Plymouth Institute for Free Enterprise

Limit Welfare to Americans in Need

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TOPLINE: Congress should limit welfare to those in need instead of forcing taxpayers to subsidize ordinary expenses for nearly a third of the population.

BACKGROUND: Welfare is supposed to be for people with very low or no income, and most means-tested benefits are supposed to be temporary. Yet, even as the percentage of the population living below the poverty level has been very low by historic standards (about 11.5% over the past decade), a recent Census Bureau report finds that 31% of Americans receive at least one out of eight major needs-based benefits. This is up from roughly 21% in 2012 and 14% in 1993. Consequently, federal spending on just two welfare programs—Supplemental Nutrition Assistance Program (SNAP) and Medicaid—has increased in real, inflation-adjusted dollars from $296 billion in 2008 to about $705 billion in 2025.

Recent expansions in welfare benefits have largely accrued to people who are closer to middle-income than poor. For example, SNAP benefits are now available to households with incomes up to 200% of the poverty level, which is $66,000 for a family of four. Obamacare is available up to 400% of the poverty level. For individuals, Obamacare is available up to incomes of $63,840 per year, which is nearly as high as a full-time worker's median $65,400 earnings. For a household of four, Obamacare is available up to incomes of $132,000. Increases in eligibility have also fueled fraud by increasing the magnitude of funds and the number of eligible individuals that fraudsters target.

Requiring federal taxpayers to pay for their own groceries and health insurance, while also paying for the groceries and health insurance of others whose incomes may be as high as or higher than their own, makes it harder for those individuals to afford other expenses like housing.

Action Items (Congress):

- **Scale back recent increases in income eligibility levels for welfare benefits**.

How It Would Make Life More Affordable:

- This would save taxpayers money while preserving welfare programs for those in need.
- By reducing deficit spending, it would help reduce borrowing costs (interest rates) and reduce pressure on the Fed to expand the money supply.

Related Legislation: No Welfare for the Wealthy Act of 2025 (H.R. 416).

BOTTOMLINE: Lowering income eligibility thresholds would save taxpayers money, reduce fraud and improper payments, and better target limited welfare resources toward Americans who need them most.