Trends in the Distribution of Social Safety Net Support After the Great Recession

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Abstract
The social safety net is widely recognized as having been quite successful in providing major financial support to low-income families during the Great Recession, one of the most severe economic downturns in modern U.S. history. Safety net expenditures grew in aggregate and were widely distributed to all types of needy families. Before the recession, however, while aggregate transfers to the low-income population also exhibited steady growth, the growth was not equally shared across different types of families. Transfers grew much more for the elderly and disabled relative to the nonelderly and nondisabled, for married-parent families relative to single-parent families, and for families with incomes around the poverty line relative to those with the lowest incomes. This brief discusses whether these pre-recession trends have resumed their course now that the recession is over and most of the additional spending adopted during the recession has been phased out. We find that the favorable effects on aggregate spending on low-income families during the recession have been sustained, with few declines and mostly resumed expenditure growth rather than a return to pre-recession levels. Also, the pre-recession disproportionate growth in support for the elderly, the disabled, and married families has not resumed. However, the gap between support for the poorest families and those with higher incomes has resumed and is growing.

The Great Recession was the worst economic downturn in the United States since the Great Depression, with major reductions in GDP per capita, significant reductions in income and employment and in other measures of well-being, and an increase in the aggregate unemployment rate to over 10 percent. However, the impact of the recession on low-income families was greatly abated by a relatively favorable response of the social safety net to the downturn. The response resulted partly from increases in benefits from programs that automatically occur when income falls, but also from federal legislation that expanded benefits and eligibility for a number of important programs. These included an expansion of the Unemployment Insurance (UI) program to include additional weeks of eligibility as well as encouragement to states to broaden their eligibility criteria and to relax their Extended Benefit unemployment rate triggers; the temporary provision of additional federal funds to the Supplemental Nutrition Assistance Program (SNAP), Temporary Assistance for Needy Families (TANF), Medicaid, Women, Infants, and Children (WIC), Old-Age and Survivors Insurance (OASI), and Supplemental....

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Security Income (SSI); an increase in the generosity of the Child Tax Credit (CTC) and the Earned Income Tax Credit (EITC); reductions in income and payroll taxes; and a relaxation of SNAP asset eligibility requirements. As a result, aggregate spending on safety net programs rose from $1.6 trillion in 2007 to $2.1 trillion in 2011. While these increases were not enough to keep the poverty rate from rising—it rose from 14.3 percent in 2007 to 15.9 percent in 2011—they kept the poverty rate from rising by a much greater amount.

In addition, the increased spending was widely distributed across all demographic and economic groups within the low-income population—to single-parent families and two-parent families, the elderly and nonelderly, the disabled and nondisabled, and to the poorest families with the lowest private incomes as well as those with higher (but still low) levels of private income. The distribution of benefits to all types of families kept the welfare system from concentrating its benefits on any single group.

The wider availability of benefits differs from the distributional trends that preceded the Great Recession. While aggregate safety net expenditures grew fairly steadily from the 1970s through the mid-2000s, the distribution of those benefits changed markedly starting in the 1980s. For example, much of the additional aggregate support went to families with disabled members and with older household heads. Real per-family monthly expenditure on such families grew by 6 percent and 19 percent from 1984 to 2004, respectively. The increases were the result of growth in the Social Security Disability Insurance (SSDI), SSI, and OASI programs that serve those groups. However, among the nonelderly and nondisabled population, while real per-family monthly expenditure on married-parent families grew by 20 percent over the same period, it fell by 20 percent for single-parent families. The growth for married-parent families was a result of expansions in housing programs and SNAP programs, while the decline for single parents was mostly a result of the severe decline in the caseload of the AFDC/TANF program.

A particularly marked redistribution also occurred between the poorest families (i.e., those with private income—mostly earnings—below 50 percent of the poverty line) and those with higher private incomes. Both single-parent and married-parent families with income below 50 percent of the poverty line saw real
total per-family monthly transfers received from the government fall from 1984 to 2004, by 35 percent for single-parent families and by 31 percent for married-parent families. In contrast, those with private incomes between 50 percent and 150 percent of the poverty line saw real per-family monthly transfers rise 70 percent (single-parent families) and 140 percent (married-parent families). The growth of support for higher-income families was a result of the expansions of the EITC and the CTC, both of which provide little or no support to those with low earnings and provide the majority of their support to families higher in the earnings distribution. Indeed, families with no employed members experienced even greater declines in support than deeply poor families that had a working member.

The question we address here is whether the distribution of safety net assistance during the Great Recession—which, as noted, was broadly received by families in all demographic categories and in all ranges of income—has returned to its pre-recession trend, with benefits disproportionately favoring families with disabled and older heads, married families, and those with incomes near the poverty line (as opposed to the deeply poor). With most of the supplements enacted during the recession phased out by 2015, have pre-recession trends in the safety net resumed? The answer in this brief is based on data through 2013, a full four years after the official end of the recession. However, while the unemployment rate had fallen to 7.4 percent in 2013 from its recession peak, it has fallen even more since then, and so a truly long-term trend may require additional years of data. Nevertheless, our evidence allows us to make a preliminary judgment on post-recession safety net trends.

**What Happened to Aggregate Spending on Means-Tested Transfer Programs After the Recession?**  
Trends in real aggregate transfers per capita are shown in Figure 1. The upper line shows the steady upward trend in total expenditures per capita prior to the Great Recession, with occasional pauses in the rate of growth. There were upward trends in expenditures per capita for social insurance programs, means-tested programs, and means-tested programs without Medicaid. But the increase in transfers during the recession is also apparent, with a 15 percent jump in total expenditures from 2008 to 2010 and a similarly large jump in social insurance expenditures and smaller increases for means-tested programs. However, while total expenditures fell during the recovery, from 2010 to 2012, they resumed their upward course from 2012 to 2013, growing by 1.2 percent over that single year. Growth resumed for means-tested expenditures as well, although this was entirely the result of Medicaid.

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**FIGURE 1. Annual Real Expenditures per Adult, 1970–2013**

![Graph showing annual real expenditures per adult from 1970 to 2013](source: Authors' calculations from government documents.)
FIGURE 2. Real Expenditures per Adult, Non-Medicaid Means-Tested Programs, 1970–2013

Source: Authors’ calculations from government documents.

FIGURE 3. Real Expenditures per Adult, Social Insurance Programs, 1970–2013

Source: Authors’ calculations from government documents.
all these benefits to estimate the total safety net assistance received by each family.

The first distributional dimension we examine is between the disabled population, the elderly population, and the nondisabled-nondead population. As shown in Figure 4, expenditures on the average disabled family exceed those of the other two groups, and expenditures on the nonelderly-nondisabled are the lowest. These relative differences reflect in part differences in income, and hence the main lesson to be gleaned from Figure 4 is whether the distribution of spending across these groups is changing over time. Generally speaking, all three groups experienced increases during the recession, reflecting the breadth of the distributional impact of Great Recession expenditures referred to above. The percent increases from 2004 to 2010 were 7.8, 13.4, and 50.8 percent, respectively, for the disabled, the elderly, and the nondisabled-nondead, though the much larger nonelderly-nondisabled increase is from a small base. But on the key question of whether pre-recession trends favoring the disabled and elderly relative to the nondisabled-nondead have resumed, the answer is no. Support for all three groups fell from 2010 to 2013 and, indeed, by less for the nondisabled-

What Happened to the Distribution of Spending?
Our greater interest is in trends in the distribution of spending through 2013. We use the Survey of Income and Program Participation (SIPP) to chart the distribution of benefits of these programs from 2004 to the first year of the Great Recession, 2008, and over the 2008–2013 period, which includes the recession and the immediate period following it. The SIPP allows us to determine in each of these years how much each family received in monthly benefits from TANF, SNAP, SSI, the EITC and CTC, WIC, subsidized housing, OASI, SSDI, UI, and Workers Compensation, as well as foster children, general assistance, and veteran benefits. We combine

FIGURE 4. Real Monthly Per-Family Safety Net Expenditures by Family Type, 2004–2013

<table>
<thead>
<tr>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
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<td>Disabled</td>
<td>1,000</td>
<td>1,500</td>
<td>2,000</td>
<td>2,500</td>
<td>3,000</td>
<td>3,500</td>
<td>4,000</td>
</tr>
<tr>
<td>Elderly</td>
<td>500</td>
<td>1,000</td>
<td>1,500</td>
<td>2,000</td>
<td>2,500</td>
<td>3,000</td>
<td>3,500</td>
</tr>
<tr>
<td>Nonelderly-Nondisabled</td>
<td>0</td>
<td>500</td>
<td>1,000</td>
<td>1,500</td>
<td>2,000</td>
<td>2,500</td>
<td>3,000</td>
</tr>
</tbody>
</table>

Figures 2 and 3 show which programs were most responsible for the increased growth of aggregate spending after the recession. Among the means-tested programs shown in Figure 2, SNAP was most responsible for the recession-period increase, but its expenditures have remained essentially flat and have not experienced a significant decline since 2012. Spending on the EITC has also flattened out, as has that on SSI. The most important conclusion from the experiences of these programs is that their expenditures are not declining but are staying at their recession-level highs. However, the means-tested program expenditure increases in three other programs—subsidized housing programs, the CTC, and TANF—came to an end soon after 2009 or 2010 and declined thereafter, providing some offset.
nonelderly. By 2013, expenditures per family for
the three groups relative to the pre-recession year
of 2004 were 4.4, 3.5, and 16.0 percent greater for
the elderly, disabled, and the nonelderly-nondis-
abled, respectively.11 In relative terms, therefore,
the pre-recession trends have not been maintained
and have slightly reversed.

The second distributional dimension we examine
is by private income. We calculate private income
(i.e., pretax-pretransfer income) for each family
as the sum of earnings and nontransfer, nonlabor
income (and, as expected, earnings is the bulk of
this sum for low-income families). We then sep-
arate the population into three categories: those
with private income (a) less than 50 percent of
the poverty line (“deep poverty”), (b) between 50
to 100 percent of the poverty line (“shallow pov-
erty”), and (c) between 100 to 150 percent of the
line (“near poverty”).

Figure 5 again shows the trends from 2004 to
2013 for the elderly, disabled, and nonelderly-
nondisabled populations. But now those trends
have been broken out for each of the above three
private income groups (i.e., deep poverty, shal-
low poverty, near poverty). The top three sections
in Table 1 show the percent growth of transfers
between 2004 and 2013 for these different groups.
One interesting pattern clear in Figure 5 is that the
magnitude of transfers is greater for those in shal-
low poverty (private income between 50% and
100% of the poverty line) than for those in deep
poverty (private income below 50% of the poverty
line), thus constituting an inversion of the usual pre-
sumption that benefits should be negatively related
to the level of private resources. Among the elderly
and disabled, the main source of the inversion is DI
and SSI, which are received with greater frequency
by those with higher private incomes, while for the
nonelderly and nondisabled, the main source is the
much higher receipts of EITC and CTC transfers
among those with higher private incomes.

It is useful to next consider relative growth rates
after the recession. The most striking result in
Figure 5 and Table 1 is that transfers for nonelderly-
nondisabled families in shallow poverty (based on
private income) have not declined at all since 2010.
Total per-family transfers for that group in 2010 were 145 percent of their 2004 levels and were still 145 percent of 2004 levels in 2013. Nonelderly-nondisabled families in deep poverty, on the other hand, saw their transfers decline, as did those for most other groups. By 2013, transfers for families in deep poverty were above their 2004 levels, but only slightly so (9%). As a result, the pre-recession trends for nonelderly-nondisabled families have indeed reasserted themselves, with faster growth in transfers for families with private income closer to the poverty line than for families with lower incomes. There has not, however, been a wholesale return to the pre-recession period. The main difference is that transfers to those in deep poverty are now growing at a positive rate (albeit much less quickly than for those with higher incomes), whereas in the pre-recession period, transfers to those in deep poverty fell in absolute, real terms.

The pre-recession trends in per-family transfers differed across groups within the nonelderly-nondisabled low-income population as well. Figure 6 and the lower sections in Table 1 show the trends for single-parent families, married-parent families, and families with no children.

The trends for single parents in Figure 6 strongly reflect the pattern for all nonelderly-nondisabled families, with much larger increases for families in shallow private income poverty than for those in deep poverty. Between 2004 and 2013, transfers increased by 37.9 percent for single-parent families in shallow poverty, compared with just 2.9 percent for those in deep poverty. Even single-parent families in near-poverty (100% to 150% of the poverty line) experienced faster growth in benefits (8.5%) than those in deep poverty. This difference can also be seen in Figure 6 by noting that, in 2004, inversion did not occur (i.e., transfers did not increase as private income grew), but by 2013, inversion had occurred to a significant degree.12

Similar patterns appear for two-parent families, but in slightly stronger form. For this group, transfers for those in shallow poverty grew by 43.0 percent, and by 24.2 percent for those in near poverty, compared with 7.7 percent growth for those in deep poverty. The patterns for childless families are similar. Again, transfer growth was faster for those in shallow poverty than for those in deep poverty. However, transfers to childless families in deep poverty did grow at a higher rate (21.3%) than

<table>
<thead>
<tr>
<th>Family Type</th>
<th>2010</th>
<th>2013</th>
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<tbody>
<tr>
<td>Elderly 0–50%</td>
<td>112.0</td>
<td>110.1</td>
</tr>
<tr>
<td>50–100%</td>
<td>111.4</td>
<td>107.9</td>
</tr>
<tr>
<td>100–150%</td>
<td>107.7</td>
<td>103.3</td>
</tr>
<tr>
<td>150–200%</td>
<td>109.7</td>
<td>110.7</td>
</tr>
<tr>
<td>Disabled 0–50%</td>
<td>115.7</td>
<td>103.6</td>
</tr>
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<td>50–100%</td>
<td>109.1</td>
<td>105.8</td>
</tr>
<tr>
<td>100–150%</td>
<td>110.4</td>
<td>101.7</td>
</tr>
<tr>
<td>150–200%</td>
<td>97.8</td>
<td>101.2</td>
</tr>
<tr>
<td>Nonelderly-Nondisabled 0–50%</td>
<td>149.7</td>
<td>109.9</td>
</tr>
<tr>
<td>50–100%</td>
<td>145.3</td>
<td>145.1</td>
</tr>
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<td>100–150%</td>
<td>134.8</td>
<td>112.3</td>
</tr>
<tr>
<td>150–200%</td>
<td>150.1</td>
<td>117.1</td>
</tr>
<tr>
<td>Single-Parent Families 0–50%</td>
<td>118.7</td>
<td>102.9</td>
</tr>
<tr>
<td>50–100%</td>
<td>132.2</td>
<td>137.9</td>
</tr>
<tr>
<td>100–150%</td>
<td>116.0</td>
<td>108.5</td>
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<tr>
<td>150–200%</td>
<td>124.5</td>
<td>95.7</td>
</tr>
<tr>
<td>Two-Parent Families 0–50%</td>
<td>151.4</td>
<td>107.7</td>
</tr>
<tr>
<td>50–100%</td>
<td>146.2</td>
<td>143.0</td>
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<td>100–150%</td>
<td>137.6</td>
<td>124.2</td>
</tr>
<tr>
<td>150–200%</td>
<td>149.2</td>
<td>113.3</td>
</tr>
<tr>
<td>Childless Families 0–50%</td>
<td>191.3</td>
<td>121.3</td>
</tr>
<tr>
<td>50–100%</td>
<td>177.3</td>
<td>141.8</td>
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<tr>
<td>100–150%</td>
<td>177.4</td>
<td>112.1</td>
</tr>
<tr>
<td>150–200%</td>
<td>175.0</td>
<td>148.8</td>
</tr>
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</table>
they did for deeply poor single-parent or two-parent families. Transfers for childless families with near-poverty incomes also grew significantly.

The programs responsible for growth of transfers for families living in shallow poverty from 2004 to 2013 differed across these three demographic groups, as shown in Table 2. For families in shallow poverty with children, growth was primarily due to large increases in EITC, CTC, and SNAP. The growth in the EITC was largest for two-parent families. Single-parent families also experienced modest growth in TANF receipt and housing. For childless families, the size of the increases in the EITC fell between those experienced by single-parent and two-parent families. Although increases in their SNAP were substantial, they were still smaller than those experienced by families with children. These families also saw some increase in housing receipt.

**Summary and Policy Implications**

Over the 20 years prior to the Great Recession, aggregate spending from the major U.S. means-tested and social insurance transfer programs rose steadily. However, its distribution changed markedly, with two types of distributional trends in play. The first distributional trend, the greater growth in transfers to families with older and disabled members than to other types of low-income families, reflects the general favorable attitude among voters and policy makers toward those types of families, coupled with a perception that those groups cannot easily work. The second distributional trend, the positive growth in benefits for families in shallow poverty and the negative growth for most families in deep poverty, may be understood as resulting from the increased emphasis on a work-based safety net that rewards those who work and have significant earnings and from a consequent lack of consideration of the needs of those who may be having difficulty securing a significant attachment to the labor market.

The Great Recession interrupted these two distributional trends by providing increased benefits to all family types and to families with all levels of private income. The key question taken on here
is whether that interruption continued after the Great Recession came to an end.

What was found? The first conclusion is that the increase in aggregate spending precipitated by the Great Recession has, to some extent, continued on. Four years after the recession, aggregate spending had not dropped back to pre-recession levels. Although there was a short post-recession dip in spending, safety net growth now appears to be resuming.

The second conclusion is that there has been some reversion to pre-recession patterns when it comes to how this additional money is spent. That is, support for families with private incomes below 50 percent of the poverty line has declined during the recovery (though because of growth in SNAP receipt, it has not entirely returned to pre-recession levels). Meanwhile, support for families with private incomes just below and above the poverty line has declined much less and remains well above pre-recession levels. As a consequence, the transfer gap between those at the bottom of the income distribution and those with somewhat higher incomes has begun to widen again.

The challenge for public policy is how to support the deeply poor while preserving support for the working poor. The work-based safety net, which has evolved over the last several decades, provides significant support for those with earnings from employment. Challenges remain, however, with work incentives impeded by low skills, low wages, and, for many, insufficient sources of child care and transportation. Those who have been unable to obtain stable earnings at sufficient levels to benefit from the new work-based safety net have received much less attention from both federal and state policymakers. Increased attention to support for this group, while at the same time maintaining strong work incentives, should be a focal point of any safety net reform. Programs that provide education and skills training to nonworkers, programs that provide support to nonworking families while they address problems of physical and mental health, and short-term emergency cash assistance programs to aid families as they experience crises that result in a loss of employment are only a few examples of the many possible approaches that can be taken to assist the poorest and most disadvantaged families.

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**TABLE 2. Real Monthly Per-Family Expenditures by Program, Family Type, and Private Income Group, 2004–2013**

<table>
<thead>
<tr>
<th></th>
<th>TANF</th>
<th>CTC</th>
<th>EITC</th>
<th>SNAP</th>
<th>Housing</th>
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<td><strong>Single-Parent Families</strong></td>
<td></td>
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<td></td>
<td></td>
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<tr>
<td>0–50%</td>
<td>154</td>
<td>70</td>
<td>0</td>
<td>14</td>
<td>65</td>
</tr>
<tr>
<td>50–100%</td>
<td>30</td>
<td>42</td>
<td>29</td>
<td>110</td>
<td>317</td>
</tr>
<tr>
<td>100–150%</td>
<td>13</td>
<td>10</td>
<td>116</td>
<td>122</td>
<td>235</td>
</tr>
<tr>
<td><strong>Two-Parent Families</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>0–50%</td>
<td>89</td>
<td>27</td>
<td>2</td>
<td>29</td>
<td>116</td>
</tr>
<tr>
<td>50–100%</td>
<td>13</td>
<td>17</td>
<td>78</td>
<td>162</td>
<td>313</td>
</tr>
<tr>
<td>100–150%</td>
<td>5</td>
<td>0</td>
<td>181</td>
<td>163</td>
<td>156</td>
</tr>
<tr>
<td><strong>Childless Families</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>0–50%</td>
<td>11</td>
<td>10</td>
<td>0</td>
<td>1</td>
<td>9</td>
</tr>
<tr>
<td>50–100%</td>
<td>8</td>
<td>8</td>
<td>2</td>
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<td>5</td>
<td>2</td>
<td>3</td>
<td>3</td>
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</tbody>
</table>
References


Notes
1. See Moffitt, 2013, for the performance of the safety net and its various individual programs during the Great Recession, and see Fox et al., 2015, for a supplemental poverty measure series covering the recession. See Burtless and Gordon, 2011; Ziliak, 2011; and Anderson et al., 2015, for further documentation of increases in transfers in the Great Recession; and see Larrimore et al., 2015, and Bitler and Hoynes, 2016, for a comparison of the Great Recession with prior recessions. See also the analysis of Perri, 2014, who found the net impact of taxes and transfers in the recession to have kept the ratio of the 50th percentile point of income to its 20th percentile point from rising.

2. Scholz et al., 2009; Moffitt and Scholz, 2010; Ben-Shalom et al., 2012; Moffitt, 2015.

3. The programs that have not reverted to their pre-recession form include the EITC expansion, the more generous provisions of the CTC, the SNAP asset eligibility criteria, and some of the UI eligibility expansions.

4. Wage growth for less educated workers has also been modest during the recovery.

5. The total includes spending on means-tested programs (Medicaid, CHIP, SSI, SNAP and school food programs, subsidized housing, TANF, WIC, and Head Start), tax credit programs (EITC and CTC), and social insurance programs (OASI, Medicare, SSDI, UI, and Workers Compensation). All values are presented in 2009 real dollars.

6. Medicaid has been by far the fastest-growing program, but it has not been solely responsible for the growth in means-tested program expenditures.

7. The TANF expenditures are for cash assistance only. But total TANF spending, including that on noncash categories, has also declined.

8. Growth in OASI and Medicare reflects to some extent the aging of the population.

9. Adjustments for undercounts of receipt and benefit amounts are made. Medicaid and Medicare are excluded because survey respondents do not know the total amount of government expenditure that has been made on their care.

10. In addition, the disabled are defined as those receiving SSI or DI, since an accurate measure of disability is not available on the SIPP. The elderly figures are computed over all U.S. families with a head aged 62 or greater, and the nonelderly, nondisabled figures are computed over all U.S. families neither receiving disability benefits nor having a head aged 62 or greater.

11. The increases for the elderly and disabled from 2004 to 2013 arose largely from increases in SSI receipt accompanied by some increases in DI and SNAP receipt. The source of the increases for the nonelderly nondisabled population are given below.

12. The growth rates of transfers for married-parent families and single-parent families as a whole, which differed markedly prior to the recession, are not shown but also were somewhat similar, differing only because their private income compositions differ.
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