



United States Senate Budget Committee

JEFF SESSIONS | Ranking Member

CRS Report: Welfare Spending The Largest Item In The Federal Budget

Ranking Member Sessions and the minority staff of the Senate Budget Committee requested from the nonpartisan Congressional Research Service (CRS) an overview of cumulative means-tested federal welfare spending in the United States in the most recent year for which data is available (fiscal year 2011). The results are staggering. CRS identified 83 overlapping federal welfare programs that together represented the single largest budget item in 2011—more than the nation spends on Social Security, Medicare, or national defense. **The total amount spent on these 80-plus federal welfare programs amounts to roughly \$1.03 trillion.** Importantly, these figures solely refer to means-tested welfare benefits. They exclude entitlement programs to which people contribute (e.g., Social Security and Medicare).

CRS estimates that exclusively federal spending on these federal programs equaled approximately \$746 billion, and further emphasizes that there is a substantial amount of state spending—mostly required as a condition of states' participation—on these same federal programs (primarily Medicaid and CHIP). Based on data from the Centers for Medicare and Medicaid Services and the Oxford Handbook of State and Local Government Finance, Budget Committee staff calculated at least an additional \$283 billion in state contributions to those same federal programs,¹ for a total annual expenditure of \$1.03 trillion. By comparison, in 2011, the annual budget expenditure for Social Security was \$725 billion, Medicare was \$480 billion, and non-war defense was \$540 billion.

The exclusively federal share of spending on these federal programs is up 32 percent since 2008, and now comprises 21 percent of federal outlays (this share too is more than Social Security, Medicare, or defense).

¹ In FY 2008, the only year for which complete data is available, state Medicaid and CHIP spending in was \$154.1 billion, which accounted for 65 percent of total state spending in that year. By FY 2011 such spending had grown to \$160.3 billion. However, the 2009 American Recovery and Reinvestment Act (the stimulus bill, also known as ARRA) included a provision to boost the federal government's share of Medicaid spending. Specifically, the federal government paid for about 63 percent of the total Medicaid bill in FY11, whereas in FY08 it paid for only 57 percent. Assuming Medicaid and CHIP made up the same portion of states' total low-income assistance in FY11 that it did in FY08—and knowing the change in state Medicaid spending due to the stimulus—total FY11 state spending on federal welfare can be estimated at \$282.7 billion.

As a historical comparison, spending on the 10 largest of the 83 programs (which account for the bulk of federal welfare spending) has doubled as a share of the federal budget over just the last 30 years. **In inflation-adjusted dollars, the amount expended on these 10 programs has increased by 378 percent over that time.**

Many factors have contributed to the growth in federal welfare spending, causing it to rise during times of both high and low unemployment. Persistently weak GDP growth over the last several years is unquestionably a factor in the record amount of money now being spent. But understanding the growth in federal welfare expenditures must also be understood in the context of a federal policy that has explicitly encouraged growth in welfare enrollment—combined with a weakening of welfare standards and rules. For instance, spending on food stamps—the second-largest federal welfare program—has quadrupled since 2001, yet the USDA has a variety of programs and advertisements whose explicit and unmistakable goal is to expand enrollment to new record highs. This even includes an official partnership with the Mexican government to expand food stamp enrollment among foreign nationals. (USDA Secretary Tom Vilsack, in [a letter](#) to Ranking Member Sessions, acknowledged and defended this partnership. Sessions’ response may be read [here](#).) But the agency has also produced [materials](#) to train recruitment workers on how to “overcome the word ‘No,’” and in one representative case [awarded](#) a local office for “counteracting” a community’s “mountain pride.” As Ranking Member Sessions has stated, “The sound policy, and the compassionate course, is not a drive to place the largest possible number of people on welfare support; instead, we should seek, whenever possible, to help our fellow Americans realize personal and financial independence.”

Meanwhile, the Department of State and the Department of Homeland Security have effectively waived the legal requirement that those seeking admittance into the U.S. not be welfare reliant. More information on this controversial policy may be found [here](#).