thresholds above the income level of the median American family in the early 1950s, adjusted for inflation. According to Dr. Ruggles, Ozzie and Harriet were poor. If Dr. Ruggles’s notions were accepted, the poverty income levels would go up and up each year, far faster than inflation. Within a decade or two, most people with a standard of living today considered middle class would be redefined as poor. This gives new meaning to the Biblical statement: “The poor are always with you.”

Of course, these notions have nothing to do with “poverty.” What Dr. Ruggles and her supporters really are interested in is radical income redistribution. If an individual’s income falls below a certain level, say 50 percent of the income of the average family, then the average family would be taxed and its income redistributed to the person with low income. While the American public has little interest in government income redistribution *per se*, it is concerned about “poverty.” Hence the effort to camouflage redistributionist schemes under the guise of “poverty.” It is really just an abuse of the English language for political purposes.

Reforming the Measurement of Material Poverty.

Finally, some charge that, while I continually criticize the Census Bureau’s poverty measures, I have not shown how to improve those measures. This is untrue. In my publications I have repeatedly offered recommendations on improving the government’s assessment of material poverty. I will summarize these recommendations.

- 1) Focus on the numerous government surveys which assess the actual food consumption, physiological status, and housing conditions of the “poor.” Expand these surveys, conduct them more frequently, and issue their findings periodically in a single integrated report. Ask questions like: How many people lack food; how many are physiologically malnourished; how many lack reasonably decent housing? The answer will be a small fraction of the 30 million currently defined as “poor.”
- 2) Integrate and expand the Survey of Income and Program Participation (SIPP) and the Consumer Expenditure Survey. Get a very accurate count of welfare benefits and their cost to the taxpayer. Then ask questions like: How many families spend less than the Agriculture Department’s Thrifty Food Budget on food after non-cash benefits are included? Who are they? In how many families do housing costs represent over 50 percent of total consumption including all welfare aid? Who are they?
- 3) In all reports on poverty include data and a discussion of behavioral poverty.

Rethinking the Issue: Material Poverty versus Behavioral Poverty

For the general public the real problem with welfare is not merely the rapidly expanding cost—which now absorbs over 4 percent of the entire national economy. It is also the sense that welfare actually harms, rather than helps, the poor.

The key dilemma of the welfare state is that the prolific spending intended to alleviate material poverty has led to a dramatic increase in “behavioral poverty.” The War on Poverty may have raised the material standard of living of some Americans, but at the cost of creating whole communities where traditional two-parent families have vanished, work is rare or non-existent, and multiple generations have grown up dependent on government transfers.

Our current welfare system may best be conceptualized as a system which offers each single mother a “paycheck” worth an average of between \$8,500 and \$15,000, depending on the state. The mother has a contract with the government: She will continue to receive her “paycheck” as long as she fulfills two conditions:

- 1) She must not work; and
- 2) She must not marry an employed male.

The current welfare system has made marriage economically irrational for most low-income parents. Welfare has converted the low-income working husband from a necessary breadwinner into a net financial handicap. It has transformed marriage from a legal institution designed to protect and nurture children into an institution which financially penalizes nearly all low-income parents who enter into it.

Across the nation, the current welfare system has all but destroyed family structure in the inner city. Welfare establishes strong financial disincentives which effectively block the formation of intact, two-parent families. Example: Suppose a young man in the inner city has fathered a child out of wedlock with his girlfriend. If this young father abandons his responsibilities to the mother and child, government will step in and support the mother and child with welfare. If the mother has a second child out of wedlock, as is common, average combined benefits will reach around \$13,000 per year.

If, on the other hand, the young man does what society believes is morally correct (i.e., marries the mother and takes a job to support the family), government policy takes the opposite course. Welfare benefits would be almost completely eliminated. If the young father makes more than \$4.50 per hour, the federal government actually begins taking away his income through taxes. The federal welfare reform act of 1988 will permit the young father to marry the mother and join the family to receive welfare, but only as long as he does not work. Once he takes a full-time job to support his family, the welfare benefits are quickly eliminated and the father's earnings are subject to taxation.

The onset of the War on Poverty directly coincided with the disintegration of the low-income family—the black family in particular. At the outset of the Second World War, the black illegitimate birth rate was slightly less than 19 percent. Between 1955 and 1965 it rose slowly, from 22 percent in 1955 to 28 percent in 1965. Beginning in the late 1960s, however, the relatively slow growth in black illegitimate births skyrocketed—reaching 49 percent in 1975 and 65 percent in 1989. If current trends continue, the black illegitimate birth rate will reach 75 percent in ten years. Similar trends are occurring among low-income whites.

Generous welfare benefits to single mothers directly contributed to the rise in illegitimate births. Recent research by Dr. C.R. Winegarden of the University of Toledo in Toledo, Ohio, found that half of the increase in black illegitimacy in recent decades could be attributed to the effects of welfare. Research by Shelley Lundberg and Robert D. Plotnick of the University of Washington shows that an increase of roughly \$200 per month in welfare benefits per family causes the teenage illegitimate birth rate in a state to increase by 150 percent. Similarly, high benefits discourage single mothers from remarrying. Research by Dr. Robert Hutchens of Cornell University shows that a 10 percent increase in AFDC benefits in a state will cause a decrease in the marriage rate of all single mothers in the state by 8 percent. Thus welfare programs discourage young men and women from marrying and promote the disintegration of existing two-parent families.

Penalizing Work. Among the poor, another devastating legacy of the past 25 years has been the dramatic reduction in work effort. For a growing number of poor Americans, the existence of generous welfare programs makes not working a reasonable alternative to long-term employment. During the late 1960s and early 1970s, social scientists at the Office of Economic Opportunity (OEO) conducted a series of controlled experiments to examine the effect of welfare benefits on work effort. The longest running and most comprehensive of these experiments was conducted between 1971 and 1978 in Seattle and Denver, and became known as the Seattle/Denver Income Maintenance Experiment, or "SIME/DIME."

Advocates of expanding welfare had hoped that SIME/DIME and similar experiments conducted in other cities, would prove that generous welfare benefits did not adversely affect "work effort." Instead, the SIME/DIME experiment found that every \$1.00 of extra welfare given to low-income persons reduced labor and earnings by \$0.80. The results of the SIME/DIME study are directly

applicable to existing welfare programs: Nearly all have strong anti-work effects as those studied in the SIME/DIME experiment.

The effects of welfare in undermining the work ethic are readily apparent. In the mid-1950s nearly one-third of poor households were headed by an adult who worked full time throughout the year. Today, with greater welfare benefits available, only 16.4 percent of poor families are headed by a full-time working adult.

Inter-Generational Dependence. Of the 3.8 million families currently receiving assistance through Aid to Families with Dependent Children (AFDC), well over half will remain dependent for over ten years, many for fifteen years or longer. Welfare dependency also appears to spread from one generation to another. Children raised in families that receive welfare assistance are themselves three times more likely to be on welfare than other children when they become adults. This inter-generational dependency is a clear indication that the welfare system is failing in its goal to lift the poor from poverty to self-sufficiency.

Effects of Family Disintegration

The collapse of family structure in turn has crippling effects on the health, emotional stability, educational achievements, and life prospects of low-income children. Children raised in single-parent families, when compared to those in intact families, are one-third more likely to exhibit behavioral problems such as hyperactivity, antisocial behavior, and anxiety. In regard to more extreme disorders, children deprived of a two-parent home are two to three times more likely to need psychiatric care than those in two-parent families. And they are more likely to commit suicide as teenagers. Absence of a father also increases the probability that a child will use drugs and engage in criminal activity.

Recent research by Dr. June O'Neill of Baruch College in New York City shows that young black men raised in single-parent families are twice as likely to engage in crime activity when compared to young black men raised in two-parent families, even after holding constant a wide range of variables such as family income, urban residence, neighborhood environment, and parents' education.

Because the father plays a key role in a child's cognitive development, children in single-parent families score lower on IQ tests and other tests of mental ability. Children in single-parent families are three times as likely to fail and repeat a year in grade school than are children in two-parent families. In all respects, the differences between children raised in single-parent homes and those raised in intact homes are profound, and such differences persist even if single-parent homes are compared to two-parent homes of exactly the same income level and educational standing.

But the greatest tragedy is that children from broken homes, when grown to adulthood, will pass the same problems on to their own children. Weakened in their own development, children from single-parent homes are markedly less likely to be able to establish a stable married life when they become adults. Young white women raised in single-parent families are 164 percent more likely to bear children out of wedlock themselves and 111 percent more likely to have children as teenagers. If these women do marry, their marriages are 92 percent more likely to end in divorce than are the marriages of women raised in two-parent families. Family instability and its attendant problems are passed on to future generations. And being raised in a single-parent family also triples the probability that a child will become a welfare recipient as an adult.

Conclusion: How to Help Low-Income Americans

The key to helping low-income Americans is not to throw added billions into conventional welfare programs to combat a problem of material poverty which is either greatly exaggerated or non-existent. Rather, we must help low-income Americans form stable families and become self-sufficient.

First, we must convert welfare from a one-way handout into a system of mutual obligation. We must convert welfare from a system which rewards non-work and single parenthood into one which rewards work and marriage. Key to doing this is to require most welfare recipients to perform community service in exchange for the benefits they receive.*

Second, we must make low-income neighborhoods secure from crime, and that means locking up the felons who prey on the poor and keeping them locked up.

Third, we must improve the education of low-income children through competition in education. Let's empower low-income parents to choose the schools their children will attend through vouchers. If Jesse Jackson can send his kids to private school, why shouldn't a poor parent have the same choice? We also must strengthen the church in the inner city community and across the country. Religious belief is the strongest single factor in determining whether or not a poor child will finish school and escape from poverty. We must give poor parents with strong religious beliefs the right to reinforce that belief in the children God has given them; they should be given education vouchers and the right to use those vouchers to send their children to a religious school if they so choose.

Fourth, there must be moral renewal within low-income communities. Moral authorities who will be heard and respected within those communities must reanimate the ethical principles which are the foundation of successful society. The upcoming generation must be taught again: a love of learning, the dignity of all labor, and the sanctity of marriage. The young must learn that out-of-wedlock childbearing is not an acceptable "alternative life style." Young men must learn that indiscriminately fathering children whom they have no intention of supporting is not morally correct. Young men and women must both grow to recognize that having children when one is too young to have any real prospects of supporting a family harms the parent, the child, and the community.

Finally, we must all be reminded that the most disadvantaged American has economic opportunities beyond the dreams of most of the world's population. The rules for escaping from poverty in America are simple: 1) finish high school; 2) get a job, any job, and stick with it; 3) do not have children outside of marriage. Those who abide by these rules of middle-class existence will not be chronically poor in the U.S.

Leaders who ignore personal responsibility and moral principles and who falsely belittle the opportunities available — or pretend they do not exist — do great harm to low-income Americans. By falsely narrowing hopes, they engender a climate of indifference or even hostility to learning, work, and marriage among the young. In so doing, they turn youth away from the face of opportunity and into the arms of anger and despair.



*For discussion of welfare reform, see Robert Rector, "Requiem for the War on Poverty: Rethinking Welfare After the L.A. Riots" *Policy Review*, Summer 1992.

APPENDIX ONE

MEANS TESTED PROGRAMS AND OTHER WELFARE SPENDING

CASH AID

- 01 Aid to Families with Dependent Children
- 02 Supplemental Security Income
- 03 Pensions for Needy Veterans, their Dependents, and Survivors
- 04 General Assistance (cash component)
- 05 Earned Income Tax Credit (EITC)
- 06 Foster Care
- 07 Assistance to Refugees and Cuban/Haitian Entrants (cash component)
- 08 Emergency Assistance (EA) to Needy Families with Children
- 09 Adoption Assistance
- 10 Dependency and Indemnity Compensation (DIC) and Death Compensation for Parents of Veterans
- 11 General Assistance to Indians

DEVELOPMENT AID

- 01 Community Development Block Grant*
- 02 UDAG—Urban Development Block Grant*
- 03 Economic Development Administration*
- 04 Appalachian Regional Development*
- 09 Legalization Impact Aid

ENERGY AID

- 01 Low-Income Home Energy Assistance Program (LIHEAP)
- 02 Weatherization Assistance

EDUCATION AID

- 01 Pell Grants
- 02 Head Start
- 03 Title One Grants to Local Education Authorities for Educationally Deprived Children, Elementary and Secondary Education Act*

EDUCATION AID (cont.)

- 04 College Work-Study Program
- 05 Supplemental Educational Opportunity Grants
- 06 Vocational Educational Opportunities, Disadvantaged Activities
- 07 Chapter I Migrant Education Program
- 08 Special Programs for Students from Disadvantaged Backgrounds (TRIO Programs)
- 09 State Student Incentive Grants
- 10 Fellowships for Graduate and Professional Study
- 11 Follow Through
- 12 Nursing Loans and Grants*
- 13 Health Professions Student Loans and Scholarships
- 14 Even Start*

FOOD AID

- 01 Food Stamps
- 02 School Lunch Program (Free and Reduced Price Segments)
- 03 Special Supplemental Food Program for Women, Infants, and Children (WIC)
- 04 Temporary Emergency Food Assistance Program (TEFAP)
- 05 Nutrition Program for the Elderly
- 06 School Breakfast Program (Free and Reduced Price Segments)
- 07 Child Care Food Program
- 08 Summer Food Service Program for Children
- 09 Food Program for Needy Indian Families
- 10 Commodity Supplemental Food Program (CSFP)
- 11 Special Milk Program (free segment)

HOUSING AID

- 01 Section 8 Lower Income Housing Assistance
- 02 Low-Rent Public Housing
- 03 Section 502 Rural Housing Loans
- 04 Section 236 Interest Reduction Payments
- 05 Section 515 Rural Rental Housing Loans

HOUSING AID (cont.)

- 06 Section 521 Rural Rental Assistance Payments
- 07 Section 235 Homeownership Assistance for Low-Income Families
- 08 Section 101 Rent Supplements
- 09 Indian Housing Improvement Grants
- 10 Section 504 Rural Housing Repair Loans and Grants
- 11 Section 514 Farm Labor Housing Loans
- 12 Section 523 Rural Housing Self-Help Technical Assistance Grants and Loans
- 13 Section 524 Rural Housing Site Loans
- 14 Section 516 Farm Labor Housing Grants
- 15 Section 533 Rural Housing Preservation Grants
- 16 Public Housing Expenditures by State Governments*

JOBS AND TRAINING AID

- 01 Training for Disadvantaged Adults and Youth (JTPA II-A)
- 02 Summer Youth Employment Program (JTPA II-B)
- 03 Job Corps (JTPA IV)
- 04 Senior Community Service Employment Program
- 05 Work Incentive Program (WIN) and Job Opportunity and Basic Skills Training (JOBS)—
JOBS replaced WIN in 1988
- 06 Foster Grandparents
- 07 Senior Companions
- 08 Migrant and Seasonal Farmworkers Program*
- 09 Indian and Native American Employment and Training Program*

MEDICAL AID

- 01 Medicaid
- 02 Medical Care for Low Income Veterans Without Service-Connected Disability
- 03 General Assistance (Medical Care Component)
- 04 Indian Health Services
- 05 Maternal and Child Health Services Block Grant, Title V of the Social Security Act
- 06 Community Health Centers
- 07 Medical Assistance to Refugees and Cuban/Haitian Entrants
- 08 Migrant Health Centers
- 09 Medicare for Poor Persons*

SOCIAL SERVICES

- 01 Social Services Block Grant (Title XX)
- 02 Community Services Block Grant
- 03 Legal Services
- 04 Emergency Food and Shelter Program
- 05 Social Services for Refugees and Cuban/Haitian Entrants
- 06 Title X Family Planning
- 07 VISTA
- 08 Child Welfare*
- 09 Title III Supportive Services, Older Americans Act*

* Current Program not included in Congressional Research Service List

APPENDIX TWO

HISTORICAL PROGRAMS NO LONGER IN OPERATION

CASH AID

- 01 Aid to Cuban Refugees
- 02 Aid to Indochinese Refugees
- 03 Aid to War Refugees

DEVELOPMENT AID

- 01 Urban Renewal
- 02 Miscellaneous HUD Spending
- 03 Urban Planning Aid
- 04 New Communities
- 05 Technical Self Help

FOOD AID

- 01 Food Donations to Institutions (not schools)
- 02 Food Stamps in 1940s
- 03 Donated Foods to Schools

GENERAL RELIEF

- 01 Reconstruction Finance Corporation
- 02 Food Emergency Relief Administration
- 03 Farm Security Administration
- 04 War Refugee Assistance

JOBS AND TRAINING AID

- 01 CETA Title 6 Counter Cyclic Public Service Employment
- 02 CETA-IVA Youth Employment Demonstration
- 03 CETA-II Comprehensive Employment and Training

MEDICAL AID

- 01 Assistance for Crippled Children

SERVICES

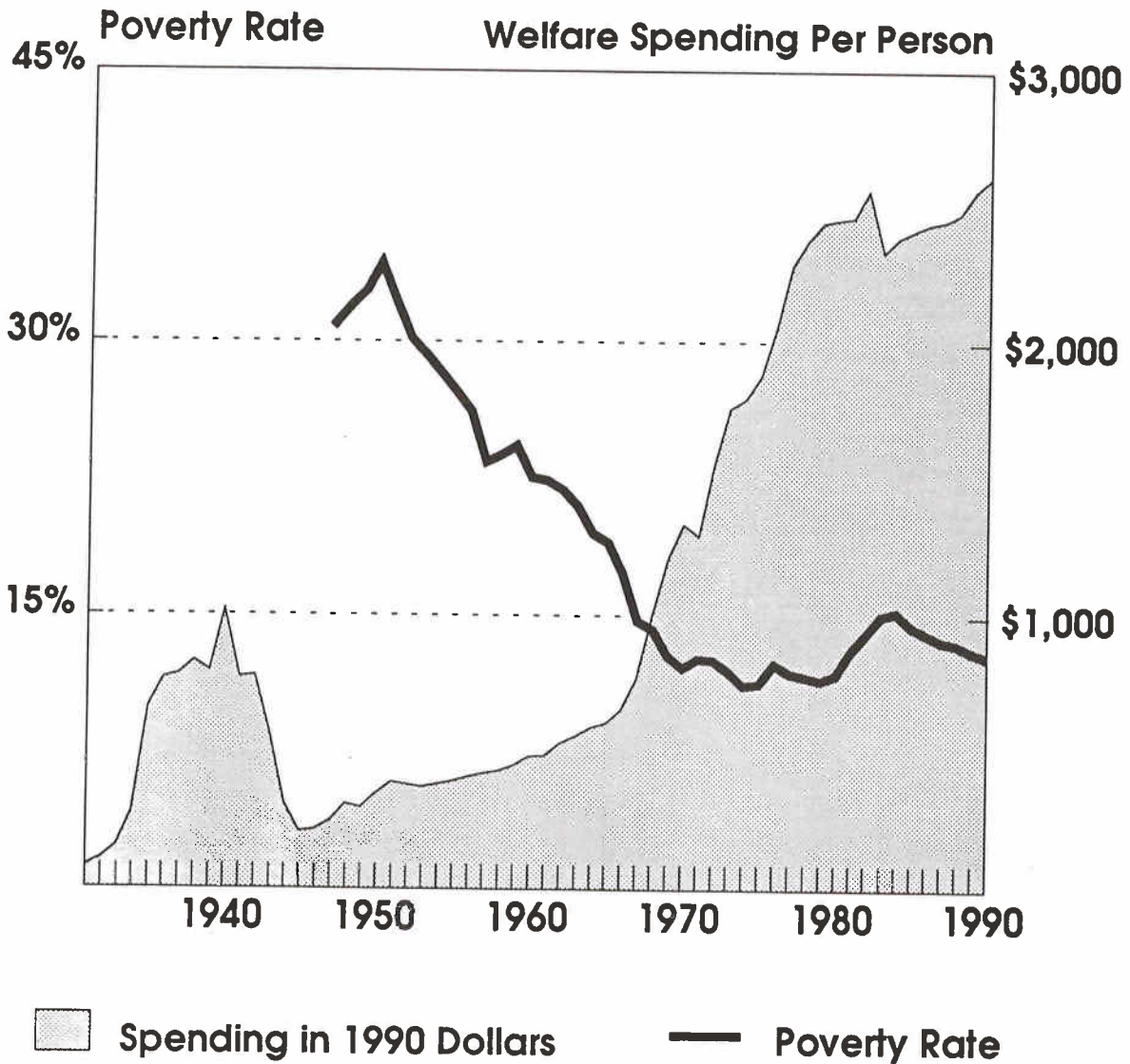
- 01 Office of Economic Opportunity Programs

WORK RELIEF

- 01 Civilian Conservation Corps
- 02 Civil Works Administration
- 03 Works Project Administration
- 04 National Youth Administration
- 05 Other Work Relief

Chart 1

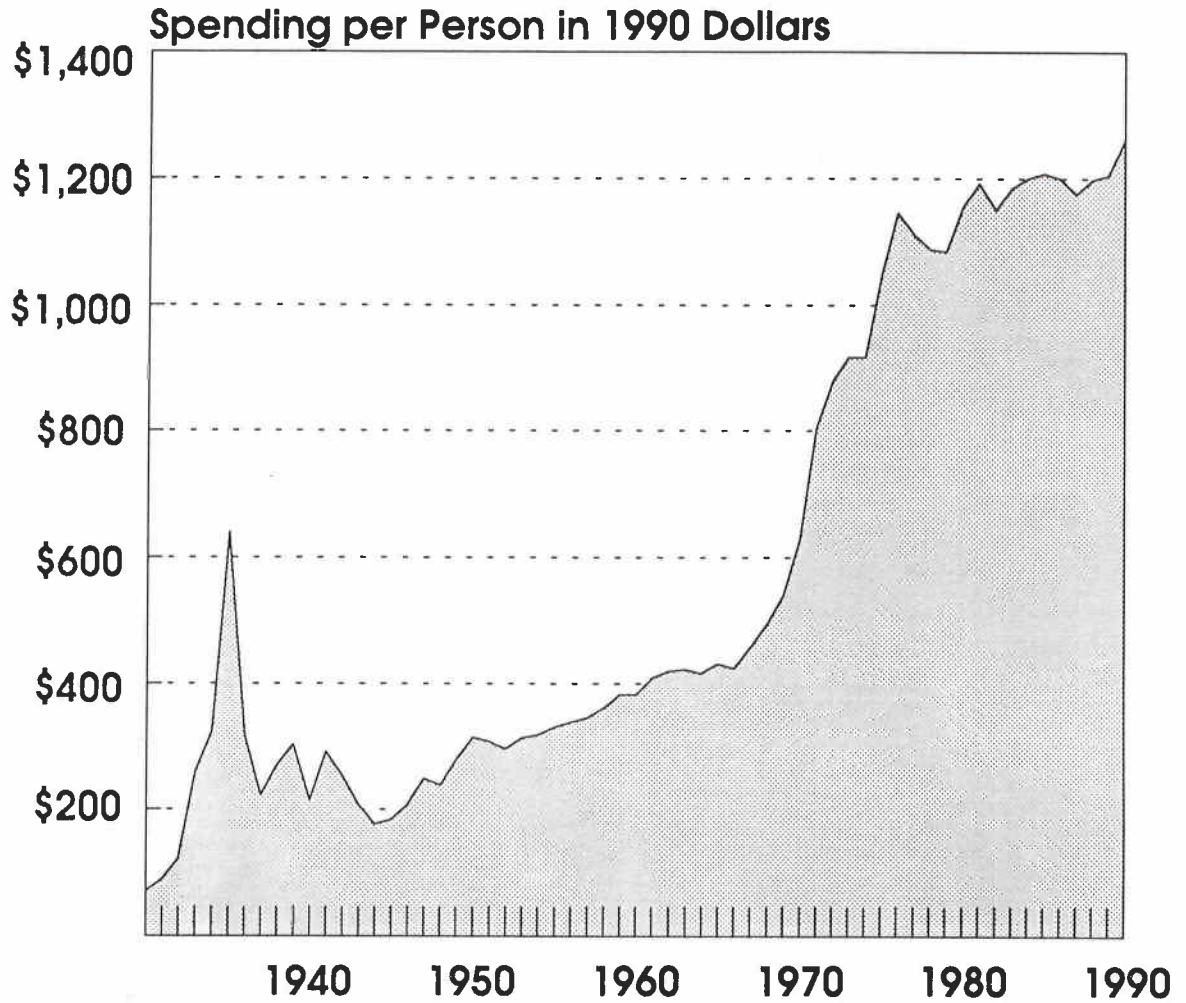
Welfare Spending Per Low-Income Person: Going Up, But Not Reducing Poverty



Heritage DataChart

Chart 4

Welfare Spending per Low Income Person on Cash, Food and Housing Aid



Low income person means the lowest income third of the nation.

Heritage DataChart