

Cap Total Means-Tested Welfare Spending

SAVINGS IN MILLIONS OF DOLLARS

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016-2020	2016-2025
\$100,000	\$150,000	\$229,472	\$250,042	\$268,599	\$289,101	\$316,622	\$342,330	\$367,309	\$397,216	\$998,113	\$2,710,691

Heritage Recommendation:

Gradually scale back aggregate means-tested welfare spending to pre-recession (FY 2007) levels plus 10 percent, and cap at the rate of inflation going forward. This proposal would save \$100 billion in 2016, and \$2.7 trillion over 10 years.

Rationale:

The U.S. welfare system consists of approximately 80 federally means-tested welfare programs that provide cash, food, housing, medical care, and social services to poor and lower-income Americans. Total spending on these programs in FY 2013 was \$943 billion. Total annual welfare spending has increased sixteenfold since the 1960s, and has cost taxpayers a total of \$22 trillion, or three times the amount the government has spent on all military wars combined since the beginning of the nation's history. Furthermore, under President Obama's current plan, welfare spending will amount to \$13 trillion over the next decade alone.

Welfare spending must be put on a more prudent course. Rolling back spending to pre-recession levels (plus 10 percent) as the economy recovers, and then capping it at the rate of inflation, would require policymakers to direct welfare spending to the areas of greatest priority, rather than allowing welfare spending to simply continue its upward climb without helping individuals achieve self-sufficiency.

Additional Reading:

- Robert Rector, "Examining the Means-Tested Welfare State: 79 Programs and \$927 Billion in Annual Spending," testimony before the House Budget Committee, May 3, 2012, <http://www.Heritage.org/research/testimony/2012/05/examining-the-means-tested-welfare-state>.
- Robert Rector and Rachel Sheffield, "The War on Poverty After 50 Years," Heritage Foundation *Backgrounder* No. 2955, September 15, 2014, <http://www.Heritage.org/research/reports/2014/09/the-war-on-poverty-after-50-years>.

Calculations:

Savings were calculated by Heritage analyst Robert Rector, Senior Research Fellow in the Institute for Family, Community, and Opportunity. See Robert Rector and Rachel Sheffield, "How to Get Welfare Spending Under Control," Heritage Foundation *Issue Brief* No. 3874, March 11, 2013, <http://www.Heritage.org/research/reports/2013/03/how-to-get-welfare-spending-under-control>.