
Notes and Brief Reports

Social Welfare Expenditures, Fiscal Year 1980*

Preliminary figures for fiscal year 1980 show that \$493.4 billion was spent for social welfare under public programs, an increase of \$62.7 billion over 1979.¹ Measured in constant dollars, the rate of growth in social welfare expenditures had declined each year from 1975 to 1979, but in 1980 this trend was reversed. Expenditures went up 3.9 percent from the previous year, in contrast to a 0.1-percent increase from 1978 to 1979.

Public welfare spending also increased as a percentage of the Nation's output of goods and services as measured by the gross national product (GNP). This increase—from 17.8 percent of GNP in 1979 to 18.7 percent in 1980—reversed a 3-year decline begun in 1977.

Continuing a 10-year trend, the Federal Government was again the major source of funds for public social welfare spending in 1980. It provided 62 percent of the total amount spent, the same percentage as in 1979.

Expenditures in Fiscal Year 1980

The sluggish national economy was principally responsible for the increase in social welfare spending in 1980. The current-dollar GNP grew at a slower rate between 1979 and 1980 than at any time since 1975. This slowdown was accompanied by high rates of both inflation (10 percent) and unemployment (7 percent), each of which directly affects the amount of money spent on social welfare programs.

In fiscal year 1980, \$229.6 billion was spent on "social insurance" programs, 18.2 percent more than in the previous year and the largest increase in this category since 1975-76. Social insurance programs accounted for about 47 percent of social welfare spending in 1980 but

for 56 percent of the increase in spending since 1979 (table 1). Social insurance programs are those to which the worker, the employer, or both make contributions toward the benefits paid. As a result, the worker is insured against certain common economic risks, such as physical injury, unemployment, or retirement.

The largest of the social insurance programs is Old-Age, Survivors, Disability, and Health Insurance (OASDHI), commonly known as Social Security, which accounted for 66 percent of all social insurance spending. OASDHI expenditures increased \$20.4 billion, or 15.5 percent, from 1979 to 1980, the largest increase since 1976-77, but still below the rate of increase for all social insurance programs. Part of the reason for the OASDHI increase was a 14.3-percent cost-of-living increase in benefits that went into effect in June 1980 to compensate beneficiaries for the high rate of inflation between the first quarter of 1979 and the first quarter of 1980. Also contributing to the benefit increase was the continued tendency for medical cost increases to exceed those in the general price level. Public employee retirement programs, which are also cost-indexed, rose 16.4 percent over the same period.

Unemployment insurance (UI) expenditures rose to \$18.3 billion in 1980, their highest level ever. This figure represents a 62.0-percent rise over 1979 expenditures, the largest relative increase among all social insurance programs. The large jump is due partly to a rise in the unemployment rate from 5.8 percent in 1979 to 7.1 percent in 1980. Also, because UI benefits in most States are adjusted on the basis of average or prevailing wages in the State, the 9-percent increase in the national wage level over the year also contributed to the rise in unemployment benefits.

"Public aid," or needs-tested programs, increased 13.2 percent from 1979 to 1980. Nearly half of the \$8.4 billion increase in public aid was in vendor medical payments, chiefly under Medicaid, reflecting the 11-percent rise in the cost of providing medical care between 1979 and 1980. Food stamp expenditures went up over 30 percent and Supplemental Security Income payments increased 9 percent over their 1979 levels.

Public expenditures for the "education" category went up 10 percent in 1980. This reflected a rise of \$10.4 billion, or 10.7 percent, in State and local spending, and an increase of \$0.9 billion, or 7.4 percent, in Federal expenditures for that purpose.

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¹ Public social welfare expenditures are defined in this series as the cash benefits, services, and administrative costs of all programs operating under public law that are of direct benefit to individuals or families. The programs included are those for income maintenance through social insurance programs and public assistance, and the public provision of health, education, housing, and other welfare services.

Table 1.—Social welfare expenditures under public programs, selected fiscal years, 1950–80¹

[In millions]

Program	1950	1955	1960	1965	1970	1975	1977	1978	1979	1980 ²
	Total expenditures									
Total	\$23,508.4	\$32,640.0	\$52,293.3	\$77,175.3	\$145,855.7	\$290,080.4	\$360,602.0	\$394,631.7	\$430,684.5	\$493,354.5
Social insurance	4,946.6	9,834.9	19,306.7	28,122.8	54,691.2	123,013.1	160,883.3	174,950.9	194,176.4	229,552.3
Old-Age, Survivors, Disability, and Health Insurance (OASDHI) ³	784.1	4,436.3	11,032.3	16,997.5	36,835.4	78,429.9	105,410.1	117,431.9	131,719.4	152,110.4
Health Insurance (Medi- care) ⁴					7,149.2	14,781.4	21,548.8	25,189.2	29,123.6	34,991.5
Railroad Retirement ³	306.4	556.0	934.7	1,128.1	1,609.9	3,085.1	3,818.6	4,019.8	4,310.6	4,768.7
Public employee retirement ⁵ ..	817.9	1,388.5	2,569.9	4,528.5	8,658.7	20,118.6	26,495.9	29,935.8	33,929.8	39,490.2
Unemployment insurance and employment services ⁶	2,190.1	2,080.6	2,829.6	3,002.6	3,819.5	13,835.9	15,448.8	12,598.4	11,313.1	18,326.4
Railroad unemployment insurance	119.6	158.7	215.2	76.7	38.5	41.6	107.3	134.0	86.9	155.4
Railroad temporary disability insurance	31.1	54.2	68.5	46.5	61.1	32.9	81.8	73.4	65.6	68.7
State temporary disability insurance ⁷	72.1	217.5	347.9	483.5	717.7	990.0	1,042.2	1,124.6	1,232.2	1,379.1
Hospital and medical benefits ⁸	2.2	20.0	40.2	50.9	62.6	72.9	75.7	77.6	75.9	49.6
Workers' compensation ⁹	625.1	943.0	1,308.5	1,859.4	2,950.4	6,479.1	8,478.6	9,633.0	11,518.8	13,253.4
Hospital and medical benefits ⁸	193.0	315.0	420.0	580.0	985.0	2,470.0	2,530.0	2,820.0	3,215.0	3,665.0
Public aid	2,496.2	3,003.0	4,101.1	6,283.4	16,487.8	41,308.3	53,266.5	59,394.3	63,955.1	72,385.1
Public assistance ¹⁰	2,490.2	2,941.1	4,041.7	5,874.9	14,433.5	27,360.4	35,086.0	37,208.3	40,008.6	45,474.0
Vendor medical payments ¹¹ ..	51.3	211.9	492.7	1,367.1	5,212.8	13,501.6	18,206.6	20,395.9	23,431.0	27,394.2
Social services ¹¹					712.6	2,622.4	3,216.8	2,840.1	2,725.9	2,342.8
Supplemental Security Income ¹²						6,091.6	6,818.9	7,193.7	7,532.3	8,226.5
Food stamps				35.6	577.0	4,693.9	5,472.0	5,139.5	6,478.1	9,083.3
Other ¹³	6.0	61.9	59.4	373.0	1,477.3	3,162.4	5,889.6	9,852.8	9,936.1	9,601.3
Health and medical programs ¹⁴ ..	2,063.5	3,103.1	4,463.8	6,246.4	9,906.8	17,787.6	20,129.1	23,237.1	25,387.9	28,118.8
Hospital and medical care	1,222.3	2,042.4	2,853.3	3,452.3	5,313.4	9,219.6	9,049.1	10,542.1	11,314.9	12,202.8
Civilian programs	886.1	1,297.6	1,973.2	2,515.5	3,553.8	6,405.6	6,022.1	7,209.1	7,622.9	8,142.8
Defense Department ¹⁵	336.2	744.8	880.1	936.8	1,759.6	2,814.0	3,027.0	3,333.0	3,692.0	4,060.0
Maternal and child health programs ¹⁶	29.8	92.9	141.3	227.3	431.4	567.0	674.0	713.0	760.0	798.0
Medical research	69.2	132.8	448.9	1,165.2	1,635.4	2,928.0	3,728.0	4,368.0	4,647.0	5,218.0
School health (education agencies)	30.6	65.9	101.0	142.2	246.6	350.0	414.0	485.0	520.0	569.0
Other public health activities ..	350.8	383.7	401.2	671.0	1,348.0	2,919.0	4,165.0	5,067.0	6,025.0	6,848.0
Medical facilities construction ..	360.8	385.4	518.1	588.3	932.1	1,804.0	2,099.0	2,062.0	2,121.0	2,483.0
Defense Department	1.1	33.0	40.0	31.1	52.5	94.0	300.9	226.7	215.2	31.0
Veterans' programs	6,865.7	4,833.5	5,479.2	6,031.0	9,078.0	17,018.9	19,015.3	19,744.0	20,601.6	21,465.5
Pensions and compensation ¹⁷ ..	2,092.1	2,869.7	3,402.7	4,141.4	5,393.8	7,578.5	9,081.9	9,676.5	10,578.2	11,306.0
Health and medical programs ..	748.0	761.1	954.0	1,228.7	1,784.0	3,516.8	4,670.6	5,237.5	5,700.9	6,203.9
Hospital and medical care	582.8	721.5	879.4	1,114.8	1,651.4	3,287.1	4,321.2	4,855.6	5,307.9	5,749.9
Hospital construction	161.5	34.1	59.6	77.0	70.9	136.7	245.4	269.9	276.0	323.0
Medical and prosthetic research	3.7	5.6	15.1	36.9	61.8	93.0	104.0	112.0	117.0	131.0
Education	2,691.6	706.1	409.6	40.9	1,018.5	4,433.8	3,925.5	3,405.6	2,794.1	2,400.7
Life insurance ¹⁸	475.7	490.2	494.1	434.3	502.3	556.1	607.2	614.3	638.2	664.5
Welfare and other	858.3	186.5	218.8	185.8	379.4	933.7	730.1	810.1	890.2	890.4
Education ¹⁹	6,674.1	11,157.2	17,626.2	28,107.9	50,845.5	80,834.2	93,878.3	101,517.8	109,261.5	120,587.6
Elementary and secondary	5,596.2	9,734.3	15,109.0	22,357.7	38,632.3	59,745.6	68,218.5	73,133.1	77,714.6	86,773.0
Construction ^{8, 20}	1,019.4	2,231.9	2,661.8	3,267.0	4,659.1	5,746.0	6,235.1	5,245.2	5,449.3	6,524.0
Higher	914.7	1,214.4	2,190.7	4,826.4	9,907.1	16,384.1	20,034.4	21,893.3	24,129.8	26,090.7
Construction ⁸	310.0	198.6	357.9	1,081.4	1,566.9	1,512.7	1,505.7	1,458.5	1,417.4	1,528.1
Vocational and adult ²⁰	160.8	204.9	298.0	853.9	2,144.4	4,441.3	5,312.0	6,133.3	7,029.4	7,375.2
Housing	14.6	89.3	176.8	318.1	701.2	3,171.7	4,358.1	5,224.7	6,225.8	7,209.1
Public housing	14.5	74.7	143.5	234.5	459.9	1,456.4	2,763.5	3,626.0	4,504.0	5,246.1
Other social welfare	447.7	619.0	1,139.4	2,065.7	4,145.2	6,946.6	9,071.4	10,562.9	11,076.2	14,036.1
Vocational rehabilitation ²¹ ..	30.0	42.4	96.3	210.5	703.8	1,036.4	1,251.9	1,297.6	1,309.2	1,251.1
Medical services ²²	7.4	9.1	17.7	34.2	133.8	217.7	242.6	255.6	264.6	261.8
Medical research ²² .....		.3	6.6	22.4	29.6		13.8	22.5	13.1	13.5
Institutional care ²³	145.5	195.3	420.5	789.5	201.7	296.1	359.7	410.1	444.0	482.4
Child nutrition ²⁴	160.2	239.6	398.7	617.4	896.0	2,517.6	3,268.3	3,585.0	4,374.6	5,289.3
Child welfare ²⁵	104.9	135.1	211.5	354.3	585.3	597.0	810.0	800.0	800.0	800.0
Special OEO and ACTION programs ²⁶				51.7	752.8	638.3	748.7	881.4	896.9	2,302.7
Social welfare, not elsewhere classified ²⁷	7.1	6.5	12.4	42.3	1,005.6	1,861.2	2,632.8	3,588.8	3,251.5	3,910.6

See footnotes beginning on next page.

Table 1.—Social welfare expenditures under public programs, selected fiscal years, 1950–80¹—Continued

[In millions]

Program	1950	1955	1960	1965	1970	1975	1977	1978	1979	1980 ²
	Federal expenditures									
Total	\$10,541.1	\$14,622.9	\$24,956.7	\$37,711.7	\$77,337.2	\$167,426.0	\$218,370.6	\$240,033.7	\$263,789.8	\$303,344.9
Social insurance	2,103.0	6,385.0	14,307.2	21,806.6	45,245.6	99,715.0	134,744.7	147,252.0	163,872.2	191,106.9
Old-Age, Survivors, Disability and Health Insurance (OASDHI) ³	784.1	4,436.3	11,032.2	16,997.5	36,835.4	78,429.9	105,410.1	117,431.9	131,719.4	152,110.4
Health Insurance (Medicare) ⁴ .....	...	...	...	...	7,149.2	14,781.4	21,548.8	25,189.2	29,123.6	34,991.5
Railroad Retirement ³	306.4	556.0	934.7	1,128.1	1,609.9	3,085.1	3,818.6	4,019.8	4,310.6	4,768.7
Public employee retirement ⁵	507.9	808.5	1,519.9	2,780.5	5,516.7	13,338.9	17,833.3	20,144.7	22,892.8	26,982.9
Unemployment insurance and employment services ⁶	328.6	320.8	473.5	699.8	1,036.1	3,429.2	5,939.1	3,767.6	2,460.3	4,407.6
Railroad unemployment insurance	119.6	158.7	215.2	76.7	38.5	41.6	107.3	134.0	86.9	155.4
Railroad temporary disability insurance	31.1	54.2	68.5	46.5	61.1	32.9	81.8	73.4	65.6	68.7
Workers' compensation ⁹	25.1	50.5	63.1	77.6	147.9	1,357.4	1,554.5	1,680.6	2,336.6	2,613.2
Hospital and medical benefits ⁸	5.2	6.9	9.0	11.3	20.7	50.2	71.9	88.2	103.8	129.5
Public aid	1,103.2	1,504.2	2,116.9	3,593.9	9,648.6	27,186.5	35,399.3	40,013.0	43,015.3	49,252.2
Public assistance ¹⁰	1,097.2	1,442.3	2,057.5	3,185.4	7,594.3	14,528.6	18,764.8	19,447.3	20,710.6	24,127.8
Vendor medical payments ¹¹ .....	...	23.3	199.8	555.0	2,607.1	7,056.4	9,713.3	10,578.6	12,147.9	14,550.3
Social services ¹¹ .....	...	...	...	...	522.0	1,962.6	2,461.2	2,130.1	2,044.4	1,757.1
Supplemental Security Income ¹² .....	...	...	...	...	...	4,801.6	5,272.9	5,573.4	5,890.5	6,439.8
Food stamps .....	...	...	...	35.6	577.0	4,693.9	5,472.0	5,139.5	6,478.1	9,083.3
Other ¹³	6.0	61.9	59.4	373.0	1,477.3	3,162.4	5,889.6	9,852.8	9,936.1	9,601.3
Health and medical programs ¹⁴	603.5	1,150.3	1,737.1	2,780.6	4,775.2	8,521.0	10,150.0	11,461.0	12,132.0	13,348.0
Hospital and medical care	382.6	811.5	983.5	1,074.7	2,045.0	4,045.0	4,637.0	5,292.0	5,760.0	6,451.0
Civilian programs	46.4	66.7	103.4	137.9	285.8	1,231.0	1,610.0	1,959.0	2,068.0	2,391.0
Defense Department ¹⁵	336.2	744.8	880.1	936.8	1,759.6	2,814.0	3,027.0	3,333.0	3,692.0	4,060.0
Maternal and child health programs ¹⁶	20.1	23.7	35.3	73.4	196.0	271.0	317.0	338.0	351.0	351.0
Medical research	69.2	132.8	425.9	1,110.2	1,485.4	2,642.0	3,378.0	3,975.0	4,220.0	4,756.0
Other public health activities	63.8	65.0	57.3	222.9	590.3	1,150.0	1,256.0	1,211.0	1,239.0	1,250.0
Medical facilities construction	67.8	117.4	235.1	299.3	458.1	413.0	562.0	645.0	560.0	540.0
Defense Department	1.1	33.0	40.0	31.1	52.5	94.0	300.9	226.7	215.2	31.0
Veterans' programs	6,386.2	4,771.9	5,367.3	6,010.6	8,951.5	16,569.8	18,860.6	19,570.3	20,411.9	21,253.6
Pensions and compensation ¹⁷	2,092.1	2,689.7	3,402.7	4,141.4	5,393.8	7,578.5	9,081.9	9,676.5	10,578.2	11,306.0
Health and medical programs	748.0	761.1	954.0	1,228.7	1,784.0	3,516.8	4,670.6	5,237.5	5,700.9	6,203.9
Hospital and medical care	582.8	721.5	879.4	1,114.8	1,651.4	3,287.1	4,321.2	4,855.6	5,307.9	5,749.9
Hospital construction	161.5	34.1	59.6	77.0	70.9	136.7	245.4	269.9	276.0	323.0
Medical and prosthetic research	3.7	5.6	15.1	36.9	61.8	93.0	104.0	112.0	117.0	131.0
Education	2,691.6	706.1	409.6	40.9	1,018.5	4,433.8	3,925.5	3,405.6	2,794.1	2,400.7
Life insurance ¹⁸	475.7	490.2	494.1	434.3	502.3	556.1	607.2	614.3	638.2	664.5
Welfare and other	378.8	124.9	106.9	165.4	252.9	484.6	575.4	636.4	700.5	678.5
Education ¹⁹	156.7	485.1	867.9	2,469.8	5,875.8	8,629.4	9,741.0	10,900.8	12,107.9	12,990.2
Elementary and secondary	47.1	309.2	441.9	776.8	2,956.8	4,562.5	4,676.8	5,507.4	6,165.1	7,052.7
Construction ^{8, 20}	5.2	139.9	70.6	77.0	35.9	20.9	14.6	19.3	24.3	40.9
Higher	48.5	101.8	293.1	1,217.0	2,154.6	2,863.5	3,867.7	4,077.0	4,524.9	4,382.3
Construction ⁸	5.7	5.1	1.2	324.0	466.3	273.9	251.6	132.6	74.7	42.1
Vocational and adult ²⁰	58.7	70.5	104.5	406.2	602.6	940.2	883.1	958.3	1,030.3	1,206.5
Housing	14.6	74.7	143.5	238.2	581.6	2,540.7	4,005.5	4,887.3	5,801.9	6,608.1
Public housing	14.5	74.7	143.5	234.5	459.9	1,456.4	2,763.5	3,626.0	4,504.0	5,246.9
Other social welfare	174.0	251.7	416.7	812.0	2,258.9	4,263.6	5,469.5	5,949.3	6,448.6	8,785.9
Vocational rehabilitation ²¹	21.0	27.1	64.3	143.3	567.5	814.0	973.2	1,006.6	1,039.6	1,006.1
Medical services ²²	5.1	5.7	11.2	21.2	107.0	174.2	194.1	204.5	211.7	212.8
Medical research ²² .....	...	...	6.6	22.4	29.6	...	13.8	22.5	13.1	13.5
Institutional care ²³	20.5	40.3	20.5	34.5	22.5	20.3	18.0	20.0	55.5	74.2
Child nutrition ²⁴	121.2	170.7	306.1	503.7	710.9	2,064.0	2,758.3	3,040.0	3,374.6	4,209.3
Child welfare ²⁵	4.2	7.1	13.4	36.5	44.7	49.8	56.5	56.5	56.5	57.0
Special OEO and ACTION programs ²⁶ .....	...	...	...	51.7	752.8	638.3	748.7	881.4	896.9	2,302.7
Social welfare, not elsewhere classified ²⁷	7.1	6.5	12.4	42.3	160.6	677.2	914.8	944.8	1,025.5	1,136.6

¹ Expenditures from Federal, State, and local revenues under public law; includes capital outlay and administrative expenditures unless otherwise noted. Includes some payments abroad. Until 1977, fiscal years for the Federal Government, most States, and some localities ended June 30. Federal fiscal years subsequently ended September 30.

² Preliminary estimates.

³ Excludes financial interchange between OASDHI and Railroad Retirement.

⁴ Included in OASDHI total.

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

⁶ 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.

Footnotes continued on next page.

Table 1.—Social welfare expenditures under public programs, selected fiscal years, 1950–80¹—Continued

[In millions]

Program	1950	1955	1960	1965	1970	1975	1977	1978	1979	1980 ²
	State and local expenditures									
Total	\$12,967.3	\$18,017.1	\$27,336.6	\$39,463.5	\$68,518.5	\$122,654.4	\$142,231.4	\$154,598.0	\$166,894.7	\$190,009.6
Social insurance	2,843.6	3,449.9	4,999.4	6,316.2	9,445.6	23,298.1	26,138.6	27,698.9	30,304.2	38,445.4
Public employee retirement ⁵	310.0	580.0	1,050.0	1,748.0	3,142.0	6,779.7	8,662.6	9,791.1	11,037.0	12,507.3
Unemployment insurance and employment services ⁶	1,861.5	1,759.9	2,356.1	2,302.8	2,783.4	10,406.7	9,509.7	8,830.8	8,852.8	13,918.8
State temporary disability insurance ⁷	72.1	217.5	347.9	483.5	717.7	990.0	1,042.2	1,124.6	1,232.2	1,379.1
Hospital and medical benefits ⁸	2.2	20.0	40.2	50.9	62.6	72.9	75.7	77.6	75.9	49.6
Workers' compensation ⁹	600.0	892.5	1,245.4	1,781.8	2,802.5	5,121.7	6,924.1	7,952.4	9,182.2	10,640.2
Hospital and medical benefits ⁸	187.8	308.1	411.0	568.7	964.3	2,419.8	2,458.1	2,731.8	3,111.2	3,535.5
Public aid	1,393.0	1,498.8	1,984.2	2,689.5	6,839.2	14,121.8	17,867.2	19,381.3	20,939.8	23,132.9
Public assistance ¹⁰	1,393.0	1,498.8	1,984.2	2,689.5	6,839.2	12,831.8	16,321.2	17,761.0	19,298.0	21,346.2
Vendor medical payments ¹¹	51.3	188.6	292.9	812.1	2,605.6	6,445.2	8,493.3	9,817.3	11,283.1	12,843.9
Social services ¹¹	...	...	...	...	190.6	659.8	755.6	710.0	681.5	585.7
Supplemental Security Income ¹²	...	...	...	...	...	1,290.0	1,546.0	1,620.3	1,641.8	1,786.7
Health and medical programs ¹⁴	1,460.0	1,952.8	2,726.8	3,465.8	5,131.6	9,266.6	9,979.1	11,776.1	13,255.9	14,770.8
Hospital and medical care	839.7	1,230.9	1,869.8	2,377.6	3,268.0	5,174.6	4,412.1	5,250.1	5,554.9	5,751.8
Maternal and child health programs ¹⁶	9.7	69.2	106.1	153.9	235.3	296.0	357.0	375.0	409.0	447.0
Medical research	...	...	23.0	55.0	150.0	286.0	350.0	393.0	425.0	462.0
School health (education agencies)	30.6	65.9	101.0	142.2	246.6	350.0	414.0	485.0	520.0	569.0
Other public health activities	287.0	318.8	343.9	448.1	757.7	1,769.0	2,909.0	3,856.0	4,786.0	5,598.0
Medical facilities construction	293.0	268.0	283.0	289.0	474.0	1,391.0	1,537.0	1,417.0	1,561.0	1,943.0
Veterans' programs	479.5	61.6	111.9	20.4	126.5	449.1	154.7	173.7	189.7	211.9
Education ¹⁹	6,517.5	10,672.1	16,758.3	25,638.1	44,969.7	72,204.8	84,137.3	90,617.0	97,153.6	107,597.4
Elementary and secondary	5,549.1	9,425.1	14,667.1	21,580.0	35,675.5	55,183.1	63,541.7	67,625.7	71,549.5	79,720.3
Construction ^{8, 20}	1,041.2	2,091.9	2,591.2	3,190.0	4,623.2	5,725.1	6,220.5	5,225.9	5,425.0	6,483.1
Higher	866.3	1,112.6	1,897.7	3,609.4	7,752.4	13,520.6	16,166.7	17,816.3	19,604.9	21,708.4
Construction ⁸	304.6	193.4	356.7	757.4	1,100.6	1,238.8	1,254.1	1,325.9	1,342.7	1,486.0
Vocational and adult ²⁰	102.1	134.4	193.5	447.7	1,541.8	3,501.1	4,428.9	5,175.0	5,999.1	6,168.7
Housing	...	14.6	33.2	80.0	119.6	631.0	352.6	337.4	423.9	601.0
Other social welfare	273.7	367.3	722.8	1,253.6	1,886.3	2,683.0	3,601.9	4,613.6	4,627.6	5,250.2
Vocational rehabilitation ²¹	9.0	15.3	32.1	67.1	136.3	222.4	278.7	291.0	269.6	245.0
Medical services ²²	2.3	3.5	6.6	13.0	26.8	43.5	48.5	51.1	52.9	49.0
Institutional care ²³	125.0	155.0	400.0	755.0	179.3	275.8	341.7	390.1	388.5	408.2
Child nutrition ²⁴	39.0	69.0	92.6	113.7	185.1	453.6	510.0	545.0	1,000.0	1,080.0
Child welfare ²⁵	100.7	128.0	198.1	317.8	540.7	547.2	753.5	743.5	743.5	743.0
Social welfare, not elsewhere classified ²⁷	...	...	...	...	845.0	1,184.0	1,718.0	2,644.0	2,226.0	2,774.0

⁷ Cash and medical benefits in five geographical 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.

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

⁹ 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.

¹⁰ Represents categorical cash and medical payment programs under the Social Security Act and General Assistance. Starting 1969, includes work incentive activities.

¹¹ Included in public assistance total above; includes administrative expenses of Medicaid program.

¹² Benefits began January 1974; fiscal year 1973 data represent administrative expenses only.

¹³ 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.

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

¹⁵ Includes medical care for military dependent families.

¹⁶ Includes services for crippled children.

¹⁷ 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 allowance.

¹⁸ Excludes the Servicemen's Group Life Insurance program.

¹⁹ Federal expenditures for administrative costs (Department of Education) and research included in total only.

²⁰ Construction for vocational and adult education included with elementary-secondary school construction.

²¹ Starting 1974, excludes administrative expenses.

²² Medical services and research included in vocational rehabilitation total.

²³ Federal expenditures represent primarily surplus food for institutions.

²⁴ Surplus food for schools and programs under National School Lunch and Child Nutrition Acts. State and local funds represent direct appropriations through 1979, all such expenditures starting in 1980.

²⁵ Represents primarily child welfare services under the Social Security Act. Starting 1969, excludes administrative expenses.

²⁶ Includes domestic programs consolidated in fiscal year 1972 under ACTION and special OEO programs consolidated in fiscal year 1974 under Community Services Administration. Other OEO programs listed in appropriate subsections under public aid and education.

²⁷ Federal expenditures include administrative and related expenses of the Secretary of Health and Human Services, 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.

Social Welfare Expenditures Since 1950

Chart 1 compares the proportion of social welfare spending devoted to each program category in 1980 with corresponding distributions for previous years. Since 1950, social insurance programs have assumed an increasing importance in the distribution while "veterans' programs" have accounted for a steadily declining share. Education expenditures have consistently accounted for 25-35 percent of social welfare spending over this 30-year period. The proportion spent for the category of "health and medical programs" has de-

clined over the years, mainly because the large Medicare and Medicaid programs are included in social insurance and public aid, respectively.

Total social welfare expenditures increased 70 percent between 1975 and 1980 (table 2), but the extremely high rate of inflation prevailing then exaggerated both the amount and the rate of growth over previous years. In real terms, the 5-year increase was only 19 percent. In addition, constant-dollar figures remained virtually the same between 1978 and 1979, a fact unique in the history of the series.

Table 2.—Total and per capita social welfare expenditures under public programs in current and constant (1980) dollars, selected fiscal years, 1950-80

Fiscal year	Total expenditures		Per capita expenditures for—						
	Amount in millions ¹	Per capita ²	Social insurance	Public aid	Health and medical programs	Veterans' programs	Education	Other social welfare	All health and medical care ³
Current dollars									
1950.....	\$23,420.8	\$152.56	\$32.19	\$16.26	\$13.44	\$44.18	\$43.47	\$2.92	\$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	698.90	261.75	79.26	46.88	43.16	244.56	19.93	121.32
1975.....	289,369.2	1,326.20	561.34	189.32	81.52	77.32	370.32	31.84	239.91
1977.....	359,753.6	1,616.19	719.83	239.30	90.43	84.71	421.59	40.75	302.87
1978.....	393,705.6	1,750.31	774.59	264.05	103.31	87.04	451.14	46.96	343.37
1979.....	429,678.5	1,889.58	850.48	281.25	111.65	89.83	480.29	48.71	383.53
1980.....	492,231.7	2,140.08	994.15	314.71	122.25	92.50	524.10	61.02	437.81
Percentage increase from selected year to 1980									
1950.....	2,002	1,303	2,988	1,835	810	109	1,106	1,990	2,092
1955.....	1,414	999	1,593	1,650	558	225	686	1,545	1,554
1960.....	845	650	844	1,301	400	213	444	878	1,150
1965.....	540	447	599	885	285	205	267	481	803
1970.....	238	206	280	297	161	114	114	206	261
1975.....	70	61	77	66	50	20	42	92	82
1977.....	37	32	38	32	35	9	24	50	45
1978.....	25	22	28	19	18	6	16	30	28
1979.....	15	13	17	12	9	3	9	25	14
Constant (1980) dollars									
1950.....	\$73,650.3	\$479.75	\$101.23	\$51.13	\$42.26	\$138.93	\$136.70	\$9.18	\$62.80
1955.....	90,562.1	542.23	163.54	50.08	51.75	79.28	185.74	10.33	73.73
1960.....	129,940.9	711.77	262.72	56.01	60.97	73.62	240.47	15.56	87.36
1965.....	178,488.6	907.54	330.14	74.13	73.69	70.30	331.16	24.36	112.48
1970.....	281,945.5	1,354.46	507.27	153.60	90.85	83.64	473.95	38.62	235.12
1975.....	413,976.0	1,897.28	803.06	270.84	116.62	110.62	529.79	45.55	343.22
1977.....	463,003.4	2,080.95	926.42	307.98	116.38	109.02	542.59	52.45	389.79
1978.....	473,203.8	2,103.74	931.00	317.37	124.17	104.62	542.24	56.44	412.70
1979.....	473,735.9	2,083.33	937.68	310.09	123.10	99.04	529.54	53.70	422.86
1980.....	492,231.7	2,140.08	994.15	314.71	122.25	92.50	524.10	61.02	437.81
Percentage increase from selected year to 1980									
1950.....	568	346	882	516	189	-33	283	565	597
1955.....	444	295	508	528	136	17	182	491	494
1960.....	279	201	278	462	101	26	118	292	401
1965.....	176	136	201	325	66	32	58	150	289
1970.....	75	58	96	105	35	11	11	58	86
1975.....	19	13	24	16	5	-16	-1	34	28
1977.....	6	3	7	2	5	-15	-3	16	12
1978.....	4	2	7	-1	-2	-12	-3	8	6
1979.....	4	3	6	1	-1	-7	-1	14	4

¹ Excludes expenditures within foreign countries for OASDHI and Civil Service retirement benefits, veterans' programs, and education. See table 1 for data including foreign payments.

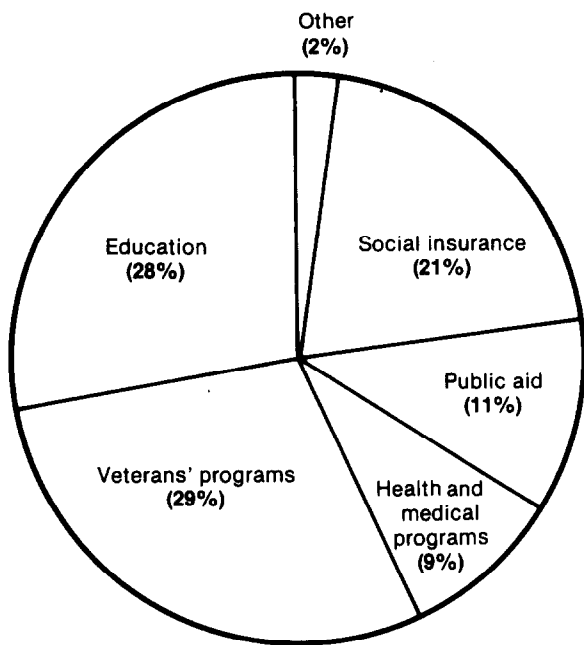
² Includes housing, not shown separately here.

³ Combines "health and medical care" with medical services provided in con-

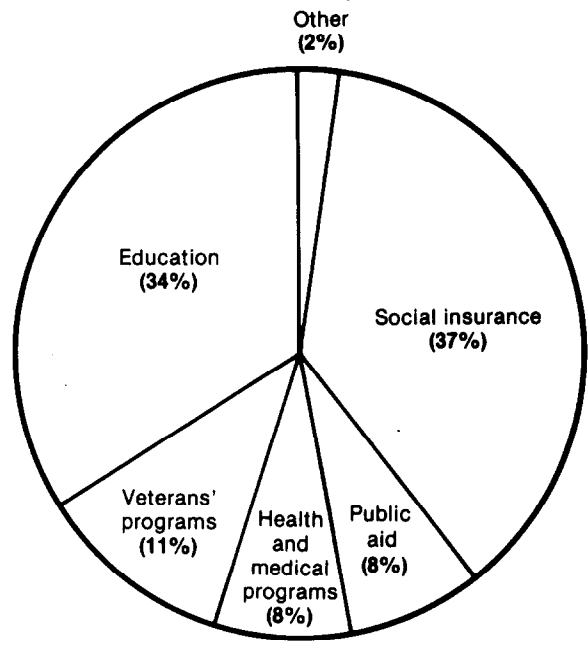
nection with social insurance, public aid, veterans', and vocational rehabilitation programs.

Source: Constant-dollar expenditures based on implicit price deflators for personal consumption expenditures, prepared by the Bureau of Economic Analysis, Department of Commerce.

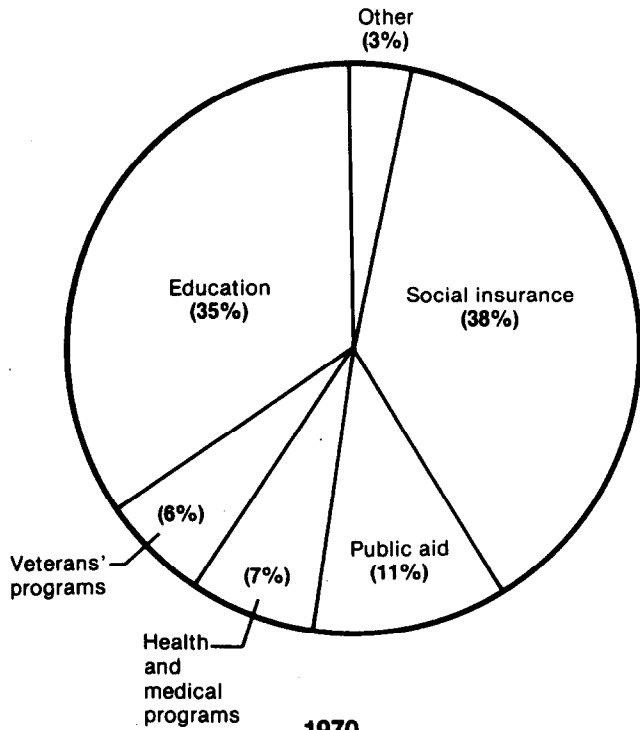
Chart 1. — Percentage distribution of social welfare expenditures under public programs, selected fiscal years, 1950-80



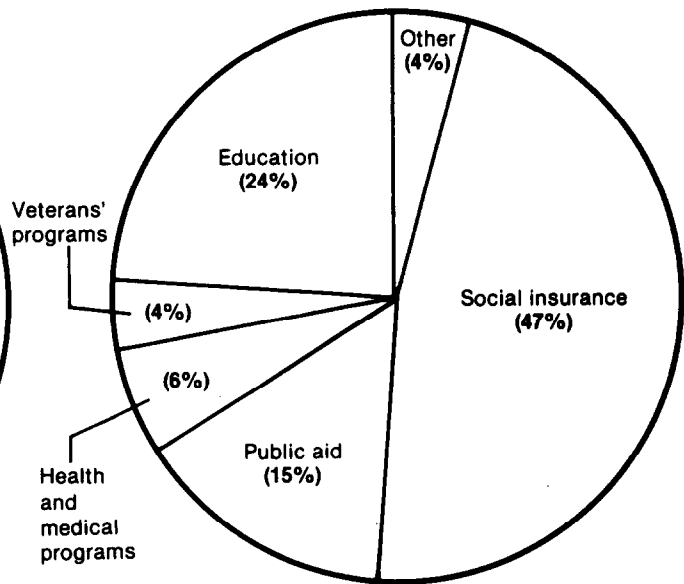
1950
Total: \$23,508.4



1960
Total: \$52,293.3



1970
Total: \$145,855.7



1980
Total: \$493,354.5

Per capita expenditures in constant dollars also leveled off, decreasing slightly between 1978 and 1979, and increasing by only 3 percent in 1980. By program category, "other social welfare" showed the largest constant-dollar increase in per capita expenditures—14 percent. Half of that increase was attributable to benefits paid under the new Low-Income Energy Assistance Program. Changes in other programs ranged from a 6-percent increase for social insurance to a 7-percent decrease for veterans' programs.

Social welfare expenditures as a percentage of GNP increased from 1950 through 1976, when social welfare

spending reached 19.3 percent of the total output of goods and services. This development is displayed in chart 2. From 1977 through 1979, the proportion fell steadily to 17.8 percent of GNP before reversing itself in 1980 when it rose to 18.7 percent. This pattern was seen at both the Federal and the State and local levels (table 3).

Social welfare expenditures have increased at approximately the same rate as total government expenditures since 1975. Therefore, social welfare as a proportion of all government spending has varied less than 3 percentage points during that time. Table 4

Table 3.—Social welfare expenditures under public programs as percent of gross national product, selected fiscal years, 1950–80

Fiscal year	Gross national product (in billions) ¹	Social welfare expenditures as percent of gross national product									
		All programs ²			Program category						All health and medical care ³
		Total	Federal	State and local	Social insurance	Public aid	Health and medical programs	Veterans' programs	Education	Other social welfare	
1950	\$286.5	8.2	3.7	4.5	1.7	0.9	0.7	2.4	2.3	0.1	1.1
1955	400.0	8.2	3.6	4.5	2.4	.8	.8	1.2	2.8	.2	1.2
1960	506.5	10.3	4.9	5.4	3.8	.8	.9	1.1	3.5	.2	1.3
1965	691.1	11.2	5.5	5.7	4.1	.9	.9	.9	4.1	.3	1.4
1970	992.7	14.7	7.8	6.9	5.5	1.7	1.0	.9	5.1	.4	2.6
1975	1,549.2	18.7	10.8	7.9	7.9	2.7	1.2	1.1	5.2	.4	3.4
1976	1,718.0	19.3	11.5	7.9	8.5	2.8	1.1	1.1	5.1	.5	3.4
1977	1,918.3	18.8	11.4	7.4	8.4	2.8	1.0	1.0	4.9	.5	3.5
1978	2,163.9	18.2	11.1	7.1	8.1	2.7	1.1	.9	4.7	.5	3.6
1979	2,417.8	17.8	10.9	6.9	8.0	2.6	1.0	.9	4.5	.5	3.6
1980 ⁴	2,633.1	18.7	11.5	7.2	8.7	2.8	1.1	.8	4.6	.5	3.8

¹ Revised 1980 by the Bureau of Economic Analysis, Department of Commerce.

² Includes housing, not shown separately here.

³ Combines "health and medical programs" with medical services provided

in connection with social insurance, public aid, veterans, and "other social welfare" programs.

⁴ Preliminary.

Table 4.—Social welfare expenditures from public funds ¹ as a percent of government expenditures for all purposes, by type of fund, selected fiscal years, 1950–80

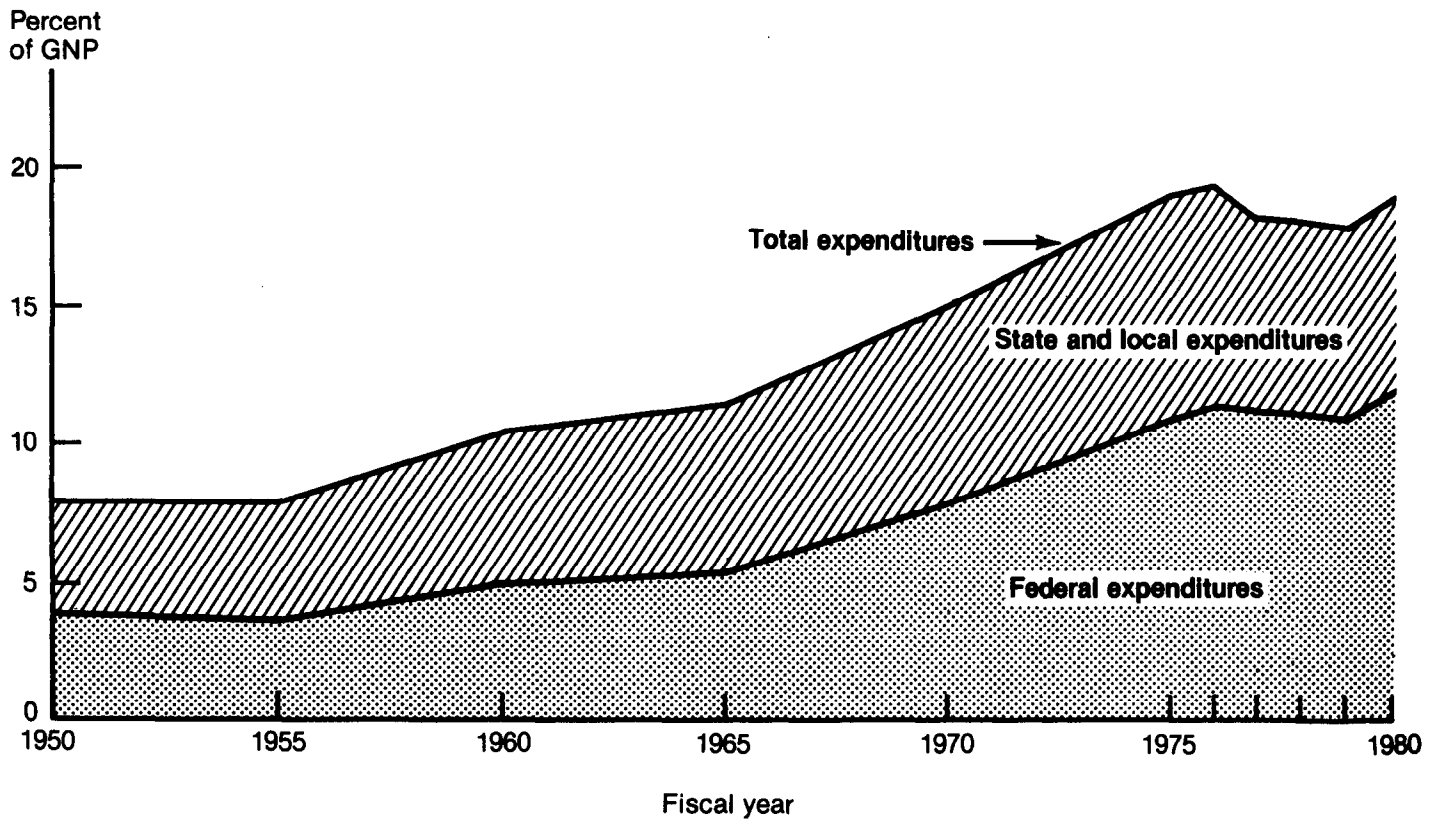
Type of fund	1950	1955	1960	1965	1970	1975	1977	1978	1979	1980 ²
All social welfare expenditures, public funds:										
Total, as percent of all government expenditures	37.4	32.7	38.4	42.2	48.2	57.3	59.1	58.4	57.8	57.5
Federal as percent of all Federal Government expenditures	26.2	22.3	28.1	32.6	40.1	53.8	56.2	55.3	54.9	54.4
State and local as percent of all State and local government expenditures ³	59.2	55.3	60.1	60.4	64.0	63.5	64.5	64.7	63.8	64.1
Social welfare trust fund expenditures:										
Total, as percent of all government expenditures	6.8	9.1	13.2	14.3	17.0	22.4	24.1	24.0	24.3	24.8
Federal, as percent of all Federal Government expenditures	4.5	9.1	15.2	17.7	22.0	29.1	31.2	31.1	31.4	31.3
State and local, as percent of all State and local government expenditures ³	11.2	8.9	9.1	7.8	7.1	11.0	10.2	9.8	9.7	11.2
Social welfare non-trust fund expenditures:										
Total, as percent of all government expenditures	30.6	23.8	25.2	27.8	31.3	34.9	35.0	34.4	33.5	32.7
Federal, as percent of all Federal Government expenditures for—										
All programs	21.7	13.2	12.9	14.8	18.1	24.7	25.0	24.2	23.5	23.1
Public aid	2.7	2.3	2.4	3.1	5.0	8.8	9.1	9.2	9.0	8.8
State and local, as percent of all State and local government expenditures: ³										
All programs	48.1	47.5	51.1	52.6	56.9	52.8	54.3	54.9	54.0	52.8
Education	31.6	36.3	40.1	42.4	45.6	40.7	42.0	42.1	41.4	40.5
Public aid	6.8	5.1	4.8	4.5	6.9	8.0	8.9	9.0	8.9	8.7

¹ Excluding that part of workers' compensation and temporary disability insurance payments made through private carriers and self-insurers.

² Preliminary estimates.

³ From State and local sources, excluding Federal grants.

Chart 2. — Social welfare expenditures under public programs as a percent of the gross national product, selected fiscal years, 1950-80¹



¹Revised to conform to July 1980 revisions in GNP series by Bureau of Economic Analysis, U.S. Department of Commerce.

shows that, in 1980, it stood at 57.5 percent of the total, continuing a decline that began with the 1977 figure of 59.1 percent.

Sources of Funds

The Federal Government's share of social welfare expenditures has increased from 44.8 percent of the total in 1950 to 61.5 percent in 1980 (table 5). Veterans' programs and housing have always been primarily federally financed, while education has remained chiefly a State and local responsibility. However, the Federal Government's share of financing has increased

dramatically in nearly all categories over this 30-year period.²

In addition to expenditures from general revenues, government social welfare spending includes outlays from trust funds, primarily from social insurance trust funds composed of specifically allocated contributions from insured persons and their employers. In fiscal year 1980, trust fund expenditures accounted for 43 percent of all social welfare spending, as shown in the tabulation on the next page.

² No attempt has been made to include revenue sharing funds in the Federal component of social welfare expenditures. These funds appear in the gross expenditures of the States and localities as they are spent for specific social welfare purposes.

Table 5.—Social welfare expenditures under public programs: Federal funds as a percent of total expenditures, selected fiscal years, 1950-80

Program	1950	1955	1960	1965	1970	1975	1977	1978	1979	1980 ¹
Total	44.8	44.8	47.7	48.9	53.0	57.7	60.6	60.8	61.2	61.5
Social insurance	42.5	64.9	74.1	77.5	82.7	81.1	83.8	84.2	84.4	83.2
Public aid	44.2	50.1	51.6	57.2	58.5	65.8	66.5	67.4	67.3	68.0
Health and medical programs	29.2	37.1	38.9	44.5	48.2	47.9	50.4	49.3	47.8	47.5
Veterans' programs	93.0	98.7	98.0	99.7	98.6	97.4	99.2	99.1	99.1	99.0
Education	2.3	4.3	4.9	8.8	11.6	10.7	10.4	10.7	11.1	10.8
Housing	100.0	83.7	81.2	74.9	82.9	80.1	91.9	93.5	93.2	91.7
Other social welfare	38.9	40.7	36.6	39.3	54.5	61.4	60.3	56.3	58.2	62.6
All health and medical care ²	44.4	44.1	45.6	48.5	65.4	65.1	68.8	68.3	68.1	69.0

¹ Preliminary estimates.

² Combines "health and medical programs" with medical services provided

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

Trust fund expenditures	1950	1960	1970	1980
Total	18	34	35	43
Federal	17	54	55	58
State and local	19	15	11	18

General revenue expenditures are sometimes referred to as "discretionary" because they do not involve the kind of fixed obligation to contributors that is a feature of the social insurance trust funds. In 1976, 49.3 percent of all discretionary spending went for social welfare purposes. This percentage has declined slightly since then; by 1980, it had fallen to 45 percent.

Expenditures for Health and Medical Care

In fiscal year 1980, public and private expenditures for health and medical care rose to \$239 billion, an increase of \$31 billion over the previous year (table 6). The biggest percentage increases for both types of funding continued to be in health and medical services. But the 12.2-percent rise in public expenditures for research was over twice as large as the 5.4-percent increase in private funding for the same purpose.

Before the inception of the Medicare program in 1966, three-fourths of all health care spending came from private funds. Medicare increased the public spending portion dramatically. Since 1975, public funds

have constituted approximately 42 percent of the total.³

Health care spending as a proportion of GNP doubled between 1950 and 1977, reaching 8.5 percent of GNP in the latter year. In 1980, that percentage increased to 9.1, indicating accelerating costs in health care expenditures at a time when the economy as a whole exhibited sluggish growth.

Home Visitation Effectiveness Study*

A recent project funded by the Social Security Administration determined that home visits did not reduce

³ It should be noted that there is some duplication in the amounts designated for Medicare and Medicaid. The vendor medical payments listed under public aid include the premium payments by State public assistance agencies on behalf of Medicaid recipients for Supplementary Medical Insurance under Medicare. These premium payments—commonly called "buy-ins"—have not been offset in calculating expenditures under the Medicare program, but the actual amount of such payments is so small that this duplication makes virtually no difference in the total expenditures listed for either Medicare or Medicaid.

* Contract report titled, *Analysis of Local Welfare Office Administrative Procedures: The Effectiveness of Home Visitation*, Division of Family and Children Services, Georgia Department of Human Resources, June 1982.

Table 6.—Health and medical care: Private expenditures and expenditures under public programs, selected fiscal years, 1950–80

[Amounts in millions]

Source of expenditure	1950	1960	1965	1970	1975 ¹	1977	1978	1979	1980 ²
Total	\$12,027.3	\$25,856.2	\$38,892.3	\$69,201.1	\$124,716	\$163,473	\$184,287	\$207,982	\$238,654
Private funds	8,962.0	19,461.0	29,357.0	43,810.0	72,367	96,055	107,051	120,769	137,955
Health and medical services	8,710.0	18,816.0	28,028.0	41,329.0	69,092	92,546	103,547	117,077	133,877
Medical research	37.0	121.0	157.0	193.0	258	272	280	297	317
Medical facilities construction	215.0	524.0	1,172.0	2,288.0	3,016	3,237	3,224	3,394	3,761
Public funds	3,065.3	6,395.2	9,535.3	25,391.1	52,349	67,418	77,236	87,213	100,699
Health and medical	2,470.2	5,346.3	7,641.2	22,661.4	47,387	61,228	70,402	80,039	92,531
OASDHI (Medicare) .....	...	...	...	7,149.2	14,781	21,549	25,189	29,124	34,992
Temporary disability insurance ³	2.2	40.2	50.9	62.6	73	76	78	76	50
Workers' compensation ³	193.0	420.0	580.0	985.0	2,470	2,530	2,820	3,215	3,665
Public assistance medical payments	51.3	492.7	1,367.1	5,212.8	13,502	18,207	20,396	23,431	27,394
General hospital and medical care	886.1	1,973.2	2,515.5	3,553.8	6,406	6,022	7,209	7,623	8,143
Defense Department hospital and medical care (Armed Forces and dependents)	336.2	880.2	936.8	1,759.6	2,814	3,027	3,333	3,692	4,060
Maternal and child health programs	29.8	140.7	223.0	431.4	567	674	713	760	798
School health (education agencies)	30.6	101.0	142.2	246.6	350	414	485	520	569
Other public health activities	350.8	401.2	671.0	1,348.0	2,919	4,165	5,067	6,025	6,848
Veterans' hospital and medical care	582.8	879.4	1,114.8	1,651.4	3,287	4,321	4,856	5,308	5,750
Medical vocational rehabilitation	7.4	17.7	34.2	133.8	218	243	256	265	262
OEO health and medical care .....	...	...	5.6	127.3	...	...	...	...	...
Medical research	72.9	471.2	1,228.8	1,726.8	3,021	3,846	4,502	4,777	5,362
Medical facilities construction	522.3	577.7	665.3	1,003.0	1,941	2,344	2,332	2,397	2,806
Defense Department	1.1	40.0	31.1	52.5	94	301	227	215	31
Veterans' Administration	161.5	59.6	77.0	70.9	137	245	270	276	323
Other	359.8	478.1	557.2	879.6	1,710	1,798	1,835	1,906	2,452
Total, as percent of gross national product	4.2	5.1	5.6	7.0	8.0	8.5	8.5	8.6	9.1
Public, as percent of total expenditures	25.5	24.7	24.5	36.7	42.0	41.2	41.9	41.9	42.2

¹ Beginning 1975, revisions in source data preclude decimal fractions.

² Preliminary estimates.

³ Includes medical benefits paid under public law by private insurance carriers and self-insurers.

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Source: Health Care Financing Administration, Office of Research, Demonstrations, and Statistics, Division of National Cost Estimates.