

The Foundation to Take Advantage of Opportunity in America

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Reform Subcommittee on Health Care and Financial Services

Hearing on “Examining the Growth of the Welfare State, Part II”

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Indivar Dutta-Gupta

Advisor, Community Change

*Doris Duke Distinguished Visiting Fellow, McCourt School of Public Policy at Georgetown
University*

Chairman Grothman, Ranking Member, and distinguished members of the Subcommittee, thank you for the invitation to appear before you today to discuss America’s system of social protection. My name is Indivar Dutta-Gupta, and for this hearing, I am testifying in my capacity as an Advisor to Community Change and as Doris Duke Distinguished Visiting Fellow at the Georgetown University McCourt School of Public Policy. My professional career has been dedicated to researching, investigating, and advancing policies aimed at improving economic security and opportunity, particularly for people with low incomes. I am especially honored to be here as a former Professional Staff Member for the House Ways and Means Committee.

I appreciate the opportunity to engage with the Subcommittee on the critical topic of America’s economic foundation and the role of programs often collectively referred to as the “welfare state”. While the hearing title frames this discussion around the “growth” and perceived “inefficiency” of this system and its alleged creation of “disincentives to work,” “disincentives from getting married,” and promotion of “dependency”,¹ my read of the empirical evidence is that it is more accurate and productive to view these programs as essential components of a social protection system² that serves as a foundation for economic security and therefore opportunity for all Americans.³ Our basic needs programs can and should be strengthened to remove burdens that hold people back like asset limits or other mobility-limiting rules for disability assistance or benefit cliffs for health coverage.⁴ Unfortunately, proposals moving through Congress now move unequivocally in the wrong direction and would inflict enormous harm on people when they face low incomes—and make it less likely that people move up the income spectrum.⁵

¹ “Grothman Announces Second Hearing on Reforming the Welfare State”, House Subcommittee on Health Care and Financial Services,” 1 May 2025,

<https://oversight.house.gov/release/grothman-announces-second-hearing-on-reforming-the-welfare-state/>.

² For the purposes of this testimony, I use “social protection system” and “basic needs programs” interchangeably.

³ Indivar Dutta-Gupta, “A Social Protection System that Works for All of Us: Economic Security as the Foundation for Economic Opportunity”, The Center for Law and Social Policy, 28 July 2022, <https://docs.house.gov/meetings/EF/EF00/20220728/115064/HHRG-117-EF00-Wstate-Dutta-Guptal-20220728.pdf>.

⁴ Andres J. Gallegos et al., “Toward Economic Security: The Impact of Income and Asset Limits on People with Disabilities.” National Council on Disability Members and Staff, 31 October 2023, https://www.ncd.gov/assets/uploads/reports/2023/ncd_2023-progress-report.pdf.

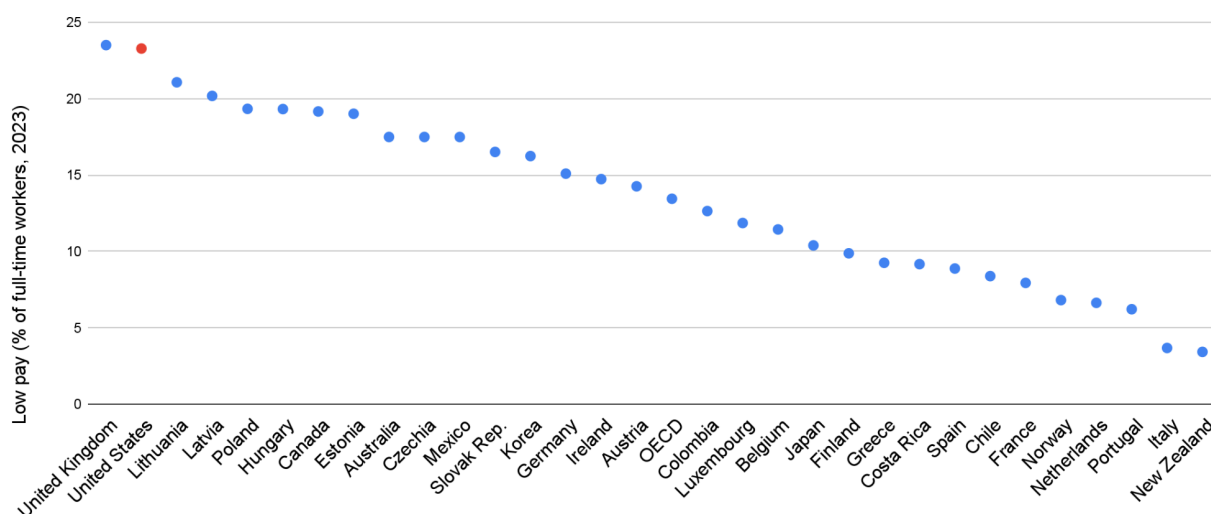
⁵ “2025 Budget Stakes: Working Families Could Lose Vital Health, Food, and Other Assistance”, Center on Budget and Policy Priorities, 28 April 2025, <https://www.cbpp.org/research/health/2025-budget-stakes-working-families-could-lose-vital-health-food-and-other>.

Economic Assistance Stabilizes Families Amidst Our Failure to Create Enough Good-Paying Jobs

We cannot discuss the welfare state without discussing the labor market. In the United States, the reality that we as a nation do far less than other wealthy countries to ensure adequate wages for our workers means that we need a far more robust social protection system. Indeed, the United States ranks 31 out of 32 countries analyzed by the OECD for having an extraordinarily high share of low-paid jobs (See Figure 1).⁶

Figure 1. The United States has an Extraordinarily High Share of Jobs that are Low Paying

Incidence of Low Pay (% of Full-Time Workers, 2023)



Source: “Incidence of Low and High Pay”, Organisation for Economic Co-operation and Development, Accessed 5 May 2025, <https://www.oecd.org/en/data/indicators/incidence-of-low-and-high-pay.html>.

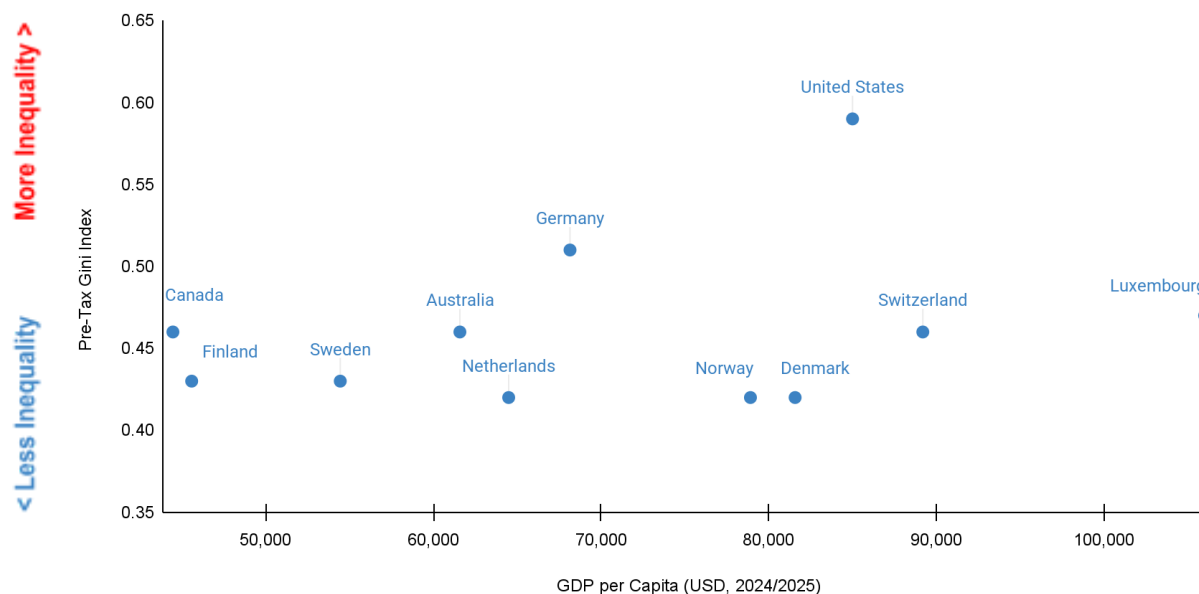
Comparably wealthy Western countries’ social protection systems are mitigating less—often far less—wage and earnings-based inequality (See Figure 2).⁷

⁶ “Incidence of Low and High Pay”, Organisation for Economic Co-operation and Development, Accessed 5 May 2025, <https://www.oecd.org/en/data/indicators/incidence-of-low-and-high-pay.html>.

⁷ For example, one recent analysis finds that “Europe’s lower inequality levels cannot be explained by differences in income redistribution policies. Rather, they conclude that Europe has been much more successful than the United States at ensuring that low-income groups benefit from relatively good-paying jobs” as summarized outside of a paywall by Tyler Smith, “Predistribution vs redistribution Why is income inequality higher in the United States than in Europe?”, American Economic Association, 27 October 2022, <https://www.aeaweb.org/research/charts/equality-predistribution-europe-us>, citing Thomas

Figure 2. The United States has Markedly Higher Pre-Tax & Transfer Income Inequality than Other Wealthy Western Nations

Pre-Tax Gini Index vs. GDP per Capita (\$USD, 2024/2025)



Source: Author's data compilation using multiple sources.

And there are other uniquely American reasons like inefficiencies, administrative waste, and lack of competition in our healthcare system⁸ that help explain why we must spend more than peer nations to support our hardworking families. Fortunately, our public benefit and health coverage programs promote *efficiency*⁹—including low administrative expenses¹⁰—with Medicaid consistently coming in as more efficient than all other health coverage programs, including private coverage.¹¹

To be sure, whatever their exact cost, programs that help people when they or their families experience what FDR referred to as “certain hazards and vicissitudes of life”,

Blanchet, et al., “Why Is Europe More Equal than the United States?” *American Economic Journal: Applied Economics*, October 2022, <https://www.aeaweb.org/articles?id=10.1257/app.20200703> [Paywall].

⁸ “How Does the U.S. Healthcare System Compare to Other Countries?”, Peter G. Peterson Foundation, 16 August 2024, <https://www.pgpf.org/article/how-does-the-us-healthcare-system-compare-to-other-countries/>.

⁹ Nathaniel Hendren and Ben Sprung-Keyser, “A Unified Welfare Analysis of Government Policies”, *Opportunity Insights*, July 2019, <https://opportunityinsights.org/paper/welfare/>.

¹⁰ Bob Greenstein, et al. “Romney's Charge That Most Federal Low-Income Spending Goes for “Overhead” and “Bureaucrats” Is False”, *Center on Budget and Policy Priorities*, 23 January 2012, <https://www.cbpp.org/research/romneys-charge-that-most-federal-low-income-spending-goes-for-overhead-and-bureaucrats-is>.

¹¹ David Machledt, “Medicaid is Even Leaner as Accountability Improves”, *National Health Law Program*, 25 February 2025, <https://healthlaw.org/medicaid-is-even-leaner-as-accountability-improves/>.

including unemployment, disability, death, or outliving savings,¹² will always be needed in a decent and prosperous society. From my perspective, grounded in research and evidence, a well-designed and adequately funded social protection system represents sound investments in our people, our communities, and the nation's overall economic strength.¹³ In my testimony, I highlight the robust evidence supporting their positive impacts and propose evidence-based strategies for strengthening economic security in a way that fosters broad-based growth in living standards and expanded opportunity.

Social Protection for Families Down on their Luck and Who Need Help is an Investment

Programs providing basic needs and economic support should be understood fundamentally as investments, especially in children,¹⁴ rather than mere consumption or spending. This perspective shifts the focus from simply the cost of a program to the benefits it yields, not only for individuals and families but for society as a whole. Quantifying both the costs and the benefits is essential for a complete picture.

Basic Needs Programs Provide Dramatic Immediate Benefits

The U.S. tax and transfer system **dramatically reduces measured poverty**, particularly when using measures that account for non-cash benefits and tax credits, such as the Supplemental Poverty Measure (SPM)¹⁵ (See Box 1 for more on the SPM.). These programs, including Social Security, food assistance like SNAP, rental assistance, and refundable tax credits such as the Child Tax Credit (CTC) and Earned Income Tax Credit (EITC), kept over 34 million people above the poverty line in 2023, including several million children.¹⁶ These basic needs programs have done more to reduce poverty over

¹² Franklin Delano Roosevelt, “Message to Congress on Social Security”, PBS, [Original Source] 17 January 1935, <https://www.pbs.org/wgbh/americanexperience/features/fdr-social-security/>.

¹³ Sandra Polaski, “Building an adequate U.S. labor and social protection system for the 21st century”, International Labour Office, 5 June 2018, <https://www.ilo.org/publications/building-adequate-us-labor-and-social-protection-system-21st-century>.

¹⁴ Hilary Hoynes, “Berkeley Talks transcript: The social safety net as an investment in children”, University of California Berkeley, 16 December 2022, <https://news.berkeley.edu/2022/12/16/berkeley-talks-transcript-social-safety-net-hilary-hoynes/>.

¹⁵ Danilo Trisi and Matt Saenz, “Economic Security Programs Reduce Overall Poverty, Racial and Ethnic Inequities”, 1 July 2021, <https://www.cbpp.org/research/poverty-and-inequality/more-than-4-in-10-children-in-renter-households-face-food-and-or>.

¹⁶ Kalee Burns and Adrienne DiTommaso, “Supplemental Poverty Measure Rose in 2023 for Second Consecutive Year”, United States Census Bureau, 10 September 2024, <https://www.census.gov/library/stories/2024/09/supplemental-poverty-measure.html>.

time; in 1967, economic security programs lifted only 4% of those who would otherwise be poor above the poverty line, but by 2017, that figure had jumped to 43%.¹⁷ As a result, the SPM poverty rate fell from 26.0% in 1967 to 14.4% in 2017.¹⁸ This progress is particularly evident for children, with the near-halving of the child poverty rate since the late 1960s largely attributed to the creation and expansion of programs like SNAP and refundable tax credits that do not discriminate against working class families.¹⁹ The significant impact of policies providing financial security was highlighted during the COVID-19 pandemic response, where expansions to government benefits led to historically low poverty rates in 2021 under the SPM, contrasting sharply with the trend seen under the Official Poverty Measure (OPM) which does not count such non-cash benefits²⁰ (See Box 1 for differences between the OPM and SPM.). While the underlying economy has done disappointingly little to reduce poverty on its own due to factors like rising inequality, the growing effectiveness of government programs has been the primary driver of poverty reduction over the past five decades.²¹

¹⁷ Supra note 15.

¹⁸ Ibidem.

¹⁹ Ibid.

²⁰ Kyle Ross, “Poverty Rose in 2022, But Policy Solutions Can Create a More Equitable Economy”, Center for American Progress, 12 September 2023, <https://www.americanprogress.org/article/poverty-rose-in-2022-but-policy-solutions-can-create-a-more-equitable-economy/>.

²¹ Robert Greenstein, “Changes in the safety net over recent decades and their impact”, Brookings Institution, 1 May 2025, <https://www.brookings.edu/articles/changes-in-the-safety-net-over-recent-decades-and-their-impact/>.

Box 1. The Importance of Meaningful Poverty Measurement

Any discussion about the “growth” or effectiveness of social protection programs must be grounded in accurate data, and central to this is how we measure poverty. The way poverty is measured has enormous stakes for individuals and families, as eligibility for many vital programs is tied to the federal poverty line. As Adam Smith observed in his 1776 *The Wealth of Nations*, a meaningful definition of poverty must be tied to prevailing living standards:

*“A linen shirt, for example, is, strictly speaking, not a necessary of life. The Greeks and Romans lived, I suppose, very comfortably though they had no linen. But in the present times, through the greater part of Europe, a creditable day-labourer would be ashamed to appear in public without a linen shirt, the want of which would be supposed to denote that disgraceful degree of poverty which, it is presumed, nobody can well fall into without extreme bad conduct.”**

The **Official Poverty Measure (OPM)**, while historically significant, has limitations in capturing the full economic reality of families today, as it primarily considers gross cash income and does not account for taxes, tax credits, or necessary expenses like childcare or medical costs. The **Supplemental Poverty Measure (SPM)**, developed through a rigorous, multi-year process involving expert research and consultation, offers a more complete and nuanced picture by accounting for these factors. The SPM improves upon the OPM by more accurately reflecting disposable income and necessary expenditures. Its development process, which included a National Academy of Sciences report and an interagency working group, serves as a model for careful, evidence-based policy development.

Arbitrary changes to poverty measurement, particularly those aimed at artificially lowering the poverty line, risk moving in the wrong direction. Such changes would reduce the accuracy and usefulness of the poverty measure and could have devastating consequences, potentially making millions ineligible for or receive reduced health care (like Medicaid and Medicare), food assistance (like SNAP), and more. Maintaining and refining accurate poverty measures like the SPM is crucial for understanding the true scope of need and assessing the effectiveness of programs.

* Peter Coy, “The Unfinished Pursuit of a Better Poverty Measure”, The New York Times, 11 September 2023, <https://www.nytimes.com/2023/09/11/opinion/poverty-measure.html>.

Basic Needs Programs Provide Stunning Long-Term Benefits for the Next Generation

Large-scale research on the Food Stamps program (now known as SNAP) provides compelling evidence for this investment framework. A rigorous analysis tracking individuals exposed to Food Stamps during early childhood (from conception to age five) between 1961 and 1975 has revealed significant positive impacts extending across their entire lives.²² These are not minor effects; they represent profound improvements in human capital and life outcomes, with the researchers estimating that the benefits to participants are 62 times the cost to the government. Specifically, full exposure to Food Stamps in early childhood was associated with²³:

- An **increase in the number of years of schooling** attained. This suggests that early support can lay the groundwork for greater educational achievement, a key predictor of economic mobility.
- A **higher likelihood of attaining some college education or more**. This further underscores the program's positive influence on educational trajectories beyond K-12.
- A significant **increase in adult earnings**. This demonstrates a direct link between early safety net support and greater economic self-sufficiency later in life.
- A **reduction in the likelihood of being poor in adulthood**. This is perhaps the most direct evidence that early anti-poverty interventions can break intergenerational cycles of poverty.
- An **increase in the likelihood of home ownership**. This indicates a greater ability to build assets and achieve financial stability.
- A notable **decrease in the likelihood of incarceration**. This highlights the social benefits, including reduced costs to the justice system and greater public safety, associated with investing in early childhood well-being through safety net programs.
- A striking **increase in life expectancy**. This partially reflects the improved metabolic health from access to greater financial resources in the early years of life.

The research suggests that multiple pathways contribute to these long-term effects, potentially including improvements in non-cognitive skills and health. There is also

²² Martha Bailey, et al., “Is the Social Safety Net a Long-Term Investment? Large-Scale Evidence From the Food Stamps Program”, *Review of Economic Studies*, 13 September 2024, <https://pmc.ncbi.nlm.nih.gov/articles/PMC11395512/> [No Paywall].

²³ Ibid.

evidence suggesting that access to this program in early life increased geographic mobility, making individuals more likely to move away from their county of birth to places with potentially more opportunities, such as areas with more colleges or urban centers.²⁴

This robust evidence from a large-scale, long-standing program like Food Stamps/SNAP strongly supports the argument that investments in basic needs programs are not expenditures that foster dependency (even if they might slightly reduce adult earnings in some instances), but rather powerful tools for promoting long-term economic opportunity and reducing costly negative outcomes. And what is the cost to the government of this investment? These researchers estimated the **fiscal** cost to be \$0—essentially a free lunch for taxpayers, with enormous benefits for program participants.²⁵

SNAP is not unusual; similar research exists for Head Start, Medicaid, and even cash assistance and tax credit programs, among others.²⁶

The Budget Moving Through Congress Jeopardizes Opportunity & Upward Mobility

Proposed cuts to basic needs programs like SNAP, Medicaid, and housing assistance would undermine shared goals of reducing poverty and promoting economic security.

Proposed SNAP Cuts Would Undermine Shared Goals

The Supplemental Nutrition Assistance Program (SNAP) is a crucial component of the social protection system. SNAP is broadly available to households with low incomes and its eligibility rules and benefit levels are largely uniform nationwide. Benefits are calculated assuming families spend 30 percent of net income on food, with SNAP covering the difference needed for a low-cost, nutritious diet, determined by the Thrifty Food Plan (TFP).²⁷

A significant science-based revision to the TFP was completed in August 2021, leading to a 21 percent increase in maximum SNAP benefits effective October 2021.²⁸ This update

²⁴ Ibid.

²⁵ Ibid.

²⁶ Ibid.

²⁷ Steven Carlson and Joseph Llobrera, “SNAP Is Linked With Improved Health Outcomes and Lower Health Care Costs”, Center on Budget and Policy Priorities, 14 December 2022, <https://www.cbpp.org/research/food-assistance/snap-is-linked-with-improved-health-outcomes-and-lower-health-care-costs>.

²⁸ Ibid.

aimed to make benefits better aligned with current dietary science and the economic realities faced by struggling households. This revision resulted in a modest but meaningful increase in benefits, which averages \$6.20 per person per day.²⁹ The 2021 TFP update was estimated to keep nearly 3 million people above the poverty line, with the largest reductions among Black and Latino people.³⁰

SNAP is a highly effective program that helps millions afford food and substantially improves food security.³¹ It can reduce overall food insecurity by as much as 30 percent, with even greater effectiveness for children and those with very low food security.³² Early access to SNAP in childhood can have significant positive long-run impacts (as discussed earlier), including increasing adult labor income and reducing adult poverty. The program is also linked to better access to preventive health care and reduced healthcare costs for participants.³³ SNAP benefits are 100 percent federally funded and the program is efficient, with roughly 94 cents of every federal dollar going directly to households for food benefits.³⁴

Despite its proven effectiveness, proposed cuts to SNAP pose a significant threat. Republican lawmakers could advance proposals that would **take away or reduce food assistance** from low-income families with children. These staggering cuts could affect tens of millions of people. Harmful proposals include **requiring states to pay a portion of SNAP benefit costs**. Shifting even a small share of these costs to states would strain state budgets, especially during recessions, and would likely force states to **cut benefits or restrict eligibility**, increasing hunger and poverty. Preventing future updates to or reversing the 2021 TFP update is another harmful proposal. Reversing this update would immediately **cut benefits by over 20 percent for all participants**, including seniors.³⁵

²⁹ Katie Bergh, “Republican Plans to Slash Food Assistance Aren’t About ‘Program Integrity’”, Center on Budget and Policy Priorities, 1 May 2025,

<https://www.cbpp.org/blog/republican-plans-to-slash-food-assistance-arent-about-program-integrity>.

³⁰ Poonam Gupta et al, “SNAP Increase Kept 2.9 Million People Out of Poverty after Thrifty Food Plan Update”, Urban Institute, 21 April 2025,

<https://www.urban.org/research/publication/snap-increase-kept-29-million-people-out-poverty-after-thrifty-food-plan>.

³¹ Heather Hartline Grafton, “The Role of the Supplemental Nutrition Assistance Program (SNAP) in Improving Health and Well-Being”, Food Research & Action Center, December 2017, <https://frac.org/research/resource-library/snap-public-health-role-supplemental-nutrition-assistance-program-improving-health-well-being-americans>.

³² Supra note 27.

³³ Ibid.

³⁴ Supra note 29.

³⁵ Katie Bergh, “Millions of Low-Income Households Would Lose Food Aid Under Proposed House Republican SNAP Cuts”, Center on Budget and Policy Priorities, 24 February 2025, <https://www.cbpp.org/research/food-assistance/millions-of-low-income-households-would-lose-food-aid-under-proposed-house>.

Expanding **harsh work requirements** would also put millions more people at risk of losing food assistance.³⁶ These potential cuts would increase food insecurity and poverty.

Proposed Medicaid Cuts Would Undermine Shared Goals

Proposed cuts to Medicaid would significantly undermine shared goals related to health, economic security, and support for vulnerable populations. Proposals currently in Congress, including those that could move through fast-track "reconciliation" legislation, would cut health coverage and care for millions of Americans who rely on this vital program. Significant changes in Medicaid's funding structures are being considered, such as reducing or capping the amount of federal matching payments provided to states. These changes would **shift substantial costs onto state budgets**,³⁷ especially straining them during economic downturns. In response to these cost shifts, many states would likely be forced to **reduce assistance or eliminate coverage** for certain groups or services.³⁸ Another proposed change involves imposing or expanding **unnecessary and burdensome work requirements**. Such requirements have been shown to cause coverage loss without improving employment, and even individuals who should be exempt, including people with disabilities, can lose benefits due to complex paperwork and red tape.³⁹ Additionally, failing to extend Affordable Care Act improvements, such as premium tax credits, would lead to loss of coverage or higher costs for millions, including people of color.⁴⁰

³⁶ Katie Bergh, et al. "Worsening SNAP's Harsh Work Requirement Would Take Food Assistance Away From Millions of Low-Income People", Center on Budget and Policy Priorities, 30 April 2025, <https://www.cbpp.org/research/food-assistance/worsening-snaps-harsh-work-requirement-would-take-food-assistance-away>.

³⁷ Elizabeth Williams et al, "Putting \$880 Billion in Potential Federal Medicaid Cuts in Context of State Budgets and Coverage", KFF, 24 March 2025, <https://www.kff.org/medicaid/issue-brief/putting-880-billion-in-potential-federal-medicaid-cuts-in-context-of-state-budgets-and-coverage/>.

³⁸ Matthew Buettgens, "Reducing Federal Support for Medicaid Expansion Would Shift Costs to States and Likely Result in Coverage Losses", Urban Institute, February 2025, https://www.urban.org/sites/default/files/2025-02/Reducing_Federal_Support_for_Medicaid_Expansion_Would_Shift_Costs_to_States_and_Likely_Result_in_Coverage_Losses.pdf.

³⁹ Gideon Lukens and Elizabeth Zhang, "Medicaid Work Requirements Could Put 36 Million People at Risk of Losing Health Coverage", Center on Budget and Policy Priorities, 5 February 2025, <https://www.cbpp.org/research/health/medicaid-work-requirements-could-put-36-million-people-at-risk-of-losing-health>.

⁴⁰ Leighton Ku, et al., "The Cost of Eliminating the Enhanced Premium Tax Credits: Economic, Employment, and Tax Consequences", The Commonwealth Fund, 3 March 2025, <https://www.commonwealthfund.org/publications/issue-briefs/2025/mar/cost-eliminating-enhanced-premium-tax-credits>.

These proposed cuts and policy changes would directly contradict shared goals of ensuring access to health care and reducing hardship. Medicaid provides health coverage to more than 70 million people,⁴¹ including 2 in 5 children,⁴² approximately 15 million people with disabilities,⁴³ over 7 million low-income seniors,⁴⁴ working families, veterans, and women.⁴⁵ The proposed cuts would lead to eligibility or benefit cuts, thereby **reducing access to preventive and primary care, care for life-threatening conditions, chronic disease management, and crucial home- and community-based services** for seniors and people with disabilities.⁴⁶ Losing coverage means individuals and families would face **higher out-of-pocket costs and risk incurring significant medical debt**, potentially having less money for other basic needs like rent and food.⁴⁷ Medicaid expansion has been linked to **better access to preventive care, improved financial security, and reduced medical debt**, and has helped **narrow racial disparities in coverage and health outcomes**.⁴⁸ By taking away this coverage and care, proposed cuts would undermine these positive impacts and **increase the breadth and depth of poverty and hardship**, making millions worse off. These effects would particularly harm

⁴¹ “Fact Sheet: Medicaid”, American Hospital Association, February 2025, <https://www.aha.org/fact-sheets/2025-02-07-fact-sheet-medicaid>.

⁴² Ibid.

⁴³ Alice Burns and Sammy Cervantes, “5 Key Facts About Medicaid Coverage for People with Disabilities”, KFF, 7 February 2025, <https://www.kff.org/medicaid/issue-brief/5-key-facts-about-medicaid-coverage-for-people-with-disabilities/>.

⁴⁴ “Seniors & Medicare and Medicaid Enrollees”, Centers for Medicare & Medicaid Services, Accessed 6 May 2025, <https://www.medicaid.gov/medicaid/eligibility/seniors-medicare-and-medicaid-enrollees>.

⁴⁵ “NACDD Medicaid Fact Sheet”, National Association of Councils on Developmental Disabilities, February 2025, <https://nacdd.org/nacdd-medicaid-fact-sheet/>.

⁴⁶ Supra note 37.

⁴⁷ Robin Rudowitz, et al. “Medicaid: What to Watch in 2025”, KFF, 23 January 2025, <https://www.kff.org/medicaid/issue-brief/medicaid-what-to-watch-in-2025/>.

⁴⁸ Madeline Guth, et al., “Effects of the ACA Medicaid Expansion on Racial Disparities in Health and Health Care”, KFF, 30 September 2020, <https://www.kff.org/medicaid/issue-brief/effects-of-the-aca-medicaid-expansion-on-racial-disparities-in-health-and-health-care/>.

communities of color,⁴⁹ women,⁵⁰ children,⁵¹ veterans,⁵² people with disabilities,⁵³ seniors,⁵⁴ working class families,⁵⁵ and people in rural communities.⁵⁶

Proposed Housing Cuts Would Undermine Shared Goals

Proposed cuts to housing assistance programs represent a significant threat that would undermine shared goals related to economic security and the well-being of individuals and families across the nation. Proposals under consideration in Congress and from the President aim to **take away needed rental assistance** from households already struggling to afford rent. Past proposals have suggested cutting tens of billions of dollars over the next decade from the portion of the federal budget that funds rental assistance and other investments in people and communities. As it is, current funding proposals are insufficient to protect rental assistance for hundreds of thousands of people.⁵⁷

These proposed cuts could take various forms, including **severely cutting funding for housing vouchers, homelessness assistance, and other programs**. They could also involve consolidating multiple rental assistance programs into **block grants** that would be more vulnerable to future cuts. Additional harmful changes include imposing **rent hikes and inflexible work requirements**, and implementing **time limits on rental assistance**,

⁴⁹ “Medicaid Cuts Would Rip Away Health Coverage from Millions of Americans, Disproportionately Harming People of Color”, UnidosUS, et al., 13 March 2025, <https://unidosus.org/wp-content/uploads/2025/03/medicaidcutswouldripawayhealthcoverage.pdf>.

⁵⁰ Barbara Rodriguez, “With Medicaid cuts, Republicans target men in the name of protecting women”, The 19th, 2 May 2025, <https://19thnews.org/2025/05/medicaid-cuts-republican-strategy-women-impact/>.

⁵¹ “Modeling the impact of Medicaid per capita caps and FMAP changes on funding for children’s healthcare”, Avalere Health (for Children’s Hospital Association), 1 May 2025, <https://www.childrenshospitals.org/-/media/files/public-policy/medicaid/report/avalere-medicaid-report.pdf>.

⁵² “Medicaid Cuts Threaten Veterans’ Health Care”, Modern Medicaid Alliance, 10 April 2025, <https://modernmedicaid.org/medicaid-cuts-threaten-veterans-health-care/>.

⁵³ Supra note 43.

⁵⁴ Liz Seegert, “What’s at stake for older adults amid proposed Medicaid cuts”, Association of Health Care Journalists, 24 March 2025, <https://healthjournalism.org/blog/2025/03/whats-at-stake-for-older-adults-amid-proposed-medicaid-cuts/>.

⁵⁵ Josh Bivens, et al., “Cutting Medicaid to pay for low taxes on the rich is a terrible trade for American families”, Economic Policy Institute, 28 February 2025, <https://www.epi.org/publication/cutting-medicaid-for-low-taxes-on-the-rich-is-terrible-for-american-families/>.

⁵⁶ Michelle Mills and Kevin J. Bennett, “Critical Condition: How Medicaid Cuts Would Reshape Rural Health Care Landscapes”, National Rural Health Association, 8 April 2025, <https://www.ruralhealth.us/blogs/2025/04/critical-condition-how-medicaid-cuts-would-reshape-rural-health-care-landscapes>.

⁵⁷ Shelby R. King, “What’s Going On With the HUD Budget?” Shelterforce, 13 March 2025, <https://shelterforce.org/2025/03/13/whats-going-on-with-the-hud-budget/>; Jennifer Ludden, “Trump budget would slash rental aid by 40% — and let states fill the gap if they want”, NPR, 2 May 2025, <https://www.npr.org/2025/05/02/nx-s1-5374077/trump-budget-housing-rental-aid-hud-homelessness-funding>.

potentially leading to abrupt eviction for many low-paid workers and others unable to afford market rents.⁵⁸ Cutting the number of households receiving help to pay rent would inevitably **increase how much low-income families must pay** for housing, pushing some into or further into poverty and potentially causing them to lose their homes.⁵⁹ Rental assistance is highly effective at preventing homelessness,⁶⁰ helping people afford housing,⁶¹ limiting poor quality housing arrangements,⁶² and promoting housing stability,⁶³ and keeps 2.8 million people above the poverty line while reducing the severity of poverty and hardship for millions more.⁶⁴ Households receiving assistance like Section 8 vouchers or living in public housing are significantly less likely to have housing cost burdens, experience housing insecurity, or live in overcrowded conditions compared to similar unassisted households.⁶⁵

The impacts of various proposed housing cuts would be widespread and disproportionately harm vulnerable populations. This includes **working families with children**,⁶⁶ **seniors, veterans**,⁶⁷ and **people with disabilities**,⁶⁸ likely increasing homelessness among this group. Specific resources for Native people and funding for local agencies protecting against housing discrimination and supporting affordable

⁵⁸ Lara Heard and Lillian M. Ortiz, “How Fast Could the Trump Administration Make HUD, Fair Housing Changes?”, Shelterforce, 23 December 2024, <https://shelterforce.org/2024/12/23/how-fast-could-the-trump-administration-make-hud-fair-housing-changes/>.

⁵⁹ Raquel Harati, et al., “The Gap: A Shortage of Affordable Homes”, National Low Income Housing Coalition, 13 March 2025, <https://nlihc.org/gap>.

⁶⁰ “Overview of Rental Assistance and Homelessness Programs”, Department Of Housing And Urban Development, Accessed 6 May 2025, https://www.hud.gov/sites/dfiles/CFO/documents/2025_Homelessness_Rental_Assistance_Crosscut.pdf.

⁶¹ See for example Rebecca Shapiro et al., “The Effects of Rental Assistance on Housing Stability, Quality, Autonomy, and Affordability”, Housing Policy Debate, 8 January 2021, https://nlihc.org/sites/default/files/Effects_of_Rental_Assistance.pdf.

⁶² Ibid.

⁶³ Ibid.

⁶⁴ Will Fischer and Erik Gartland, “Analyzing the Census Bureau’s 2023 Poverty, Income, and Health Insurance Data”, Center on Budget and Policy Priorities, 12 September 2024, <https://www.cbpp.org/blog/analyzing-the-census-bureaus-2023-poverty-income-and-health-insurance-data>.

⁶⁵ Julie Cai, “Housing Assistance, Poverty, and Material Hardships”, Center for Economic and Policy Research, 5 February 2022, <https://nlihc.org/sites/default/files/Housing-Assistance-Poverty-and-Material-Hardships.pdf>.

⁶⁶ “2025 Budget Stakes: Many Households Could Lose Needed Rental Assistance”, Center on Budget and Policy Priorities, 4 February 2025, <https://www.cbpp.org/research/housing/2025-budget-stakes-many-households-could-lose-needed-rental-assistance>.

⁶⁷ Jason DeParle, “Trump Seeks to End Permanent Supportive Housing for the Chronically Homeless”, New York Times, 2 May 2025, <https://www.nytimes.com/2025/05/02/us/politics/trump-homelessness-programs-housing-cuts.html>.

⁶⁸ Ibid.

housing and community development could also be eliminated or sharply reduced.⁶⁹ Proposals like time limits on rental assistance would particularly affect low-paid workers.⁷⁰ The worsening housing affordability crisis, fueled in part by insufficient income to afford market-rate rents, has already led to a significant rise in both unsheltered and sheltered homelessness, especially among children and families.⁷¹ **Rent burdens and evictions are even tied to significantly higher mortality rates.**⁷²

These proposed cuts contrast sharply with bipartisan interest in addressing housing costs, including areas like zoning and land use reform⁷³ and supply-boosting tax credits.⁷⁴ The extreme agenda represented by the proposed cuts moves us in the wrong direction, making housing more expensive for those who can least afford it—while extending tax breaks for wealthy households and businesses.

Policymakers Should Instead Create more Good-Paying Jobs & Expand Basic Needs Programs

To help the most vulnerable people, like children and people with disabilities and help families afford the high cost of essentials, like food, healthcare, housing, policymakers must move beyond cuts to vital programs and instead prioritize strategies that boost both employment and incomes, such as raising the minimum wage, expanding the Earned Income Tax Credit (EITC) and Child Tax Credit (CTC), funding proven jobs programs,

⁶⁹ Sharon Parrott, “Trump’s Budget Plan Continues Agenda of Hurting Those He Pledged to Help”, Center on Budget and Policy Priorities, 2 May 2025, <https://www.cbpp.org/press/statements/trumps-budget-plan-continues-agenda-of-hurting-those-he-pledge-d-to-help>.

⁷⁰ Ibid.

⁷¹ Alicia Victoria Lozano, “U.S. homelessness rises 18% amid affordable housing shortage”, NBC News, 27 December 2024, <https://www.nbcnews.com/news/us-news/us-homelessness-rises-18-affordable-housing-shortage-rcna185581>.

⁷² Nick Graetz, et al., “The impacts of rent burden and eviction on mortality in the United States, 2000–2019”, *Social Science & Medicine*, 15 November 2023, <https://ncgraetz.com/publication/ssm2023/> [No paywall].

⁷³ “Reps. Flood & Pettersen Introduce Bipartisan, Bicameral Housing Supply Frameworks Act”, Congressman Mike Flood, 10 April 2025, <https://flood.house.gov/media/press-releases/rep-flood-pettersen-introduce-bipartisan-bicameral-housing-supply-frameworks>.

⁷⁴ “Supporting bipartisan policies to tackle the national housing supply shortage”, JPMorganChase, 5 May 2025, <https://www.jpmorganchase.com/newsroom/stories/supporting-bipartisan-policies-to-tackle-the-national-housing-supply-shortage>.

investing in care infrastructure, ensuring housing affordability, and providing direct cash assistance.

Raising Employment & Earnings The Right Way

Prioritizing effective methods to facilitate work and enhance job prospects is crucial, moving away from failed efforts that pushed people into bad jobs. Investing in care infrastructure is a crucial way to boost both employment and earnings by enabling parents and caregivers to work, creating jobs in the care sector, and improving the quality of care through better wages and training for care workers. Alongside this investment, direct job creation through policies that combine supply and demand approaches like subsidized employment and increasing the minimum wage while expanding the Earned Income Tax Credit have also proven their value. These sorts of policies offer a more effective way to empower workers than counterproductive tax cuts that mainly benefit affluent families or policies that cut basic needs programs.⁷⁵

Invest in Care Infrastructure

Investing in the care infrastructure is presented as a crucial way to boost both employment and earnings across the United States. Currently, the high costs and lack of affordable, accessible, high-quality care options, such as childcare and long-term care, create significant challenges for families, often forcing individuals to reduce work hours or leave the workforce altogether.⁷⁶ This situation results in lost income for families and reduced labor force participation, particularly impacting women and women of color who disproportionately provide paid and unpaid care.⁷⁷ Research confirms that spending on childcare assistance significantly raises employment for low-income women with children under age 13.⁷⁸

Investing in care infrastructure addresses these issues in several ways, directly supporting employment and earnings. It **enables parents and other family caregivers to**

⁷⁵ Policymakers should do far more to raise incomes and create good jobs, including supporting workers' desire to unionize, limiting employers' outsized power in the labor market, facilitating sector-based bargaining, raising and establishing basic labor protections, investing in worker-centered workforce development, bolstering equitable access to higher education, and more.

⁷⁶ Indivar Dutta-Gupta, “Direct Spending on Care Work: Thinking Beyond the Tax Code for Caregiving Infrastructure”, Roosevelt Institute, 16 April 2025, <https://rooseveltinstitute.org/publications/direct-spending-on-care/>.

⁷⁷ Ibid.

⁷⁸ María E. Enchautequi, et al., “Effects of the CCDF Subsidy Program on the Employment Outcomes of Low Income Mothers”, U.S. Department of Health and Human Services, 20 December 2016, https://aspe.hhs.gov/sites/default/files/migrated_legacy_files/171046/EffectsCCSubsidiesMaternalLFPTechnical.pdf.

enter or remain in the workforce, increasing labor force participation and overall economic activity.⁷⁹ It also directly **creates jobs within the care sector** itself, including roles for childcare workers and direct care workers.⁸⁰ Furthermore, strengthening the care infrastructure involves **investing in the caregiving workforce** by raising wages, improving benefits, and expanding professional development opportunities.⁸¹ This not only improves the quality of care but also leads to better outcomes for care workers through enhanced job quality and retention.⁸² Ultimately, comprehensive investment in care infrastructure, potentially funded through progressive taxation, strengthens families, boosts the economy, and supports a more productive and inclusive society.⁸³

Expand the Earned Income Tax Credit & Raise the Minimum Wage

Increasing the federal minimum wage and expanding the Earned Income Tax Credit (EITC) are complementary strategies for bolstering the incomes of low-paid workers. While the EITC is vital for income support and poverty reduction, raising the minimum wage helps ensure that workers—not their employers—capture as much of the EITC’s benefits as possible.⁸⁴ Permanently expanding refundable tax credits for working families, such as the EITC, would provide meaningful benefits to low-to-moderate income individuals and families.⁸⁵ Research indicates that increased family resources provided through the Earned Income Tax Credit have been shown to increase children's cognitive outcomes and improve educational attainment and employment in young adulthood.⁸⁶ Higher EITC payments have also been linked to improved maternal health.⁸⁷ Alongside the Child Tax Credit, economic security programs, including the Earned Income Tax Credit, have been largely responsible for lifting more than 34 million people above the

⁷⁹ Ibid.

⁸⁰ Ibid.

⁸¹ Ibid.

⁸² Ibid.

⁸³ Ibid.

⁸⁴ Jesse Rothstein and Ben Zipperer, “The EITC and minimum wage work together to reduce poverty and raise incomes”, Economic Policy Institute, 22 January 2020, <https://www.epi.org/publication/eitc-and-minimum-wage-work-together/>.

⁸⁵ Ibid.

⁸⁶ Hilary Hoynes, “The Earned Income Tax Credit: a key policy to support families facing wage stagnation”, Institute for Research on Labor and Employment, 10 January 2017, <https://irle.berkeley.edu/publications/irle-policy-brief/the-earned-income-tax-credit-a-key-policy-to-support-families-facing-wage-stagnation/>.

⁸⁷ William N. Evans and Craig L. Garthwaite, “Giving Mom a Break: The Impact of Higher EITC Payments on Maternal Health,” American Economic Journal: Economic Policy, May 2014, <https://www.aeaweb.org/articles?id=10.1257%2Fpol.6.2.258>.

poverty line in 2023 and contributed to a significant drop in the poverty rate from 29.7 percent to 12.9 percent between 1967 and 2023.⁸⁸

Create Jobs Directly through Subsidized Employment

Subsidized employment programs increase economic security by boosting labor supply and demand. They provide paid jobs, often with training, to individuals facing barriers to unsubsidized employment (e.g., skill gaps, health issues, discrimination). Effective programs offer tailored support services, advancement opportunities, and flexibility to address diverse needs and labor markets, with more intensive support for those with significant barriers.⁸⁹

A half century of rigorous evaluations, including random assignment studies, have demonstrated the effectiveness of these programs for specific populations, including on individual employment outcomes,⁹⁰ as well as on the number of two-parent families (See “Appendix 2. Marriage Penalties are Limited & Should be Addressed by Expanding Supports”). Despite being a proven strategy, subsidized employment remains underutilized and lacks dedicated, permanent federal funding streams necessary for broad implementation and sustainability. Past legislative efforts from both Republicans and Democrats in Congress have aimed to address this gap. Creating a permanent program with dedicated funding, incorporating features like formula funding for states and competitive grants for targeted local initiatives, could build significantly on past successes.

Comprehensively Addressing the Housing Affordability Crisis

The United States is grappling with a severe and systemic shortage of affordable rental housing, particularly for extremely low-income renters, leaving 10.9 million extremely low-income renter households facing a shortage of 7.1 million affordable and available

⁸⁸ “2025 Budget Stakes: Poverty and Hardship Could Rise for Millions”, Center on Budget and Policy Priorities, 21 February 2025, <https://www.cbpp.org/research/poverty-and-inequality/2025-budget-stakes-poverty-and-hardship-could-rise-for-millions>.

⁸⁹ Subsidized employment can be targeted effectively to specific populations who face high unemployment rates or significant employment challenges, including individuals with disabilities, veterans, noncustodial parents with child support obligations, and those with criminal records. They can also be targeted geographically to communities experiencing high poverty rates.

⁹⁰ Kali Grant and Natalia Cooper, “More Lessons Learned From 50 Years of Subsidized Employment Programs: An Updated Review of Models”, Georgetown Center on Poverty and Inequality, August 2023, <https://www.georgetownpoverty.org/wp-content/uploads/2023/07/More-Lessons-Learned-From-50-Years-of-Subsidized-Employment-Programs-August2023.pdf>.

rental homes.⁹¹ This systemic shortage is attributable to inherent limitations of the private market, as the amount the lowest-income renters can afford does not cover the development and operating costs of new housing or provide sufficient incentive to maintain older housing.⁹² As a result, extremely low-income renters are far more likely than others to be housing cost-burdened, spending more than 30 percent of their income on housing, with nearly two-thirds of households earning less than \$30,000 paying over half their income in rent in 2022.⁹³ Nearly half of renters spend 30 percent or more of their income on housing.⁹⁴

Focus on Both Supply & Demand

Addressing this crisis requires a multi-faceted approach that includes and extends beyond relying on the private market and zoning reform. A large and sustained commitment of federal funding is necessary to preserve and expand the affordable housing stock, bridge the gap between incomes and rent, and provide emergency aid. This includes ensuring adequate annual appropriations for key programs like Housing Choice Vouchers (HCVs), public housing, and the National Housing Trust Fund. Despite the widespread need, only about one in four households who qualify for federal housing assistance actually receive it due to funding limitations.⁹⁵ Expanding rental assistance is imperative given the hardships faced by the vast majority of low-income renters. As discussed earlier, studies show that housing assistance programs clearly reduce housing challenges and poverty for low-income households.

Think Comprehensively & Creatively

To take one prominent example of a peer nation, Japan, while facing its own housing challenges, has been relatively more successful than the US in alleviating housing burdens, particularly among renters and lower-income households. Japanese renters, specifically, spend a lower share of their income on housing costs relative to their incomes (19.3%) compared to US renters (24.0%),⁹⁶ and Japan boasts a vanishingly small

⁹¹ Supra note 59.

⁹² Ibid.

⁹³ Ibid.

⁹⁴ “Nearly Half of Renter Households Are Cost-Burdened, Proportions Differ by Race”, U.S. Census Bureau, 12 September 2024,

<https://www.census.gov/newsroom/press-releases/2024/renter-households-cost-burdened-race.html>.

⁹⁵ Laura Wheaton, et al., “How Much Could Full Funding and Use of Housing Choice Vouchers Reduce Poverty?” Urban Institute, August 2023,

<https://www.urban.org/sites/default/files/2023-08/How%20Much%20Could%20Full%20Funding%20and%20Use%20of%20Housing%20Choice%20Vouchers%20Reduce%20Poverty.pdf>.

⁹⁶ “OECD Affordable Housing Database - indicator HC 1.2.”, OECD. Accessed 6 May 2025,

<https://oe.cd/ahd> or

https://webfs.oecd.org/Els-com/Affordable_Housing_Database/HC1-2-Housing-costs-over-income.xlsx.

rate of unsheltered homelessness.⁹⁷ Japan's success in housing affordability is partly explained by its centralized, integrated, and flexible approach to public assistance, housing, zoning, and development policies.⁹⁸ This contrasts with the US approach, which relies on a mix of federal, state, and local programs that tend to prioritize supply-side, market-based approaches like tax incentives to developers without ensuring long-term affordability for people with very low incomes, and where demand-side programs often face limited and volatile funding and are hard to access. The US could potentially adapt strategies from the Japanese experience, such as provisioning desirable public or quasi-public housing at scale, incentivizing individual investment in rental housing, and scaling both housing and other income supports through automated eligibility determinations and well-funded rental assistance programs. Japan's public and quasi-public housing serves both lower and middle-income households and is often high in demand.

Address Homelessness with Affordable Housing & Other Supports

Tackling homelessness, a severe consequence of economic insecurity, requires evidence-based responses. On a single night in January 2024, over 770,000 individuals experienced unsheltered homelessness in the United States, in part due to rising housing unaffordability.⁹⁹ Strategies that pair rental assistance with personalized supportive services, often called Housing First, are highly effective in helping people become permanently housed.¹⁰⁰

Efficiently Reducing Poverty and Hardship through Cash

Direct cash transfers, such as the expanded Child Tax Credit and pandemic stimulus payments, effectively reduced poverty and hardship. While the long-term effects of these recent, often temporary, programs are still being studied, evaluations of guaranteed income pilot programs across the country offer valuable insights. These pilots, which provide unconditional cash transfers, have shown positive outcomes, particularly for families of color with low incomes. They have helped families recover from a setback,

⁹⁷ “Results of the Nationwide Survey on the Actual Situation of Homelessness”, Ministry of Health, Labour and Welfare, Government of Japan, April 2024, https://www.mhlw.go.jp/stf/newpage_39817.html.

⁹⁸ Mark Crawford, “How Japan Keeps Housing Available and Affordable”, Inroads, n.d., <https://inroadsjournal.ca/how-japan-keeps-housing-available-and-affordable/>.

⁹⁹ Tanya de Sousa and Megan Henry, “The 2024 Annual Homelessness Assessment Report (AHAR) to Congress”, The U.S. Department of Housing and Urban Development, December 2024, <https://www.huduser.gov/portal/sites/default/files/pdf/2024-AHAR-Part-1.pdf>.

¹⁰⁰ “The Case for Housing First”, National Low Income Housing Coalition, et al., 13 February 2023, <https://nlihc.org/sites/default/files/Housing-First-Research.pdf>.

meet basic needs, and, importantly, have been shown in some instances to **increase employment for some, with minimal reductions for others.**¹⁰¹

Research from these pilots, and real-time data during the COVID-19 pandemic, indicates that the funds are primarily used for **essential needs**. Families report spending the money on food, housing, child-related expenses (like shoes and school supplies), and catching up on debt.¹⁰² The evidence from these studies suggests that policymakers should explore expansions of the Child Tax Credit.

Conclusion and Recommendations

The evidence strongly suggests that viewing our system of social protection as an investment in the basic foundation we all need to access and take advantage of opportunity—rather than as a problematic “welfare state”—provides a more accurate understanding of its role and potential. Programs like housing assistance, SNAP, and Medicaid have demonstrated significant positive impacts on individuals, families, and society, promoting long-term well-being and economic participation.

Concerns about work disincentives and dependency may be politically resonant but are not well-supported by the available evidence on a large scale. Furthermore, discussions about work must acknowledge the dangers of new administrative burdens and bureaucracy, as well as the diverse activities that contribute to individual, family, and community well-being.

To build a modern economic foundation that ensures basic living standards in a 21st Century America, I recommend that this Subcommittee and the Congress consider the following high level principles guide their work:

1. **Embrace a Framework of Social Protection as Investment:** Recognize that programs providing basic economic security are not merely costs but vital investments with significant long-term returns in education, health, earnings, and reduced negative social outcomes. Quantify the benefits, not just the costs, of these programs.
2. **Strengthen and Expand Proven Strategies:** Build on the evidence base by strengthening and expanding programs with demonstrated effectiveness. This includes ensuring adequate funding and access to programs like SNAP.

¹⁰¹ “Introductin to Direct Cash Transfers”, U.S. Department of Health and Human Services, n.d., <https://acf.gov/sites/default/files/documents/ofa/directcashtransfers-intro-508.pdf>.

¹⁰² “The Guaranteed Income Pilots Dashboard”, Stanford Basic Income Lab, Accessed 6 May 2025, <https://guaranteedincome.us/>.

Re-examine and potentially expand direct cash transfer policies, such as the Child Tax Credit or guaranteed income pilots, which have proven effective in reducing poverty and hardship and supporting families' ability to meet basic needs.

3. **Adopt a Modern Approach Connected with People’s Real Lives:** Move away from outdated narratives and unworkable and unwise work mandates. Acknowledge the multiple activities, including caregiving, education, and training, that contribute to well-being and long-term security. Ensure programs and policies provide the necessary supports, such as affordable childcare, paid family and medical leave, and transportation, that enable individuals to participate in the labor market.

Building a social protection system that truly works for all of us requires moving beyond simplistic, often inaccurate, narratives about people who are hardworking and face an unforgiving low-wage labor market. It requires an evidence-based approach that recognizes the value of investing in people, understands the complexities of the labor market in the 21st century economy, and is committed to ensuring that all Americans have the basic foundation they need to pursue opportunity and contribute fully to society.

Appendix 1. Boosting Employment Requires Expanding—Not Restricting—Basic Needs Programs

The hearing's focus on programs creating "disincentives to work" warrants a deeper examination of how "work" is understood and regulated within social policy. What counts as "work" in the context of so-called work requirements is far from simple and is shaped by specific legal and policy goals. Rationales justifying these policies often ignore or fail to weigh three key realities:

1. **Work-reporting requirements add burdensome and costly compliance requirements with little to no boost in employment or earnings.** To promote work, activities that are a step towards future earnings and reduced transfer reliance, such as job training, education, rehabilitation, or otherwise advancing at work and in the labor market should result in benefits being clawed back entirely or at all—thus undermining short-run fiscal savings. If policymakers are concerned about a burdensome "welfare state", further work-reporting requirements would be counterproductive.
2. **Many public supports already encourage greater earned income for those who can work, and most who can work do work.** And nearly all who are not working are children, elderly, have disabilities, are caregiving, are searching for work, are engaging in behavioral health or other medical treatment, or are pursuing greater training and education—all indications that someone is unable to work or engaged in a highly desirable activity. Others may need transportation assistance or other wraparound services to secure and maintain stable footing in a precarious labor market.
3. **Further reforming basic needs programs to support greater earned income would require expanding rather than restricting these programs.** For example, achieving true universal health care could eliminate any employment and earnings disincentives related to health coverage. Gradually phasing out benefits and extending them higher up the income spectrum can also increase the benefits of employment and advancement in the labor market.

Appendix 2. Marriage Penalties are Limited & Should be Addressed by Expanding Supports

The hearing announcement raises concerns about programs "dissuading Americans from getting married". It is true that any program providing benefits based on household or family unit income will inherently exhibit some form of "bias" related to household structure when compared to a hypothetical scenario where the program does not exist. This is often discussed in terms of the equity-efficiency principle; designing programs to be more equitable (e.g., providing more support to those with lower family incomes) can sometimes create potential impacts on incentives related to income or household composition. Thus, addressing marriage penalties is best achieved by expanding supports to reach more moderate and middle income families.

That said, the evidence provides limited support that Americans are not getting or staying married due to public benefits programs, with key exceptions that policymakers could address on a bipartisan basis. One exception is the Supplemental Security Income (SSI) program for some seniors and people with disabilities, which has a complex “deeming” process for married couples who live together, as well as a meager \$3,000 asset limit for married couples living together that is just 50 percent higher than for people living alone (itself, a meager \$2,000).¹⁰³ Advocates across the ideological spectrum have called for changing the deeming standards for these couples to simply be twice that of individual applicants,¹⁰⁴ and for asset limits to be reset to account for decades of inflation. The SSI example underscores that policymakers’ best approach is to expand rather than shrink programs in order to address any disincentives to marry.

The primary goal of social protection programs is to ensure a basic living standard for all individuals and families, regardless of their structure. While policymakers should be mindful of potential unintended consequences that might discourage marriage, discussions about "marriage penalties" should not overshadow the fundamental purpose of these programs in alleviating poverty and hardship and should consider the broader context of economic challenges faced by diverse family structures.

Fortunately, job and income support programs have a strong track record at fostering or stabilizing two-parent families:

¹⁰³ “Understanding Supplemental Security Income SSI Resources – 2024 Edition”, Social Security Administration, Accessed 6 May 2025, <https://www.ssa.gov/ssi/text-resources-ussi.htm>.

¹⁰⁴ Andy Markowitz and Tim Wendel, “How does marriage affect Supplemental Security Income?”, AARP, 27 December 2024, <https://www.aarp.org/social-security/faq/how-does-marriage-affect-ssi-benefits/>.

- The **New Hope for Families and Children program in Milwaukee (1994-1998)** serves as a notable example. Designed to help low-income workers, New Hope offered a comprehensive package of supports including a **subsidized job**, an earnings supplement to raise income above the poverty level when working full-time, affordable health insurance, and subsidized child care. Evaluated through a rigorous random assignment study, New Hope demonstrated significant long-term positive impacts. Notably, a study on its five-year effects found that it **increased marriage rates among never-married mothers**. Never-married mothers in New Hope were about twice as likely to be married by the five-year follow-up compared to those in the control group (21% versus 12%). **Increased income contributed to this outcome**, with women being 8% more likely to be married for every \$1,000 increase in annual income. New Hope primarily enrolled women and single mothers.¹⁰⁵
- Similarly, research on the original version of the **Minnesota Family Investment Program (MFIP)**, evaluated in the mid-1990s, suggests it raised marriage rates and **reduced divorce among disadvantaged two-parent families**. MFIP, which featured financial incentives to "make work pay," participation requirements, and simplified rules, led to two-parent families participating in the program being **more likely to be married** than those in the control group receiving traditional welfare. One study found MFIP two-parent *recipient* families were **40 percent more likely to be married and living together** than their counterparts at the three-year follow-up, while another found a **19.1 percentage point higher marriage rate** at that point. A long-term evaluation of MFIP found it continued to impact divorce rates seven years after study entry, decreasing divorce by approximately 25% among two-parent recipient families, particularly for those already married or cohabiting at the start.¹⁰⁶

The underlying principle is that alleviating the financial pressures faced by low-income couples and increasing their income and stability can improve relationship and marital stability.

¹⁰⁵ Justin Lavner, et al., “New Directions For Policies Aimed At Strengthening Low-Income Couples”, review, 2015, https://behavioralpolicy.org/wp-content/uploads/2017/05/BSP_vol1is2_-Lavner.pdf.

¹⁰⁶ Lisa Genettian, “Long-Term Effects of the Minnesota Family Investment Program on Marriage and Divorce Among Two-Parent Families”, MDRC for U.S. Department of Health and Human Services, 30, September 2003, <https://aspe.hhs.gov/reports/long-term-effects-minnesota-family-investment-program-marriage-divorce-among-two-parent-families>.