

# Appendices

## Appendix I: Public Social Welfare Expenditures

Social welfare expenditures, that is, the cash benefits, services, and administrative costs of public programs that directly benefit individuals and families, accounted for just 3.9% of the gross national product (GNP) in 1929. By far, the largest component of the expenditures—60% of the total—was accounted for by public education, which then, as now, came primarily from State and local funds. Federal expenditures were mostly for veterans' benefits and staff retirement systems, and accounted for only 20% of the social welfare expenditures total. In 1993 (the latest year for which complete data are available), social welfare spending reached 21.1% of the gross domestic product (GDP). Nearly half of the total was spent on social insurance programs. The following table presents a summary of social welfare expenditures under public programs for selected fiscal years beginning with 1970.

It was the Depression of the 1930's that brought the Federal Government into the social welfare field. In 1933, the Federal Emergency Relief program began to take over the mounting cost of support for the unemployed, and in 1935 the Social Security Act established a national system of old-age insurance, a Federal-State system of unemployment insurance, and Federal programs of grants-in-aid to develop and strengthen the State public assistance and other programs.

The first year in which expenditures for public aid outstripped those for education was 1934, and the bulk of that aid came from the Federal Government. This pattern continued throughout the 1930's and early 1940's, but by fiscal year 1943, education was once more the largest spending category. In the post-World War II years veterans' benefits became the largest category of expenditures, accounting for about one-third of the total through 1949. In the 1950's, education resumed its primacy, although it was now closely followed by social insurance. The latter had begun to increase in importance in the 1940's. At that time, the Federal-State system of unemployment insurance accounted for 45-60% of all social insurance spending.

It was in 1951 that the Old-Age and Survivors Insurance (OASI) program first became the leading component of the social insurance category. With the addition of Disability Insurance (DI) to OASI in 1956, that lead grew, and it has been increasing ever

since. The year 1965 brought the introduction of Health Insurance (HI) for the Aged (Medicare), and by 1967 social insurance had become indisputably the largest of the social welfare categories, a position it continues to hold. In the succeeding years, coverage under the OASDI and HI programs was expanded, most notably by the inclusion in 1972 of the disabled in the Medicare program. This expansion of the Medicare program, the aging of the insured population, and the rapidly rising cost of health care ensured the social insurance category's continued growth. By the 1980's, social insurance expenditures accounted for half of the social welfare total, and the OASDI and HI programs alone represented a larger share of Federal spending than any category except defense. This remained true in 1993.

There have been changes in the area of public aid. On the eve of World War II the exigencies of the Depression had increased public aid spending to more than 40% of the social welfare total. After the war, that percentage dropped sharply and by 1960 had fallen to 8%. The programs that accompanied the 1960's War on Poverty increased both the amount and the share of public money spent in this area.

The Food Stamp program began paying benefits in 1961. In 1964, Congress passed the Economic Opportunity Act, and the 1965 Amendments to the Social Security Act created the Medicaid program. By 1970, public aid accounted for 11% of all social welfare spending, and by 1993 it accounted for more than 16%.

The increase in public aid spending involved the State and local governments, due to the matching funds required by several of the Federal programs. Whereas State and local governments provided only 15-20% of the social insurance funds spent between 1965 and 1993, their share of the public aid bill ran between 30% and 40%. The largest State and local insurance expenditures are for employee pensions, unemployment insurance, and the workers' compensation program; assistance programs such as Aid to Families with Dependent Children and Medicaid account for the bulk of State and local public aid funds.

Despite the public aid increases, education has remained the largest social welfare expense for the States and localities. In 1929, 77% of all State and local social welfare funds were spent on education. Even with the growth of social insurance and the poverty programs over the years, in 1993 nearly 53% of State and local social welfare spending went for education.

Governments at all levels have spent somewhat more of their funds for social welfare purposes since the 1960's. During the years from 1929 to 1965 the percentage of all government expenditures that went for social welfare was between 32% and 50%, with the exception of the war years, when the percentage fell as low as 9%. In 1965-70, the range was 42% to 47%; and since 1971 more than half of all government spending has been for social welfare.

**Appendix I: Social welfare expenditures under public programs, selected fiscal years 1970-93<sup>1</sup>**

[In millions]

Program	1970	1980	1990 <sup>2</sup>	1993 <sup>2</sup>
<b>Total expenditures</b>				
Total	\$145,555.2	\$492,212.7	\$1,048,808.6	\$1,363,884.4
Social insurance	54,691.2	229,754.4	513,822.6	657,328.2
Old-Age, Survivors, Disability, and Health Insurance (OASDHI)	36,835.4	152,110.4	355,264.5	449,276.8
OASDI	29,686.2	117,118.9	245,555.5	301,183.3
HI (Medicare) <sup>3</sup>	7,149.2	34,991.5	109,709.0	148,093.5
Railroad Retirement <sup>4</sup>	1,609.9	4,768.7	7,229.9	7,920.6
Public employee retirement <sup>5</sup>	8,658.7	39,490.2	90,392.0	112,631.6
Unemployment insurance and employment services <sup>6</sup>	3,819.5	18,326.4	19,973.7	40,720.8
Railroad unemployment insurance	38.5	155.4	64.6	60.3
Railroad temporary disability insurance	61.1	68.7	40.3	25.9
State temporary disability insurance <sup>7</sup>	717.7	1,377.4	3,224.2	3,316.0
Hospital and medical benefits <sup>8</sup>	62.6	49.6	62.5	53.7
Workers' compensation <sup>9</sup>	2,950.4	13,457.2	37,633.4	43,376.2
Hospital and medical benefits <sup>8</sup>	985.0	3,725.0	14,305.5	17,712.3
Public aid	16,487.8	72,703.1	146,811.1	221,064.8
Public assistance <sup>10</sup>	14,433.5	45,064.3	105,093.8	160,695.0
Medical payments	5,212.7	27,570.1	76,175.1	125,138.0
Social services	712.6	2,342.8	2,753.2	3,712.9
Supplemental Security Income	...	8,226.5	17,230.4	26,501.2
Food stamps	577.0	9,083.3	16,254.5	24,496.7
Other <sup>11</sup>	1,477.3	10,329.0	8,232.4	9,371.9
Health and medical programs <sup>12</sup>	9,606.0	26,762.0	61,488.0	74,503.0
Hospital and medical care	4,983.0	12,286.0	25,971.0	30,508.0
Civilian programs	3,301.0	8,097.0	14,809.0	17,099.0
Defense Department <sup>13</sup>	1,682.0	4,198.0	11,286.0	13,409.0
Maternal and child health programs <sup>14</sup>	450.0	870.0	1,865.0	2,172.0
Medical research	1,684.0	4,924.0	10,848.0	12,780.0
School health (education agencies)	247.0	575.0	1,113.0	1,407.0
Other public health activities	1,312.0	6,484.0	19,354.0	24,978.0
Medical facilities construction	930.0	1,623.0	2,337.0	2,658.0
Veterans' programs	9,078.1	21,465.5	30,916.2	36,605.5
Pensions and compensation <sup>15</sup>	5,393.8	11,306.0	15,792.6	17,205.2
Health and medical programs	1,784.1	6,203.9	12,004.1	15,640.8
Hospital and medical care	1,651.4	5,749.9	11,321.4	14,382.3
Hospital construction	70.9	323.0	445.0	979.9
Medical and prosthetic research	61.8	131.0	237.7	278.6
Education	1,018.5	2,400.7	522.8	937.7
Life insurance <sup>16</sup>	502.3	664.5	1,037.8	904.7
Welfare and other	379.4	890.4	1,558.9	1,917.1

See footnotes at end of table.

**Appendix I: Social welfare expenditures under public programs, selected fiscal years 1970-93<sup>1</sup> —Continued**

[In millions]

Program	1970	1980	1990 <sup>2</sup>	1993 <sup>2</sup>
<b>Total expenditures—Continued</b>				
Education <sup>17</sup>	50,845.5	121,049.6	258,384.6	331,909.8
Elementary and secondary	38,632.3	87,149.9	199,277.3	252,419.5
Construction	4,659.1	6,524.0	10,636.0	22,288.0
Higher	9,907.0	26,175.9	57,424.3	77,558.1
Construction	1,566.9	1,528.1	3,953.0	8,990.3
Vocational and adult <sup>18</sup>	2,144.4	7,375.2	1,293.3	1,494.9
Housing	701.2	6,879.0	19,468.5	19,803.1
Public housing	459.9	4,680.5	14,521.8	15,302.0
Other social welfare	4,145.4	13,599.1	17,917.6	22,670.0
Vocational rehabilitation	703.8	1,251.1	2,126.6	2,379.1
Medical services	133.8	279.4	531.6	594.8
Medical research <sup>19</sup>	29.6	13.5	...	...
Institutional care <sup>20</sup>	201.8	482.4	629.4	721.5
Child nutrition <sup>21</sup>	896.0	4,852.3	7,165.4	9,392.4
Child welfare <sup>22</sup>	585.4	800.0	252.6	294.6
Special OEO and ACTION programs <sup>23</sup>	752.8	2,302.7	169.4	208.3
Social welfare, not elsewhere classified <sup>24</sup>	1,005.6	3,910.6	7,574.2	9,674.1
<b>Federal expenditures</b>				
Total	\$77,130.2	\$303,152.5	\$616,641.4	\$804,701.9
Social insurance	45,245.6	191,162.0	422,257.4	534,310.1
Old-Age, Survivors, Disability, and Health Insurance (OASDHI)	36,835.4	152,110.4	355,264.5	449,276.8
OASDI	29,686.2	117,118.9	245,555.5	301,183.3
HI (Medicare) <sup>3</sup>	7,149.2	34,991.5	109,709.0	148,093.5
Railroad Retirement <sup>4</sup>	1,609.9	4,768.7	7,229.9	7,920.6
Public employee retirement <sup>5</sup>	5,516.7	26,982.9	53,541.2	61,703.7
Unemployment insurance and employment services <sup>6</sup>	1,036.1	4,407.6	3,096.2	12,123.6
Railroad unemployment insurance	38.5	155.4	64.6	60.3
Railroad temporary disability insurance	61.1	68.7	40.3	25.9
Workers' compensation <sup>9</sup>	147.9	2,668.3	3,020.7	3,199.2
Hospital and medical benefits <sup>8</sup>	20.7	129.5	456.6	596.6
Public aid	9,648.6	49,394.2	92,858.5	151,850.5
Public assistance <sup>10</sup>	7,594.3	23,542.1	54,746.6	95,339.9
Medical payments	2,607.1	14,550.2	40,690.1	77,367.1
Social services	522.0	1,757.1	2,064.9	2,784.7
Supplemental Security Income	...	6,439.8	13,625.0	22,642.0
Food stamps	577.0	9,083.3	16,254.5	24,496.7
Other <sup>11</sup>	1,477.3	10,329.0	8,232.4	9,371.9

See footnotes at end of table.

Appendix I: Social welfare expenditures under public programs, selected  
fiscal years 1970-93<sup>1</sup>—Continued

Program	[In millions]			
	1970	1980	1990 <sup>2</sup>	1993 <sup>2</sup>
		Federal expenditures		
Health and medical programs <sup>12</sup>	4,568.0	12,827.0	27,206.0	33,209.0
Hospital and medical care	1,973.0	6,619.0	14,816.0	18,844.0
Civilian programs	291.0	2,430.0	3,654.0	5,435.0
Defense Department <sup>13</sup>	1,682.0	4,189.0	11,162.0	13,409.0
Maternal and child health programs <sup>14</sup>	190.0	351.0	492.0	595.0
Medical research	1,515.0	4,428.0	9,172.0	10,690.0
Other public health activities	589.0	1,215.0	2,311.0	3,153.0
Medical facilities construction	301.0	214.0	415.0	(73.0)
Veterans' programs	8,951.6	21,253.6	30,427.7	36,033.5
Pensions and compensation <sup>15</sup>	5,393.8	11,306.0	15,792.6	17,205.2
Health and medical programs	1,784.1	6,203.9	12,004.1	15,640.8
Hospital and medical care	1,651.4	5,749.9	11,321.4	14,382.3
Hospital construction	70.9	323.0	445.0	979.9
Medical and prosthetic research	61.8	131.0	237.7	278.6
Education	1,018.5	2,400.7	522.8	937.7
Life insurance <sup>16</sup>	502.3	664.5	1,037.8	904.7
Welfare and other	252.9	678.5	1,070.4	1,345.1
Education <sup>17</sup>	5,875.8	13,452.2	18,374.0	20,454.9
Elementary and secondary	2,956.8	7,429.6	9,944.3	13,238.0
Construction	35.9	40.9	22.9	5.3
Higher	2,154.6	4,467.5	6,746.7	5,284.7
Construction	466.3	42.1	...	35.3
Vocational and adult <sup>18</sup>	602.6	1,206.5	1,293.3	1,494.9
Housing	581.6	6,277.6	16,612.4	18,005.6
Public housing	459.9	4,680.5	14,521.8	15,435.4
Other social welfare	2,259.0	8,785.9	8,905.4	10,838.3
Vocational rehabilitation	567.5	1,006.1	1,660.8	1,830.1
Medical services	107.0	223.5	415.2	457.5
Medical research <sup>19</sup>	29.6	13.5	...	...
Institutional care <sup>20</sup>	22.5	74.2	143.4	142.6
Child nutrition <sup>21</sup>	710.9	4,209.3	5,469.8	7,139.4
Child welfare <sup>22</sup>	44.7	57.0	252.6	294.6
Special OEO and ACTION programs <sup>23</sup>	752.8	2,302.7	169.4	208.3
Social welfare, not elsewhere classified <sup>24</sup>	160.6	1,136.6	1,209.4	1,223.3
		State and local expenditures		
Total	\$68,425.0	\$189,060.2	\$432,167.2	\$559,182.5
Social insurance	9,445.6	38,592.4	91,565.2	123,018.1
Public employee retirement <sup>5</sup>	3,142.0	12,507.3	36,850.8	50,927.9
Unemployment insurance and employment services <sup>6</sup>	2,783.4	13,918.8	16,877.5	28,597.2

See footnotes at end of table.

**Appendix I: Social welfare expenditures under public programs, selected  
fiscal years 1970-93<sup>1</sup>—Continued**

[In millions]

Program	1970	1980	1990 <sup>2</sup>	1993 <sup>2</sup>
		State and local expenditures		
State temporary disability insurance <sup>7</sup>	717.7	1,377.4	3,224.2	3,316.0
Hospital and medical benefits <sup>8</sup>	62.6	49.6	62.5	53.7
Workers' compensation <sup>9</sup>	2,802.5	10,788.9	34,612.7	40,177.0
Hospital and medical benefits <sup>8</sup>	964.3	3,595.5	13,848.9	17,115.7
Public aid	6,839.2	23,308.9	53,952.6	69,214.3
Public assistance <sup>10</sup>	6,839.2	21,522.2	50,347.2	65,355.1
Medical payments	2,605.6	13,019.9	35,485.0	47,770.9
Social services	190.6	585.7	688.3	928.2
Supplemental Security Income	...	1,786.7	3,605.4	3,859.2
Health and medical programs <sup>12</sup>	5,038.0	13,935.0	34,282.0	41,294.0
Hospital and medical care	3,010.0	5,667.0	11,155.0	11,664.0
Maternal and child health programs <sup>14</sup>	260.0	519.0	1,373.0	1,577.0
Medical research	169.0	496.0	1,676.0	2,090.0
School health (education agencies)	247.0	575.0	1,113.0	1,407.0
Other public health activities	723.0	5,269.0	17,043.0	21,825.0
Medical facilities construction	629.0	1,409.0	1,922.0	2,731.0
Veterans' programs	126.5	211.9	488.5	572.0
Education <sup>17</sup>	44,969.7	107,597.4	240,010.6	311,454.9
Elementary and secondary	35,675.5	79,720.3	189,333.0	239,181.5
Construction	4,623.2	6,483.1	10,613.1	22,282.7
Higher	7,752.4	21,708.4	50,677.6	72,273.4
Construction	1,100.6	1,486.0	3,953.0	8,955.0
Vocational and adult <sup>18</sup>	1,541.8	6,168.7	...	...
Housing	119.6	601.4	2,856.1	1,797.5
Other social welfare	1,886.4	4,813.2	9,012.2	11,831.7
Vocational rehabilitation	136.3	245.0	465.8	549.0
Medical services	26.8	55.9	116.4	137.3
Institutional care <sup>20</sup>	179.3	408.2	486.0	578.9
Child nutrition <sup>21</sup>	185.1	643.0	1,695.6	2,253.0
Child welfare <sup>22</sup>	540.7	743.0	...	...
Social welfare, not elsewhere classified <sup>24</sup>	845.0	2,774.0	6,364.8	8,450.8

<sup>1</sup> Expenditures from Federal, State, and local revenues and trust funds under public law; includes capital outlays and administrative expenditures unless otherwise noted. Includes some payments abroad. Through 1976, fiscal year ended June 30 for the Federal Government, most States, and some localities. Beginning in 1977, Federal fiscal years end on September 30.

<sup>2</sup> Revised data.

<sup>3</sup> Includes Hospital Insurance and Supplementary Medical Insurance.

<sup>4</sup> Excludes the financial interchange between OASDI and the Railroad Retirement system.

<sup>5</sup> Includes the military retirement system; excludes refunds of employee contributions. Administrative expenses not available for some programs.

<sup>6</sup> Includes unemployment compensation under State programs, programs for Federal employees, trade adjustment and training allowances, and payments under the extended, emergency, disaster, and special unemployment insurance programs.

<sup>7</sup> Cash and medical benefits in five areas. Includes private plans where applicable and State administrative costs. Data for Hawaii not available.

<sup>8</sup> Included in total directly above.

<sup>9</sup> Cash and medical benefits paid under public law by private insurance carriers. Administrative costs of carriers and self-insurers not available. Beginning 1960, includes data for Alaska and Hawaii; beginning 1970, includes the Federal "Black Lung" program.

<sup>10</sup> Cash payments and medical assistance under the Aid to Families with Dependent Children; Medicaid; emergency assistance; Women, Infants, and Children (WIC); and General Assistance programs. Also includes social services and work incentive activities.

<sup>11</sup> Work relief, other emergency aid, surplus food for the needy, repatriate and refugee assistance, and work-experience training programs. Beginning in 1981, includes Low-Income Home Energy Assistance.

<sup>12</sup> Excludes State and local expenditures for domiciliary care in institutions other than those for tuberculosis. Also excludes medical services connected with the OASDHI; State temporary disability insurance; workers' compensation; public assistance; veterans'; and vocational rehabilitation programs, which are included in the expenditures for those programs.

<sup>13</sup> Includes medical care for military dependents.

<sup>14</sup> Includes services for disabled children.

<sup>15</sup> Includes burial awards, special allowances for the survivors of veterans who did not qualify for OASDI, and clothing allowances.

<sup>16</sup> Excludes the servicepersons' group life insurance program.

<sup>17</sup> Federal administrative expenditures (Department of Education) and research costs included in total only.

<sup>18</sup> State and local expenditures for vocational and adult education not available after 1985.

<sup>19</sup> No longer available separately after 1980.

<sup>20</sup> Federal expenditures represent primarily surplus food for institutions.

<sup>21</sup> Surplus food for schools and programs under the National School Lunch and Child Nutrition Acts.

<sup>22</sup> Represents primarily child welfare services under the Social Security Act. State and local data not available after 1980.

<sup>23</sup> Includes domestic programs consolidated in 1972 under ACTION and special Office of Economic Opportunity programs. After 1987, represents ACTION funds only.

<sup>24</sup> Federal expenditures include the administrative and related expenses of the Secretary of Health and Human Services; Indian welfare and guidance, aging and juvenile delinquency, and certain manpower and human development programs. State and local expenditures include amounts for anti-poverty and manpower programs, day care, child placement and adoption services, foster care, legal assistance, care of transients, and other unspecified welfare services.

Source: Data taken or estimated from Federal Budgets, reports of the Census of Governments, and reports of administrative agencies.