

Commentary: Measuring Expenditures for Social Welfare Programs

By Ann Kallman Bixby*

The article "Social Welfare in the United States, 1934-54," reprinted on the following pages, is one of a series published annually since 1950. This series was designed to describe and measure the scope of social welfare programs in the United States. "Social welfare programs," in this context, are those that provide cash benefits and/or services that are of direct benefit to individuals and families. The reprinted article provides information on the historical development of these programs, as well as the scope of their expenditures in the mid-1950's. The development of the series itself is the subject of this commentary.

The Federal programs enacted in response to the depression of the 1930's constituted the first major national involvement in public welfare, a field that previously had been the domain of State and local governments and charitable organizations. The passage of income security legislation, particularly the Social Security Act, ensured that henceforth Federal involvement in this aspect of the Nation's future would be substantial.

With this increased Federal activity it became necessary to have an objective measurement of the extent of government involvement and of its success in meeting both the economic needs of the population and the policy

objectives of the programs. To this end, the Social Security Administration (SSA) created a statistical measure of public expenditures for "social insurance and related public programs" that included data on retirement, disability, and survivor programs administered by SSA, the Railroad Retirement Board, the Civil Service Commission, and the Veterans' Administration, as well as benefits paid through the Unemployment Insurance program. These data have been published in the **Social Security Bulletin** each month since January 1942 and are currently found in table M-1 of the section on operating statistics.

The July 1950 issue of the **Bulletin** contained a Note entitled "Expenditures for Civilian Social Security and Related Public Programs." The types of expenditures covered had been expanded to include most veterans' programs, public assistance, health and medical care and certain welfare services, in addition to the social insurance programs.

At about the same time, the question of what proportion of national income was allocated to social welfare in various countries became a topic of discussion at the United Nations. As a result, the American delegation requested statistics covering total U.S. social welfare spending, and estimates of such spending were prepared by SSA during 1951. To facilitate international comparisons, education and housing data were included, as were some veterans' welfare

benefits that had previously been omitted. When the data were published in the October 1951 **Bulletin**, they described conceptually the same universe as the data published 37 years later, in April of 1988. The series proved to be an enduringly useful measurement tool.

A February 1953 **Bulletin** article by Ida C. Merriam introduced the use of standard economic indicators to measure the growth and significance of the series data. At that time, three such measurements were used: the relationship between social welfare expenditures and the gross national product (GNP), per capita expenditures expressed in constant dollars, and the percentage of all government expenditures spent for social welfare purposes. Later it was also found useful to measure the proportion of social welfare spending that came from Federal funds. For 35 years these measures have been the most consistent and valuable indications of the course of social welfare spending in the United States.

The social welfare expenditures series serves two functions: It measures the level of effort that the United States has committed to this purpose from year to year and over time, and it forms the basis for the U.S. contribution to international comparisons of social welfare spending, such as those currently undertaken by the Organization for Economic Cooperation and Development

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Table M-29.—AFDC, Emergency Assistance: Number of families, by State, July–September 1986

State	July 1986	August 1986	September 1986	State	July 1986	August 1986	September 1986
Total	34,726	41,978	43,900	New Jersey	590	573	602
Arkansas	571	0	0	New York	3,032	12,527	7,246
California	669	662	683	Ohio	5,515	6,589	7,183
Delaware	220	196	244	Oklahoma	703	1,093	1,489
District of Columbia	964	1,086	1,734	Oregon	1,716	1,716	1,754
Georgia	821	420	442	Pennsylvania	45	59	44
Illinois	265	138	191	Puerto Rico	339	311	1,653
Kansas	138	148	208	Vermont	314	293	330
Maine	326	399	257	Virgin Islands	3	3	2
Maryland	2,392	2,201	1,855	Virginia	20	12	11
Massachusetts	5,324	5,168	6,448	Washington	645	655	682
Michigan	5,364	3,940	5,903	West Virginia	2,359	735	2,494
Minnesota	1,602	1,505	1,388	Wisconsin	19	688	202
Montana	92	92	118	Wyoming	511	518	463
Nebraska	167	251	274				

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(OECD) and the International Labor Office (ILO).

The article reprinted here was the first to include data on social welfare spending in the private sector. In the United States, private spending plays a significant role in meeting social welfare costs; in 1954 private spending equaled about 60 percent of the amount spent from public funds, with about two-thirds of that money allocated for health and medical services. In 1985, private social welfare expenditures equaled 59 percent of their public counterpart, with 57 percent spent for health and medical purposes.

Health and medical data in the

series have presented a special problem in reporting public sector data. In the article reprinted here, Merriam notes "For the purposes of this analysis, it has seemed preferable that the health or medical care expenditures made as incident to other welfare programs be included in the totals for those programs." The following decade saw the creation of two new large-scale medical programs—Medicare (Health Insurance for the Aged and Disabled) and Medicaid (Medical Assistance)—and these, too, were classified "as incident to" their parent programs of Old-Age, Survivors, and Disability Insurance and public assistance.

As these programs have grown, the classification procedure has had the effect of enlarging the social insurance and public aid categories to which Medicare and Medicaid are respectively assigned. This problem has been resolved in later years by the addition of a comprehensive category labeled "all health and medical care." To this category are assigned all of the functionally health- and medical-related expenditures, regardless of their statutory provenance. In 1985, expenditures from the "health and medical programs" category were \$40 billion, while those for

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Table M-30.—General Assistance: Number of cases and recipients, by State, July–September 1986

State	July 1986		August 1986		September 1986	
	Cases	Recipients	Cases	Recipients	Cases	Recipients
Total.....	1,036,735	1,309,942	1,021,551	1,289,024	1,019,218	1,288,145
Arizona.....	3,400	3,414	3,462	3,477	3,610	3,624
California.....	70,167	72,858	69,449	72,040	70,888	73,599
Delaware.....	1,255	1,629	1,225	1,596	1,277	1,663
District of Columbia.....	5,078	5,258	5,064	5,241	4,980	5,142
Georgia.....	1,579	2,695	1,419	2,440	1,748	2,952
Guam.....	181	216	209	255	208	245
Hawaii.....	5,202	7,406	5,136	7,350	5,063	7,172
Illinois.....	123,179	142,503	121,882	140,925	121,172	139,826
Indiana.....	48,905	132,546	48,905	132,546	48,905	132,546
Kansas.....	8,023	9,757	8,032	9,837	8,172	9,994
Maine.....	5,446	11,933	4,746	10,409	4,901	10,487
Maryland.....	19,961	20,639	20,102	20,765	19,676	20,071
Massachusetts.....	25,994	29,984	27,643	31,712	26,865	30,954
Michigan.....	118,072	156,877	113,956	149,577	114,390	153,577
Minnesota.....	26,055	28,530	25,998	28,680	25,617	28,360
Mississippi.....	229	274	220	267	215	247
Missouri.....	4,295	4,395	4,238	4,299	4,215	4,276
Montana.....	2,138	2,848	2,089	2,852	1,788	2,382
New Jersey.....	23,807	24,133	23,600	23,963	23,119	23,493
New Mexico.....	425	430	471	475	478	480
New York.....	213,033	268,489	208,379	263,219	206,275	260,665
North Dakota.....	100	191	120	227	120	206
Ohio.....	141,957	154,434	139,277	151,309	137,947	149,807
Oklahoma.....	2	6	0	0	0	0
Oregon.....	4,073	4,664	3,956	4,382	3,872	3,996
Pennsylvania.....	131,891	164,068	131,258	163,333	131,260	163,505
Puerto Rico.....	615	615	612	612	607	607
Rhode Island.....	4,548	6,327	4,590	6,166	4,456	5,979
South Carolina.....	22	22	16	16	19	19
South Dakota.....	463	1,094	341	846	333	831
Utah.....	1,858	2,760	1,826	2,674	1,835	2,525
Virgin Islands.....	403	426	392	416	386	415
Virginia.....	7,066	7,721	6,897	8,935	6,767	7,354
Washington.....	16,785	16,940	17,056	17,202	17,165	17,288
West Virginia.....	2,697	3,826	1,378	1,923	4,082	5,530
Wisconsin.....	17,514	19,179	17,300	18,269	16,509	17,441
Wyoming.....	317	855	307	789	298	887

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“all health and medical care” reached \$173 billion. The two programs of Medicare and Medicaid accounted for \$116 billion of the difference.

The growth of the health care programs is the most obvious example of a change that has affected the spending patterns reflected in the series since 1955. The “war on poverty” during the

1960’s and 1970’s created some new social programs and greatly expanded the scope of others. (For example, in 1954, social insurance programs constituted less than 30 percent of the relatively low social welfare total; by 1985, social insurance programs accounted for more than 50 percent of the far larger amount.) Some of the trends

noted early in the series, such as the effect of unemployment insurance benefits on the pattern of expenditures, have been overcome or “swamped” by the size of the newer programs.

The following tabulation shows a comparison of social welfare expenditure data for fiscal years 1954 and 1985, the latest year for which figures are available.

Table M-31.—Black Lung benefits: Number of beneficiaries, average monthly amount, and monthly amount in current-payment status, 1970-88¹

Year and month	Number				Average monthly amount			Monthly amount (in thousands)		
	Total	Miners	Widows	Dependents	Total	Miners ²	Widows ³	Total	Miners ²	Widows ³
December:										
1970.....	111,976	43,921	24,889	43,166	\$181.90	\$200.10	\$149.80	\$12,500	\$8,800	\$3,700
1971.....	231,729	77,213	67,358	87,158	188.50	212.80	160.60	27,200	16,400	10,800
1972.....	298,963	101,802	88,067	109,094	199.40	225.20	169.60	37,900	22,900	15,000
1973.....	461,491	159,837	124,154	177,500	224.30	252.80	187.70	63,700	40,400	23,300
1974.....	487,216	169,097	134,700	183,419	235.40	266.70	196.00	71,500	45,100	26,400
1975.....	482,311	165,405	139,407	177,499	247.70	281.70	207.30	75,500	46,600	28,900
1976.....	469,655	158,087	142,495	169,073	257.40	294.30	216.40	77,400	46,500	30,800
1977.....	457,399	148,720	144,543	164,136	274.70	316.90	231.20	80,500	47,100	33,400
1978.....	439,970	138,648	145,829	155,493	289.40	337.80	243.40	82,300	46,800	35,500
1979.....	418,948	129,558	146,527	142,863	313.20	368.70	264.20	86,500	47,800	38,700
1980.....	399,477	120,235	146,603	132,639	342.50	406.10	290.40	91,400	48,800	42,600
1981.....	376,505	111,249	146,173	119,083	356.20	425.10	303.70	91,700	47,300	44,400
1982.....	354,569	102,234	144,863	107,472	367.70	441.90	315.20	90,800	45,200	45,600
1983.....	333,358	93,694	142,967	96,697	364.80	441.40	314.60	86,300	41,300	45,000
1984.....	313,822	85,658	140,995	87,169	376.40	458.00	326.70	85,300	39,200	46,100
1985.....	294,846	77,836	138,328	78,682	387.00	474.30	337.80	83,700	36,900	46,800
1986.....	275,783	70,253	135,033	70,497	384.30	474.00	337.60	78,900	33,300	45,600
1987.....	258,988	63,573	131,561	63,854	393.60	488.70	347.60	76,800	31,100	45,700
1987										
March.....	271,283	68,369	134,143	68,771	395.30	488.40	347.70	80,000	33,400	46,600
April.....	269,976	67,836	133,848	68,292	395.10	488.50	347.80	79,700	33,100	46,600
May.....	268,534	67,173	133,469	67,892	395.00	488.60	347.80	79,200	32,800	46,400
June.....	266,812	66,613	133,196	67,003	394.70	488.60	347.80	78,900	32,600	46,300
July.....	265,058	66,003	132,819	66,236	394.40	488.50	347.70	78,400	32,200	46,200
August.....	263,647	65,482	132,529	65,636	394.20	488.30	347.70	78,000	32,000	46,000
September.....	262,518	65,017	132,322	65,179	394.10	488.40	347.70	77,800	31,800	46,000
October.....	261,700	64,700	132,100	64,900	394.10	488.40	347.70	77,600	31,600	46,000
November.....	261,023	64,436	131,972	64,615	393.90	488.60	347.70	77,400	31,500	45,900
December.....	258,988	63,573	131,561	63,854	393.60	488.70	347.60	76,800	31,100	45,700
1988										
January.....	257,289	62,808	131,261	63,220	400.60	498.20	353.90	77,700	31,300	46,400
February.....	255,909	62,243	131,028	62,638	400.40	498.40	353.90	77,400	31,000	46,400
March.....	254,255	61,594	130,591	62,070	400.30	498.80	353.90	76,900	30,700	46,200

¹ Benefits payable under the Black Lung program established by the Federal Coal Mine Health and Safety Act of 1969. The program is administered by the Social Security Administration but is financed from the general funds

of the U.S. Treasury.

² Includes benefits for dependent wife and/or child.

³ Includes benefits for surviving child, parent, brother, and sister.

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[Amounts in constant 1985 dollars]

Item	Fiscal year 1954	Fiscal year 1985
Gross national product (GNP) (in billions).....	\$1,381.9	\$3,947.1
Public social welfare expenditures (in billions).....	\$108.5	\$727.9
Public social welfare expenditures as percent of GNP.....	7.9	18.4
Public social welfare expenditures as percent of all government expenditures.....	28.1	51.6
Federal social welfare expenditures as percent of all Federal expenditures.....	15.9	48.4
State and local social welfare expenditures as percent of all State and local expenditures.....	59.4	58.8