

---

# Social Welfare Expenditures Under Public Programs, Fiscal Year 1977

by Alma McMillan\*

---

Social welfare expenditures under public programs reached \$362.3 billion in fiscal year 1977, which covered the 12-month period from October 1, 1976, to September 30, 1977. This figure was about \$30 billion higher than the \$331.9 billion spent in fiscal year 1976 (July 1, 1975, through June 30, 1976) and represented a 9-percent increase. When adjusted for price and population changes, real per capita expenditures rose from \$1,623 in fiscal year 1976 to \$1,646 in 1977, reflecting a 1-percent real increase in per capita spending under these programs. Social welfare expenditures as a proportion of the Nation's gross national product dropped slightly from 20.4 percent in fiscal year 1976 to 19.7 percent in 1977. The decline resulted from lower rates of growth during 1977 in most of the major social welfare categories and a higher rate of growth in the gross national product.

---

To measure the rising share of the Nation's wealth devoted to social welfare purposes, the Social Security Administration has been gathering comprehensive statistics in this area for nearly three decades. Since 1951, when the first article on the subject appeared in the **Social Security Bulletin**, regular reports have provided data on public spending from 1935 onward. Expenditures from private sources were added for the first time in the October 1955 issue. The inclusion of this additional information (for years since 1950) has created a fairly complete source of data for assessing the combined efforts of all levels of government, private social security arrangements, and voluntary activities in the social welfare area.

Previous articles have provided analysis on the trends in spending for social welfare purposes in both the public and private sectors. This year's article departs from that format and reports on public expenditures only. The suspension of the presentation of data on private spending for social welfare is only temporary, however; the publication of such data will be resumed next year.

This report differs from earlier articles in another respect: It is the first article in the series based on the newly designated Federal accounting period established under the Congressional Budget and Impoundment Control Act of 1974 (Public Law 93-344). Fiscal year 1977

covered the 12-month period from October 1, 1976, to September 30, 1977. In recent years, including fiscal year 1976, the Federal fiscal year covered a 12-month period ending June 30.

The shift in the beginning of the Federal fiscal year resulted in the creation of a 3-month transitional period between fiscal years 1976 and 1977. Federal spending during that period (July 1 through September 30, 1976) was separately identified and reported in the U.S. Government Budget as outlays and obligations for the "transition quarter" (TQ). Federal social welfare expenditures for the TQ are shown separately in table 1. Although State and local government fiscal periods remained unchanged, those State and local programs requiring some Federal matching funds also reported expenditures for the TQ. These outlays are also shown separately in the table. State and local programs not affected by the Federal change and for which TQ data are not available were primarily programs in the areas of education, veterans' benefits, and housing.

The change in the Federal fiscal year complicated comparisons of expenditures for social welfare programs during fiscal year 1977 with program expenditures for 1976 and earlier fiscal years. The data presented here are aggregated on an annual basis by the various agency and program administrators responsible for operations and statistical information. Therefore, the data do not readily permit the adjustments needed to shift them to identical fiscal-year periods for purposes of direct comparison and analysis. For the most part, however, the social welfare programs are fully operational on a year-round basis,

---

\*Division of Retirement and Survivors Studies, Office of Research and Statistics, Social Security Administration. The author acknowledges the invaluable assistance of Ida C. Merriam, former Assistant Commissioner for Research and Statistics and initiator of the social welfare expenditure series.



**Table 1.—Social welfare expenditures under public programs, selected fiscal years, 1950–77<sup>1</sup>—Continued**

[In millions]

Program	1950	1955	1960	1965	1970	1974	1975	1976	July-Sept. 1976 (transi- tion quarter)	1977 <sup>2</sup>
	From Federal Funds									
Total .....	\$10,541.1	\$14,622.9	\$24,956.7	\$37,711.7	\$77,337.2	\$137,191.1	\$167,469.8	\$197,498.6	\$51,274.6	\$219,317.1
Social insurance .....	2,130.0	6,385.0	14,307.2	21,806.6	45,245.6	82,832.3	99,715.0	119,593.8	31,799.1	134,740.5
Old age, survivors, disability, and health insurance <sup>3</sup> .....	784.1	4,436.3	11,032.3	16,997.5	36,835.4	66,286.6	78,429.9	90,440.7	24,568.8	105,410.1
Health insurance (Medicare) <sup>4</sup> .....	—	—	—	—	7,149.2	11,347.5	14,781.4	17,777.4	4,804.8	21,548.8
Railroad retirement <sup>5</sup> .....	306.4	556.0	934.7	1,128.1	1,609.9	2,692.6	3,085.1	3,499.6	916.9	3,818.6
Public employee retirement <sup>5</sup> .....	507.9	808.5	1,519.9	2,780.5	5,516.7	10,785.0	13,338.9	15,664.3	4,214.9	17,833.3
Unemployment insurance and employment service <sup>6</sup> .....	328.6	320.8	473.5	699.8	1,036.1	1,721.8	3,429.2	8,250.7	1,671.6	5,965.9
Railroad unemployment insurance .....	119.6	158.7	215.2	76.7	38.5	25.6	41.6	148.2	27.1	107.3
Railroad temporary disability insurance .....	31.1	54.2	68.5	46.5	61.1	31.5	32.9	78.6	21.9	81.8
Workmen's compensation <sup>9</sup> .....	25.1	50.5	63.1	77.6	147.9	1,289.2	1,357.4	1,511.7	377.9	1,523.5
Hospital and medical benefits <sup>8</sup> .....	5.2	6.9	9.0	11.3	20.7	36.1	50.2	66.3	16.8	69.5
Public aid .....	1,103.2	1,504.2	2,116.9	3,593.9	9,648.6	20,387.7	27,204.6	32,527.3	8,449.0	35,146.1
Public assistance <sup>10</sup> .....	1,097.2	1,442.3	2,057.5	3,185.4	7,594.3	13,307.2	14,546.7	16,528.6	4,129.1	18,539.7
Vendor medical payments <sup>11</sup> .....	—	23.3	199.8	555.0	2,607.1	5,833.2	7,056.4	8,306.3	2,223.6	9,713.3
Social services <sup>11</sup> .....	—	—	—	—	522.0	1,562.9	1,962.6	2,111.2	373.6	2,315.8
Supplemental security income <sup>12</sup> .....	—	—	—	—	—	2,219.0	4,801.6	5,042.4	1,303.8	5,272.9
Food stamps .....	—	—	—	35.6	577.0	2,838.9	4,639.9	5,700.0	1,364.5	5,448.6
Other <sup>13</sup> .....	6.0	61.9	59.4	373.0	1,477.3	2,022.6	3,162.4	5,256.3	1,631.6	5,884.9
Health and medical programs <sup>14</sup> .....	603.5	1,150.3	1,737.1	2,780.6	4,775.2	7,144.6	8,546.8	10,054.3	2,277.1	10,953.0
Hospital and medical care .....	382.6	811.5	983.5	1,074.7	2,045.4	3,576.9	4,280.3	4,708.1	1,190.0	5,009.7
Civilian programs .....	46.4	66.7	103.4	137.9	285.8	835.9	1,195.3	1,556.1	379.0	1,578.7
Defense Department <sup>15</sup> .....	336.2	744.8	880.1	936.8	1,759.6	2,741.0	3,085.0	3,152.0	812.0	3,431.0
Maternal and child health programs <sup>16</sup> .....	20.1	23.7	35.3	73.4	196.0	234.7	276.5	305.9	—	322.3
Medical research <sup>8</sup> .....	—	.2	.6	4.3	—	—	—	—	—	—
Medical research .....	69.2	132.8	425.9	1,110.2	1,485.4	2,000.0	2,360.0	2,987.5	685.0	3,186.3
Other public health activities .....	63.8	65.0	57.3	222.9	590.3	959.0	1,141.0	1,379.0	293.0	1,602.0
Medical-facilities construction .....	67.8	117.4	235.1	299.3	458.1	374.0	489.0	673.8	108.1	832.7
Defense Department .....	1.1	33.0	40.0	31.1	52.5	86.0	96.0	230.0	26.0	331.0
Other .....	66.8	84.4	195.1	268.2	405.6	288.0	393.0	443.8	82.1	501.7
Veterans' programs .....	6,386.2	4,771.9	5,367.3	6,010.6	8,951.5	13,873.8	16,569.7	18,796.0	4,193.4	18,860.6
Pensions and compensation <sup>18</sup> .....	2,092.1	2,689.7	3,402.7	4,141.4	5,393.8	6,777.4	7,578.5	8,279.7	2,098.3	9,081.9
Health and medical programs .....	748.0	761.1	954.0	1,228.7	1,784.0	2,983.6	3,516.7	4,060.9	1,095.5	4,670.6
Hospital and medical care .....	582.8	721.5	879.4	1,114.8	1,651.4	2,786.6	3,287.1	3,754.7	1,016.2	4,321.2
Hospital construction .....	161.5	34.1	59.6	77.0	70.9	118.9	136.7	212.2	55.3	245.4
Medical and prosthetic research .....	3.7	5.6	15.1	36.9	61.8	78.0	93.0	94.0	24.0	104.0
Education .....	2,691.6	706.1	409.6	40.9	1,018.5	3,206.8	4,433.8	5,350.6	726.5	3,925.5
Life insurance <sup>19</sup> .....	475.7	490.2	494.1	434.3	502.3	538.5	556.1	564.3	138.7	607.2
Welfare and other .....	378.8	124.9	106.9	165.4	252.9	367.6	484.6	540.6	134.4	575.4
Education <sup>20</sup> .....	156.7	485.1	867.9	2,469.8	5,875.8	7,041.5	8,629.4	9,023.2	2,436.5	10,251.0
Elementary and secondary .....	47.1	309.2	441.9	776.8	2,956.8	3,710.0	4,562.5	4,305.5	1,261.9	4,845.1
Construction <sup>8, 21</sup> .....	5.2	139.9	70.6	77.0	35.9	22.4	20.9	23.4	9.0	15.6
Higher .....	48.5	101.8	293.1	1,217.0	2,154.6	2,178.2	2,863.6	3,572.0	876.2	4,140.3
Construction <sup>8</sup> .....	5.7	5.1	1.2	324.0	466.3	213.7	273.9	265.7	10.1	249.1
Vocational and adult <sup>21</sup> .....	58.7	70.5	104.5	406.2	602.6	914.8	940.2	897.9	143.9	921.0
Housing .....	14.6	74.7	143.5	238.2	581.6	2,009.1	2,540.7	2,906.0	1,071.2	4,005.4
Public housing .....	14.5	74.7	143.5	234.5	459.9	1,233.1	1,456.4	1,716.0	760.3	2,763.4
Other .....	.1	—	—	3.6	121.7	776.0	1,084.3	1,190.0	310.9	1,242.0
Other social welfare .....	174.0	251.7	416.7	812.0	2,258.9	3,902.1	4,263.6	4,598.0	1,048.3	5,360.5
Vocational rehabilitation <sup>22</sup> .....	21.0	27.1	64.3	143.3	567.4	792.7	814.0	936.7	233.7	980.9
Medical services <sup>23</sup> .....	5.1	5.7	11.2	21.2	107.0	154.0	174.2	172.9	43.6	193.6
Medical research <sup>23</sup> .....	—	.3	6.6	22.4	29.6	—	—	—	—	—
Institutional care <sup>24</sup> .....	20.5	40.3	20.5	34.5	22.5	24.8	20.3	16.7	5.2	18.0
Child nutrition <sup>25</sup> .....	121.2	170.7	306.1	503.7	710.9	1,613.8	2,064.0	2,316.3	442.4	2,758.3
Child welfare <sup>26</sup> .....	4.2	7.1	13.4	36.5	44.7	47.4	49.8	52.5	12.5	56.5
Special OEO and ACTION programs <sup>27</sup> .....	—	—	—	51.7	752.8	766.7	638.3	572.1	148.7	640.5
Social welfare, not elsewhere classified <sup>28</sup> .....	7.1	6.5	12.4	42.3	160.6	656.7	677.2	703.7	205.8	906.3

See footnotes at end of table.

**Table 1.—Social welfare expenditures under public programs, selected fiscal years, 1950–77<sup>1</sup>—Continued**  
[In millions]

Program	1950	1955	1960	1965	1970	1974	1975	1976	July-Sept. 1976 (transition quarter)	1977 <sup>2</sup>
	From State and local Funds <sup>29</sup>									
Total .....	\$12,967.3	\$18,017.1	\$27,336.6	\$39,463.5	\$68,518.5	\$102,205.6	\$122,594.2	\$134,398.2	\$15,961.7	\$143,021.5
Social insurance .....	2,843.6	3,449.9	4,999.4	6,316.2	9,445.6	16,169.1	23,298.1	26,009.9	4,017.7	26,513.9
Public employee retirement <sup>5</sup> .....	310.0	580.0	1,050.0	1,748.0	3,142.0	5,892.5	6,779.7	7,777.1	—	8,769.6
Unemployment insurance and employment service <sup>6</sup> .....	1,861.5	1,759.9	2,356.1	2,302.8	2,783.4	4,939.7	10,406.7	11,334.5	2,179.3	9,509.7
State temporary disability insurance <sup>7</sup> .....	72.1	217.5	347.9	483.5	717.7	915.4	990.0	1,034.5	267.4	1,076.3
Hospital and medical benefits <sup>8</sup> .....	2.2	20.0	40.2	50.9	62.6	70.7	72.9	87.0	23.6	91.1
Workers' compensation <sup>9</sup> .....	600.0	892.5	1,245.4	1,781.8	2,802.5	4,421.5	5,121.7	5,863.8	1,571.0	7,158.3
Hospital and medical benefits <sup>8</sup> .....	187.8	308.1	411.0	568.7	964.3	1,573.9	1,824.8	2,098.7	578.2	2,530.5
Public aid .....	1,393.0	1,498.8	1,984.2	2,689.5	6,839.2	11,132.7	13,501.5	15,458.0	4,604.9	17,282.5
Public assistance <sup>10</sup> .....	1,393.0	1,498.8	1,984.2	2,689.5	6,839.2	10,520.2	12,211.5	13,960.6	3,629.3	15,736.5
Vendor medical payments <sup>11</sup> .....	51.3	188.6	292.9	812.1	2,605.6	4,538.7	5,927.8	6,719.5	1,814.1	7,934.5
Social services <sup>11</sup> .....	—	—	—	—	190.6	592.2	659.8	688.2	113.8	755.6
Supplemental security income <sup>12</sup> .....	—	—	—	—	—	612.5	1,290.0	1,497.4	375.6	1,546.0
Health and medical programs <sup>14</sup> .....	1,460.0	1,952.8	2,726.8	3,465.8	5,131.6	7,808.5	9,240.9	9,152.8	4,832.0	10,074.0
Hospital and medical care .....	839.7	1,230.9	1,869.8	2,377.6	3,268.0	4,457.3	5,210.1	4,954.6	3,570.0	5,240.5
Maternal and child health programs <sup>16</sup> .....	9.7	69.2	106.1	153.9	235.3	258.7	269.0	287.0	75.0	315.0
Medical research .....	—	—	23.0	55.0	150.0	222.0	239.0	251.0	60.0	261.0
School health (educational agencies) <sup>17</sup> .....	30.6	65.9	101.0	142.2	246.6	325.2	350.8	376.2	100.0	406.3
Other public health activities .....	287.0	318.8	343.9	448.1	757.7	1,572.3	1,812.0	1,940.0	597.0	2,161.2
Medical-facilities construction .....	293.0	268.0	283.0	289.0	474.0	973.0	1,360.0	1,344.0	430.0	1,690.0
Veterans' programs .....	479.5	61.6	111.9	20.4	126.5	238.6	449.1	161.9	—	154.7
Education .....	6,517.5	10,672.1	16,758.3	25,638.1	44,969.7	63,492.4	72,204.0	78,697.3	—	84,389.1
Elementary and secondary .....	5,549.1	9,425.1	14,667.1	21,580.0	35,675.5	48,749.2	55,182.3	58,920.4	—	63,689.1
Construction <sup>8, 21</sup> .....	1,014.2	2,091.9	2,591.2	3,190.0	4,623.2	4,956.5	5,725.1	5,896.7	—	6,220.5
Higher .....	866.3	1,112.6	1,897.7	3,609.4	7,752.4	11,777.6	13,520.6	15,169.9	—	16,100.0
Construction <sup>8</sup> .....	304.6	193.4	356.7	757.4	1,100.6	1,172.6	1,238.8	1,292.0	—	1,380.0
Vocational and adult <sup>21</sup> .....	102.1	134.4	193.5	447.7	1,541.8	2,965.6	3,501.1	4,607.0	—	4,600.0
Housing .....	—	14.6	33.2	80.0	119.6	544.9	631.6	464.8	—	412.0
Other social welfare .....	273.7	367.3	722.8	1,253.6	1,886.3	2,819.4	3,269.0	4,453.5	3,107.1	4,195.3
Vocational rehabilitation <sup>22</sup> .....	9.0	15.3	32.1	67.1	136.3	174.8	222.4	253.0	59.1	278.7
Medical services <sup>23</sup> .....	2.3	3.5	6.6	13.0	26.8	31.2	43.5	43.2	10.9	48.4
Institutional care .....	125.0	155.0	400.0	755.0	179.3	260.0	275.8	305.4	—	401.1
Child nutrition <sup>25</sup> .....	39.0	69.0	92.6	113.7	185.1	412.0	453.6	490.0	130.0	510.0
Child welfare <sup>26</sup> .....	100.7	128.0	198.1	317.8	540.7	462.6	547.2	700.1	243.0	753.5
Social welfare, not elsewhere classified <sup>28</sup> .....	—	—	—	—	845.0	1,510.0	1,770.0	2,705.0	2,675.0	2,252.0

<sup>1</sup>Expenditures from Federal, State, and local revenues (general and special) and trust funds and other expenditures under public law; includes capital outlay and administrative expenditures unless otherwise noted. Includes some payments abroad. Fiscal years up to 1976 ended June 30 for Federal Government, most States, and some localities. July-Sept. 1976 transition quarter represents period between end of fiscal year 1976 (June 30) and start of fiscal year 1977 (Oct. 1, 1976).

<sup>2</sup>Preliminary estimates.

<sup>3</sup>Excludes financial interchange between OASDHI and railroad retirement.

<sup>4</sup>Included in total directly above; includes administration.

<sup>5</sup>Excludes refunds of employee contributions; includes noncontributory payments to retired military personnel and survivors. Administrative expenses for Federal noncontributory retirement not available.

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

<sup>7</sup>Cash and medical benefits in 5 areas. Includes private plans where applicable and State costs of administering State plans and supervising private plans. Administrative expenses of all private plans and all data for Hawaii not available.

<sup>8</sup>Included in total directly above; excludes administrative expenses, not available separately but included for entire program in preceding line.

<sup>9</sup>Cash and medical benefits paid under Federal and State laws by private insurance carriers, State funds, and self-insurers. Includes Alaska and Hawaii beginning 1960. Administrative cost of private carriers and self-insurers not available. Starting 1970, Federal expenditures include "black lung" benefit programs administered by Social Security Administration and by Department of Labor.

<sup>10</sup>Represents categorical cash and medical payment programs under the Social

Security Act and (from State and local funds) general assistance. Starting 1969, includes work incentive activities.

<sup>11</sup>Included in total for public assistance above; vendor medical payments include administrative expenses of medical assistance (Medicaid) programs.

<sup>12</sup>Benefits began January 1974; fiscal year 1973 data represent administrative expenses only.

<sup>13</sup>Work relief, other emergency aid, surplus food for the needy, repatriate and refugee assistance, temporary and emergency employment assistance, and work-experience training programs under the Economic Opportunity Act and the Comprehensive Employment and Training Act. See footnote 27.

<sup>14</sup>Excludes State and local expenditures for domiciliary care in institutions other than mental or tuberculosis and services in connection with OASDHI, State temporary disability insurance, workers' compensation, public assistance, vocational rehabilitation, and veterans' and antipoverty programs (included in total expenditures for these programs).

<sup>15</sup>Includes medical care for military dependent families.

<sup>16</sup>Includes services for crippled children.

<sup>17</sup>Starting 1975, data not separable from expenditures under "education" category.

<sup>18</sup>Includes burial awards. Starting 1965, includes special allowances for survivors of veterans who did not qualify under OASDHI. Starting 1974, subsistence payments to disabled veterans undergoing training shifted from veterans' pensions and compensation to veterans' education subgroup. Starting 1973, includes clothing allowances.

<sup>19</sup>Excludes the Servicemen's Group Life Insurance program.

<sup>20</sup>Federal expenditures for administrative costs (Office of Education) and research included in total only.

<sup>21</sup>Construction for vocational and adult education included with elementary-secondary school construction.

and aggregate expenditures should be spread fairly evenly throughout the fiscal year, whether it ended in June or September. The analysis in this report is performed primarily on data changes between fiscal years 1976 and 1977.

Preliminary estimates show that \$362.3 billion was spent in fiscal year 1977 under public programs for social welfare purposes—an amount equal to about 60 percent of all government spending during that period. This outlay represents an increase of \$30.4 billion or 9 percent more than the figure for fiscal year 1976. The increase falls well below the average annual increase of 14 percent for the period 1967-76. The growth in social welfare expenditures in 1977 continued for a second year the downward turn in the size of single-year increases, which peaked in 1975.

When the data were adjusted for price changes, the 1977 social welfare expenditures were only \$7.7 billion higher than they were in 1976. In constant dollars, per capita real expenditures for social welfare purposes rose by 1 percent in 1977, compared with a real increase of 7 percent the year before.

In 1977 both the inflation rate and the unemployment rate were lower than in 1975. The drop in the unemployment rate during fiscal year 1977 resulted in a decrease of 21 percent in expenditures under the unemployment insurance (including railroad) and employment service programs. Expenditures for social programs providing benefits for the needy also reflected changing conditions in the economy. Spending for public aid—which includes the public assistance, supplemental security income, food stamp, emergency employment, and manpower training programs—rose only 9 percent, compared with an 18-percent increase in 1976.

Expenditures under the old-age, survivors, disability, and health insurance (OASDHI) program rose nearly 17 percent to a total of \$105.4 billion in 1977. Medicare expenditures, which accounted for one-fifth of the total OASDHI outlay in 1977, rose to \$21.5 billion. This figure represents a 21-percent increase over the total for 1976. Workers' compensation expenditures showed an increase of nearly 18 percent—much of it attributable to the increase in hospital and medical benefits for work injuries. Public employee retirement program expenditures increased 13.5 percent, compared with a 16.5-percent rise a year earlier.

Social welfare expenditures as a proportion of the gross national product (GNP) showed a slight decline in 1977. This reduction may be attributed, in part, to rapid growth in the GNP during 1976 and 1977. The trend in social welfare expenditures in relation to real GNP needs to be further analyzed. That analysis is in process.

The Federal Government continues to provide a greater proportion of the funds for social welfare programs than do the State and local governments. This trend, which began with the advent of the Medicare and Medicaid programs in the mid-1960's, gradually led to a 60:40 ratio in favor of Federal expenditures in 1977. In 1965 the ratio was 51:49, in favor of State and local expenditures.

## Definitions and Concepts

Public social welfare expenditures are defined in this series as cash and medical benefits, services, and administrative costs for all programs operating under public law that are of direct benefit to individuals and families. Included are programs providing income maintenance and health benefits through social insurance and public aid, and those providing public support of health, education, housing, and other welfare services.

General revenue sharing,<sup>1</sup> enacted in 1972, presents special problems of analysis for the social welfare expenditure series. Unlike most other Federal grants programs, the very specificity of which lends ease to classification for social welfare purposes, general revenue sharing receipts may be spent by the States and localities for almost any legal purpose without matching and with a minimum of restrictions and may be held by the recipients for up to 24 months before being spent or even obligated.

No attempt has been made, therefore, to include revenue sharing funds, per se, in the Federal component of social welfare expenditures. These funds show up, as they are spent, in the gross expenditures of the States and

<sup>1</sup>General revenue sharing, which has been allocating more than \$6 billion a year in Federal funds to the States and localities, was established under Public Law 92-512, enacted in October 1972. Public Law 94-488, enacted October 1976, extended this Federal fiscal aid for 3¾ years, through the Federal fiscal year ending September 30, 1980, and removed one of the major restrictions—the prohibition against use of revenue sharing funds for local school operating costs.

### Footnotes continued from table 1

<sup>22</sup>Starting 1974, excludes administrative expenses.

<sup>23</sup>Medical services and research included in total.

<sup>24</sup>Federal expenditures represent primarily surplus food for institutions.

<sup>25</sup>Surplus food for schools and programs under National School Lunch and Child Nutrition Acts. State and local funds represent direct appropriations.

<sup>26</sup>Represents primarily child welfare services under the Social Security Act. Starting 1969, excludes administrative expenses.

<sup>27</sup>Includes domestic programs consolidated in fiscal year 1972 under ACTION (former VISTA and other domestic volunteer programs) and special OEO programs such as community action and migrant workers consolidated in fiscal year 1974 under Community Services Administration. Other OEO programs listed in appropriate subsection under public aid and education.

<sup>28</sup>Federal expenditures include administrative and related expenses of the Secre-

tary of Health, Education, and Welfare and of the Social and Rehabilitation Service; Indian welfare and guidance; aging and juvenile delinquency activities; and certain manpower and human development activities. State and local expenditures include amounts for antipoverty and manpower programs, day care, child placement and adoption services, foster care, legal assistance, care of transients, and other unspecified welfare services; before 1970, these amounts included with institutional care.

<sup>29</sup>Except as otherwise noted (see footnotes 7 and 9).

Source: Data taken or estimated from Treasury reports, **Federal Budgets**, Census of Governments, and reports of Federal and State administrative agencies. For detailed description of programs and for single-year historical data, see **Social Welfare Expenditures Under Public Programs in the United States, 1929-66** (Research Report No. 25).

localities for specific social welfare purposes. The effect is to understate the Federal share and overstate the State-local share, with little or no effect on the aggregate of social welfare spending by all levels of government.

Revenue sharing "actual use" reports show that of the \$23.7 billion spent in the first 4 fiscal years of the program (1973-76), \$7.7 billion went for identifiable social welfare purposes, an average of about 32 percent of all revenue sharing expenditures. Data for 1977 have not yet become available.

Some of the economic indicators used to measure the impact of social welfare expenditures were revised for the article containing 1976 data. The historical data on the GNP, implicit price deflators for personal consumption expenditures, and State and local receipts (grants) and expenditures developed for the national income accounts were revised back to 1929 by the Bureau of Economic Analysis of the Department of Commerce. Accordingly, such changes were incorporated in the article containing 1976 data wherever necessary and have been carried through in this one.

Other revisions beginning with the last article include some classification changes in the data pertaining to veterans' programs. The line item "pension and compensation" now includes clothing allowances with data back to 1973. The education item has been revised to include, beginning with 1975 data, expenditures for construction of health manpower training facilities to parallel the treatment in the general education category.

## Expenditures in Fiscal Year 1977

As the following tabulation shows, the overall 9.2-percent increase in social welfare expenditures from

Program	Percentage increase		
	1975	1976	1977
All social welfare .....	21.2	14.4	9.2
Social insurance (including Medicare) .....	24.3	18.4	10.7
Public aid (including Medicaid) .....	29.1	17.9	9.3
Health and medical programs .....	19.0	8.0	9.5
Veterans' programs .....	20.6	11.4	.3
Education .....	14.6	8.5	7.9
Other social welfare .....	12.1	20.2	5.6
All health and medical care .....	23.4	14.3	15.9

1976 to 1977 was made up of growth rates among the categories that ranged from 0.3 percent for veterans' programs to 10.7 percent for social insurance. The largest increases among the social insurance programs were registered by those that provide not only cash payments but also hospital and medical benefits such as those for Medicare under OASDHI and similar benefits under workers' compensation. The unemployment insurance (including railroad) and employment service programs experienced a substantial decrease in expenditures, however, drop-

ping from \$19.7 billion in 1976 to \$15.6 billion in 1977, as table 1 indicates.

Health and medical programs showed the second largest percentage increase in expenditures—9.5 percent. Nearly half the \$21.0 billion expended in this category was for hospital and medical care under civilian and Department of Defense programs. These programs showed an overall increase of 6.1 percent from 1976 to 1977, compared with 1.8 percent from 1975 to 1976. Other public health activities, which represented about one-fifth of the \$21.0 billion expenditure, increased by 13.4 percent—one percentage point higher than the growth a year earlier. Although medical facilities construction accounted for only 12.0 percent of total health and medical program expenditures in 1977, spending for this purpose was 25.0 percent above the 1976 level.

Health expenditures continued to rise at a faster pace than social welfare expenditures as a whole. When expenditures for health and medical programs are combined with expenditures for medical services provided in connection with social insurance, public aid, and the veterans', vocational rehabilitation, and antipoverty programs, the increase for all health and medical care from 1976 to 1977 rose to 15.9 percent, compared with 14.3 percent from 1975 to 1976.

Public aid expenditures increased by 9 percent from 1976 to 1977, compared with 18 percent in the earlier period. Most of the increase stemmed from a rise in public assistance expenditures, more than half of which was for vendor medical payments under Medicaid. As with health benefits under other programs, expenditures under the Medicaid program increased at a faster pace from 1976 to 1977 than did cash public assistance payments—17 percent, compared with 7 percent. Expenditures under the supplemental security income program increased by roughly \$300 million, or 4 percent—down from 7 percent a year earlier. The food stamp program experienced a decline in expenditures, dropping from \$5.7 billion in 1976 to \$5.4 billion in 1977.

Public expenditures for education at all levels totaled \$94.6 billion in fiscal year 1977—up \$6.9 billion or 8 percent from 1976. Outlays for elementary and secondary schools accounted for slightly more than three-fourths (\$5.3 billion) of the increase, despite a decrease in enrollment at both the elementary and secondary levels. Higher education expenditures were also up 8 percent, but this rate of increase is considerably lower than the 14-percent rise experienced a year earlier.

Total expenditures under veterans' programs showed a slight increase from 1976 to 1977, rising from about \$18.9 billion to \$19.0 billion. The overall rise of only about \$574,000 reflects a combination of a substantial decrease—27 percent—in educational benefits for veterans and their dependents and survivors and a 10-percent increase in pensions and compensation. Expenditures for veterans' pensions and compensation and for education represented 48 percent and 21 percent, respectively, of the total.

**Table 2.—Total and per capita social welfare expenditures under public programs in the United States, in actual and 1977 prices, selected fiscal years, 1950–77**

Fiscal year	Total social welfare expenditures <sup>1</sup> (in millions)	Total <sup>2</sup>	Social insurance	Public aid	Health and medical programs	Veterans' programs	Education	Other social welfare	All health and medical care <sup>3</sup>
	Current prices	Per capita <sup>4</sup> social welfare expenditures in current prices							
1950	\$23,420.8	\$152.56	\$32.19	\$16.26	\$13.44	\$44.18	\$43.47	\$2.97	\$19.97
1955	32,511.8	194.66	58.71	17.98	18.58	28.46	66.68	3.71	26.47
1960	52,106.3	285.42	105.35	22.46	24.45	29.52	96.43	6.24	35.03
1965	76,928.6	391.15	142.29	31.95	31.76	30.30	142.73	10.50	48.48
1970	145,483.9	701.27	262.47	79.48	47.75	43.27	244.94	19.98	121.65
1974	238,666.9	1,111.19	458.48	146.75	69.62	65.07	328.09	31.29	193.27
1975	289,348.5	1,335.95	565.49	187.94	82.13	77.89	373.07	34.78	234.94
1976	331,129.9	1,518.70	665.13	220.09	88.09	86.23	402.18	41.52	266.77
1977	361,484.2	1,646.07	731.29	238.74	95.75	85.86	430.80	43.51	307.01
	Constant (1977) prices	Per capita social welfare expenditures in constant prices <sup>5</sup>							
1950	\$58,406.0	\$380.45	\$80.27	\$40.55	\$33.52	\$110.17	\$108.40	\$7.28	\$49.80
1955	70,831.8	424.10	127.91	39.17	40.48	62.00	145.27	8.08	57.67
1960	101,770.1	557.46	205.76	43.87	47.75	57.66	188.34	12.19	68.42
1965	139,870.2	711.18	258.71	58.09	57.75	55.09	259.51	19.09	88.15
1970	222,793.1	401.94	121.72	73.12	66.26	375.10	30.60	186.29	
1974	299,456.6	1,394.22	575.26	184.13	87.35	81.64	411.66	39.26	242.50
1975	328,431.9	1,516.40	641.87	213.33	93.22	88.41	423.46	39.48	266.67
1976	353,761.6	1,622.54	710.61	235.14	94.11	92.13	429.68	44.36	285.01
1977	361,484.2	1,646.07	731.29	238.74	95.75	85.86	430.80	43.51	307.01
Percentage change for 1977 expenditures (current prices) from—									
1950	+1,443	+979	+2,172	+1,368	+612	+94	+891	+1,390	+1,437
1955	+1,012	+746	+1,146	+1,228	+415	+202	+546	+1,073	+1,060
1965	+370	+321	+414	+647	+201	+183	+202	+314	+533
1970	+148	+135	+179	+200	+101	+98	+76	+118	+152
1974	+51	+48	+60	+63	+38	+32	+31	+39	+59
1975	+25	+23	+29	+27	+17	+10	+15	+25	+31
1976	+9	+8	+10	+8	+9	0	+7	+5	+15
Percentage change for 1977 expenditures (constant prices) from—									
1950	+519	+333	+811	+489	+186	-22	+297	+498	+516
1955	+410	+288	+472	+509	+137	+38	+197	+438	+432
1965	+158	+131	+183	+311	+66	+56	+66	+128	+248
1970	+62	+53	+82	+96	+31	+30	+15	+42	+65
1974	+21	+18	+27	+30	+10	+5	+5	+11	+27
1975	+10	+9	+14	+12	+3	-3	+2	+10	+15
1976	+2	+1	+3	+2	+2	-7	0	-2	+8

<sup>1</sup>Excludes expenditures within foreign countries for education, veterans' payments, and OASDHI and civil-service retirement benefits; see table 1 for data including these expenditures.

<sup>2</sup>Includes housing, not shown separately.

<sup>3</sup>Combines "health and medical programs" with medical services provided in connection with social insurance, public aid, veterans', vocational rehabilitation, and antipoverty programs.

<sup>4</sup>Based on January 1 Bureau of the Census data for total U.S. population, including Armed Forces and Federal civilian employees and their dependents overseas and the civilian population of Territories and possessions.

<sup>5</sup>Prices based on implicit price deflators for personal consumption expenditures prepared for the national income accounts by the Bureau of Economic Analysis, Department of Commerce (1977=100): 1950, 40.1; 1955, 45.9; 1960, 51.2; 1965, 55.0; 1970, 65.3; 1974, 79.7; 1975, 88.1; 1976, 93.6.

Expenditures under the "other social welfare" category rose to \$9.6 billion in 1977. Outlays for child nutrition, a major component of this category, rose to \$3.3 billion and accounted for about one-third of the total. This amount represents a 17-percent increase over the 1976 figure.

## Measures of Growth

Several factors have contributed to the increase in the aggregate expenditures for social welfare under public

programs. Inflation continues to be a major factor in the cost of providing benefits under these programs; increases in the population have had less effect. The 9-percent increase from 1976 to 1977 is reduced to 1 percent after adjustments are made for population growth and price changes, as measured by the implicit price deflators for personal consumption expenditures in the national income accounts (table 2).

Table 2 also shows that not all the social welfare categories contributed to the 1-percent per capita "real" increase from 1976 to 1977. Expenditures for veterans' programs

**Table 3.—Social welfare expenditures under public programs as percent of gross national product, selected fiscal years, 1950–77**

Fiscal year	Gross national product (in billions)	Social welfare expenditures as percent of gross national product									Total health and medical expenditures as percent of GNP <sup>2</sup>
		Total <sup>1</sup>			Social insurance	Public aid	Health and medical programs	Veterans' programs	Education	Other social welfare	
		Total	Federal	State-local							
1950	\$264.8	8.9	4.0	4.9	1.9	0.9	0.8	2.6	2.5	0.2	1.2
1955	379.7	8.6	3.9	4.7	2.6	.8	.8	1.3	2.9	.2	1.2
1960	498.3	10.5	5.0	5.5	3.9	.8	.9	1.1	3.5	.2	1.3
1965	658.0	11.7	5.7	6.0	4.3	1.0	.9	.9	4.3	.3	1.4
1970	960.2	15.2	8.1	7.1	5.7	1.7	1.0	.9	5.3	.4	2.6
1974	1,361.2	17.6	10.1	7.5	7.3	2.3	1.1	1.0	5.2	.5	3.0
1975	1,452.3	19.9	11.5	8.4	8.5	2.8	1.2	1.2	5.6	.5	3.5
1976	1,625.4	20.4	12.1	8.3	9.0	3.0	1.2	1.2	5.4	.6	3.6
1977 <sup>3</sup>	1,838.0	19.7	11.9	7.8	8.8	2.9	1.1	1.0	5.1	.5	3.7

<sup>1</sup>Includes housing, not shown separately.

<sup>2</sup>Combines "health and medical programs" with medical services provided in connection with social insurance, public aid, veterans', vocational rehabilitation, and anti-

poverty programs.

<sup>3</sup>Preliminary estimates.

and programs in the "other social welfare" category showed decreases of 7 percent and 2 percent, respectively, from their 1976 levels, after allowance for population changes and inflation. Per capita expenditures for social insurance in constant dollars showed the largest increase—3 percent. When medical benefits are excluded, however, this increase is reduced to 1 percent. Expenditures for public aid and for health and medical programs each registered increases of 2 percent, while education expenditures remained at about the same level as in 1976. When per capita expenditures for health and medical programs are added to those for health and medical care under the other categories, the overall increase for health outlays rises to 8 percent.

In fiscal year 1977, government at all levels expended \$1,646 per person for social welfare purposes, compared with \$153 per person in fiscal year 1950—a 979-percent increase. In terms of constant dollars, however, the increase for this 27-year period is 333 percent.

For the first time in more than two decades, social welfare expenditures as a percentage of the GNP showed a slight decline. As table 3 shows, the proportion dropped from 20.4 percent in fiscal year 1976 to 19.7 percent in 1977. This reduction is partly the result of a lower rate of growth in expenditures in 1977 in all but two of the major social welfare categories—health and medical programs and housing. Also contributing to the decline was the fact that the GNP rose at a faster rate in 1977 than in 1976.

Outlays for programs such as unemployment insurance and food stamps, which expanded in the mid-1970's because of the growth in the number of eligible persons, began leveling off in 1976. In 1974, for example, expenditures for unemployment insurance (including railroad) and employment service totaled \$6.7 billion; in 1975, they more than doubled, reaching \$13.9 billion. This large increase resulted from a higher unemployment rate—8.5 percent in 1975, compared with 5.6 percent in

1974—and the enactment of legislation designed to provide greater financial assistance to the unemployed.<sup>2</sup> From 1975 to 1976, expenditures for unemployment insurance and employment service rose by 42 percent, reflecting a lower unemployment rate. One year later, these expenditures dropped to \$15.6 billion, a 21-percent decline from 1976 that can be traced partly to continued improvement in the unemployment rate, which fell to 7.0 percent in 1977.

Expenditures under the food stamp program showed a similar pattern of expansion and decline. In 1975, outlays for food stamps amounted to \$4.7 billion, a 65-percent increase over the figure for the preceding year; in 1976, they rose to \$5.7 billion, a 21-percent increase; and in 1977, they dropped to \$5.4 billion, a 4-percent decline.

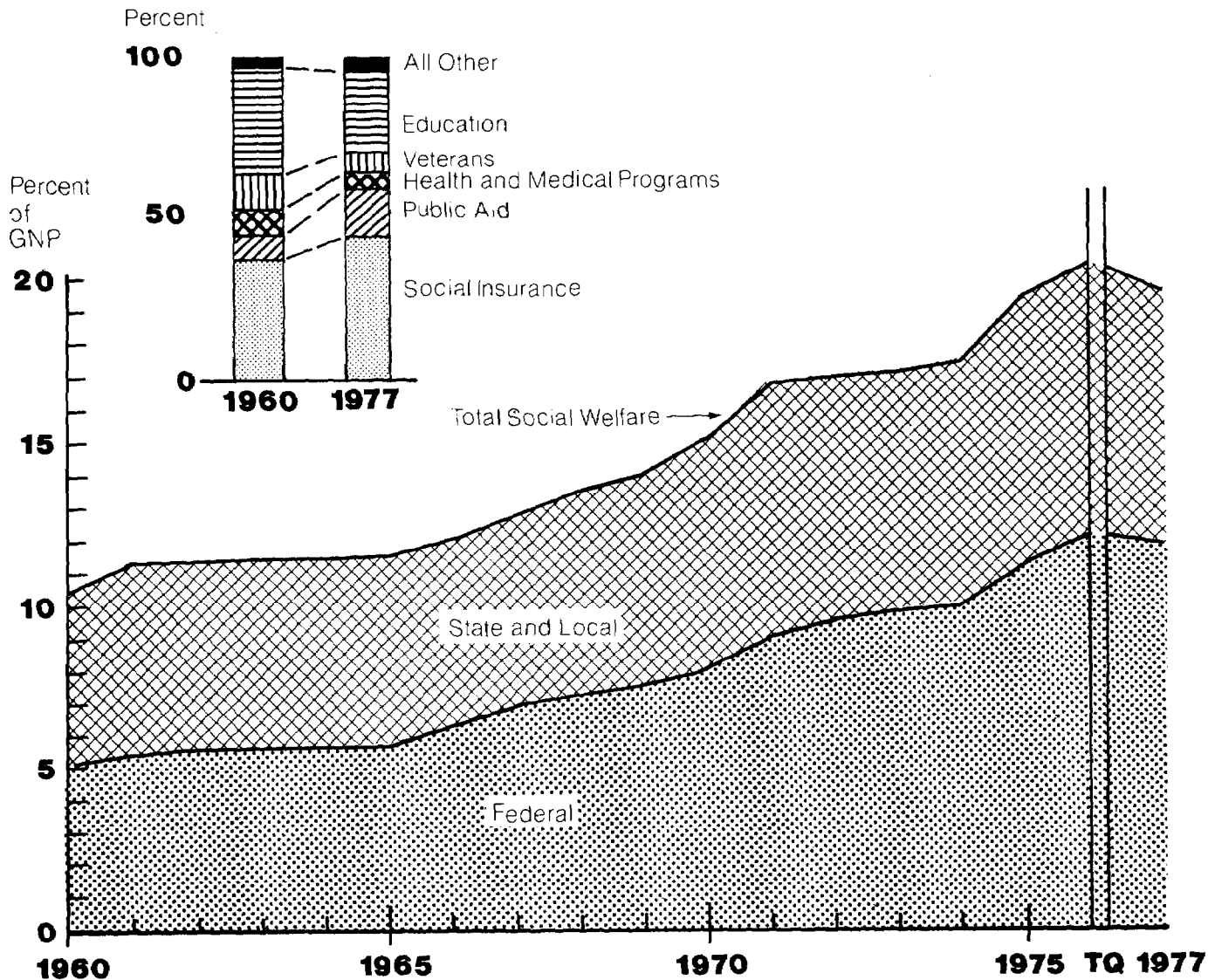
Two other areas of social welfare also experienced declines in expenditures from 1976 to 1977—education under veterans' programs and "social welfare, not elsewhere classified." In 1977, expenditures for education under veterans' programs totaled \$3.9 billion, down 27 percent from the 1976 level. This decrease was due, in part, to a 31-percent decline in the number of veterans and active-duty personnel receiving educational benefits under the Post-Korean GI Bill. The decline in "social welfare, not elsewhere classified" is related to a reduction in State and local expenditures for "other public welfare."

Chart 1 depicts the relationship between outlays for social welfare under public programs and the GNP for the period 1960-77. In 1960, social welfare expenditures amounted to 10.5 percent of the GNP. This ratio remained fairly steady through 1965, rising only 1.2 percentage points. By 1970, outlays for social welfare had risen to 15.2 percent of the GNP, reflecting a rate of

<sup>2</sup>Public Law 93-572 (the Emergency Unemployment Compensation Act of 1974) and Public Law 93-567 (the Emergency Jobs and Unemployment Assistance Act of 1974).



**Chart 1.**—Social welfare expenditures under public programs as a percent of the gross national product, fiscal years 1950-77



growth nearly three times greater than that for the period 1960-65. The proportion of the GNP devoted to social welfare purposes in 1971 rose to 16.9 percent, an increase of nearly two percentage points over 1970. This growth rate reflects a decline in the rate of growth in the GNP that began in 1970. When that rate declined, the rate of growth in social welfare expenditures as a proportion of the GNP increased. By contrast, during the next 3 years (1972-74), when the rate of growth in the GNP experienced an upswing, the proportion increased only 7/10 of one percentage point. This relationship was demonstrated again in 1975, when the rate of growth in the GNP declined and the rate of growth in social welfare expenditures as a proportion of the GNP rose more than two percentage points. For the last 2 years, 1976 and 1977, the percent of GNP devoted to social welfare purposes again

leveled off and the rate of growth in the GNP rose.

Federal Government funding of social welfare programs continued to grow slightly in fiscal year 1977, reaching \$219.3 billion and accounting for 60.5 percent of total expenditures (table 4). The remaining 39.5 percent came from State and local sources. All but two of the social welfare categories (public aid and health and medical programs) showed increased Federal participation in 1977, although in some instances the rise was only slight.

Table 5 shows that in 1960 total government spending for social welfare purposes accounted for 38.4 percent of all public expenditures; 10 years later, the proportion was slightly less than half—48.2 percent. By 1977 the ratio had risen to 59.7 percent—a slight reduction from the high of 60.2 percent reached in 1976. The downward turn, however, reflected only the spending at the Federal level,

**Table 4.—Social welfare expenditures under public programs: Federal funds as percent of total, selected fiscal years, 1950–77**

Program	1950	1955	1960	1965	1970	1974	1975	1976	1977 <sup>1</sup>
All social welfare .....	44.8	44.8	47.7	48.9	53.0	57.3	58.4	59.5	60.5
Social insurance .....	42.5	64.9	74.1	77.5	82.7	83.7	81.1	82.1	83.6
Public aid .....	44.2	50.1	51.6	57.2	58.5	64.7	66.8	67.8	67.0
Health and medical programs .....	29.2	37.1	38.9	44.5	48.2	47.8	49.0	52.3	52.1
Veterans' programs .....	93.0	98.7	98.0	99.7	98.6	98.3	97.4	99.1	99.2
Education .....	2.3	4.3	4.9	8.8	11.6	9.9	11.0	10.3	10.8
Housing .....	100.0	83.7	81.2	74.9	82.9	78.7	78.7	86.2	90.7
Other social welfare .....	38.9	40.7	36.6	39.3	54.5	58.1	56.6	50.8	56.1
All health and medical care <sup>2</sup> .....	44.4	44.1	45.6	48.5	65.4	66.2	67.1	69.5	69.9

<sup>1</sup>Preliminary estimates.<sup>2</sup>Combines "health and medical programs" with medical services provided in

connection with social insurance, public aid, and veterans' vocational rehabilitation, and antipoverty programs.

**Table 5.—Social welfare expenditures from public funds<sup>1</sup> in relation to government expenditures for all purposes, by type of fund, selected fiscal years, 1950–77**

Item	1950	1955	1960	1965	1970	1974	1975	1976	1977 <sup>2</sup>
All social welfare expenditures from public funds:									
Total, as percent of all government expenditures .....	37.4	32.7	38.4	42.2	48.2	56.5	57.9	60.2	59.7
Federal, as percent of all Federal Government expenditures .....	26.2	22.3	28.1	32.6	40.1	52.3	54.0	57.1	56.4
State and local, as percent of all State and local government expenditures <sup>3</sup> .....	59.2	55.3	60.1	60.4	64.0	64.1	65.0	66.0	66.3
Social welfare trust-fund expenditures:									
Total, as percent of all government expenditures .....	6.8	9.1	13.2	14.3	17.0	21.7	22.9	23.6	24.3
Federal, as percent of all Federal Government expenditures .....	4.5	9.1	15.2	17.7	22.0	29.1	29.2	30.2	31.2
State and local, as percent of all State and local government expenditures <sup>3</sup> .....	11.2	8.9	9.1	7.8	7.1	8.5	11.4	11.4	10.6
Social welfare non-trust-fund expenditures:									
Total, as percent of total non-trust-fund expenditures .....	34.8	26.2	29.9	33.4	38.3	45.9	46.5	49.2	48.1
Federal, as percent of Federal Government non-trust-fund expenditures:									
All programs .....	24.7	14.7	15.9	18.9	23.9	34.6	36.6	40.3	38.4
Public aid .....	3.1	2.6	2.9	4.0	6.6	11.6	13.0	14.1	13.8
State and local, as percent of State and local government non-trust-fund expenditures: <sup>3</sup>									
All programs .....	54.1	50.9	56.2	57.1	61.2	60.8	60.5	61.6	62.3
Education .....	35.5	38.9	44.1	46.0	49.1	47.6	46.5	47.8	48.5
Public aid .....	7.7	5.6	5.2	4.8	7.4	8.3	9.1	9.4	9.9

<sup>1</sup>Excluding that part of workers' compensation and temporary disability insurance payments made through private carriers and self-insurers.<sup>2</sup>Preliminary estimates.<sup>3</sup>From own sources, excluding Federal grants.

where the proportion of funds devoted to social welfare dropped from 57.1 percent in 1976 to 56.4 percent in 1977. The proportion of total State and local government spending that went for social welfare purposes showed a slight increase, rising from 66.0 percent in 1976 to 66.3 percent in 1977.

In fiscal year 1977, 41 percent of all expenditures for social welfare purposes were disbursed from trust funds accumulated through earmarked taxes or contributions from insured persons, their employers, or both. This ratio has been increasing slowly but steadily for many years. In 1960, it stood at 34 percent. At the Federal level, trust fund expenditures for social welfare purposes represented about one-third (31 percent) of all Federal Government expenditures. Outlays from State and local trust funds, which play a less significant role in government

finances than do similar expenditures at the Federal level, accounted for about one-tenth (11 percent) of all State and local government expenditures.

Non-trust-fund expenditures are sometimes termed "discretionary" expenditures because they do not generally involve the type of fixed obligation to payees contained in trust-funded programs. The proportion of such expenditures devoted to social welfare rose from 30 percent in 1960 to 49 percent in 1976 and dropped to 48 percent in 1977. The decrease is attributable to the Federal Government, which accounted for 40 percent of the total in 1976 and 38 percent in 1977. On the other hand, non-trust-fund expenditures for social welfare at the State and local level accounted for 62 percent of all State and local non-trust-fund expenditures in 1977, about one percentage point higher than the 1976 ratio.