

Safety net spending has surged. Where's the money going?

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The United States spends an enormous amount of money [on interest](#), the [world's largest military](#) and [programs for seniors](#). Does that mean there hasn't been enough money in the federal budget for safety-net programs to help the poor?

Not at all. In fact, spending on means-tested welfare programs has surged. The refusal of too many politicians in both parties to make difficult trade-offs, instead choosing to say yes to almost everything, has put the country on its current path toward looming fiscal crises in the 2030s.

There is still no definitive inventory of all federal programs, despite having been required by law [since 2011](#). A Government Accountability Office report in 2015 estimated there were [more than 80](#) federal programs intended to help people with low incomes.

The largest of these are Medicaid and the Children's Health Insurance Program, which provides coverage to more than [73 million](#) Americans, with enrollees [picking up little](#) of the cost. Federal Medicaid spending more than doubled between 2014 and 2025. Including state spending, the program now costs around [\\$1 trillion](#) annually.

Enrollment in the Supplemental Nutrition Assistance Program, commonly called food stamps, [used to fluctuate](#) with the economy: higher enrollment in bad times, lower in good times. In 2025, with the unemployment rate near historic lows and the economy growing, more than 12 percent of Americans collected food stamps. That was higher than it was in [any year](#) from the program's creation in 1969 through 2009.

Though direct cash benefits to the poor were significantly reformed in the 1990s, the Temporary Assistance for Needy Families program remains. Social Security and the tax code offer additional aid. Pell Grants support lower-income students going to college. Premium subsidies help lower-income people who aren't on Medicaid buy health insurance under the Affordable Care Act. A variety of other programs support housing for lower-income people.

In fiscal 2025, the federal government spent [\\$1.256 trillion](#) on the largest general programs to help low-income people. That was over \$300 billion more than was spent on defense. This is also a significant underestimate of total government spending for low-income Americans. It does not include Medicare or Social Security benefits for low-income seniors; programs solely for low-income members of specific groups, such as veterans and Native Americans; or any state and local spending.

Using the Census Bureau's [official poverty count](#), that anti-poverty spending comes out to \$35,000 in annual expenditures for every person in poverty, or \$181,000 per family in

poverty. Economist Milton Friedman, after doing a similar calculation for [a 1978 lecture](#), argued that if that money were actually making it to people in poverty, they'd be among the rich.

So where is the money going? Part of it is bureaucratic churn. A 2024 report from the Manhattan Institute estimated that about 20 percent of social welfare spending is [“robbing Peter to pay Peter”](#) — i.e., returning to people money that the government took from them in taxes in the same year. The web of overlapping anti-poverty programs is difficult for people to navigate and contributes to losses from inefficiency.

Scope creep is another problem. Programs once reserved for the truly poor and disabled have steadily broadened their qualification criteria. Obamacare expanded Medicaid, for example, to cover able-bodied, working-age adults. Because the federal government more generously subsidizes enrollees under the ACA expansion, the traditional Medicaid population [can be crowded out](#) of access to timely, high-quality care. Beyond Medicaid, [about three-quarters](#) of school lunches are now fully or partially subsidized.

Many Americans also receive benefits for which they do not qualify. Improper enrollment can take the form of planned, criminal deception, but it also happens when government looks the other way or designs programs so poorly that fraud is difficult to catch. The GAO estimates that the federal government loses between [\\$233 billion and \\$521 billion](#) to fraud every year.

Medicare, Medicaid, the Earned Income Tax Credit and SNAP were the four government programs with the highest amount of [improper payments](#) in 2025. The GAO warns about improper payments in a report every year and makes recommendations for how to better safeguard programs, but these are generally ignored. An estimated [87 percent](#) of able-bodied adults without dependents on SNAP in 2023 were not meeting the program's work requirements. During the Biden administration, [lax enforcement of standards](#) for ACA premium subsidies turned them into [magnets for fraudsters](#), with potentially [6 million people improperly signed up](#).

Reforms in the One Big Beautiful Bill Act are projected to reduce SNAP enrollment. The law's Medicaid reforms, falsely branded as “cuts,” actually just gradually nudge spending back toward its pre-2021 trend. [Medicaid spending](#) will still grow each year under the bill and remain higher than the 2021 baseline forecast through at least 2036.

If the U.S. is not achieving desired results on health care, it isn't for lack of spending. Isolating government health spending as a percentage of gross domestic product, the U.S. outspends most developed countries. In 2019, government health spending in the U.S. was at roughly the same level as in Britain or France, and significantly higher than in Sweden, Norway, Australia, Spain or Italy.

The national debt hasn't surpassed \$40 trillion without significant spending on welfare programs and health care. The U.S. has a [highly progressive](#) tax-and-transfer system that redistributes massive sums of money and has largely lost focus on what should be its primary purpose: keeping people out of poverty. There's plenty of money to help the poor and disabled without expanding health and welfare spending indefinitely.