5th District
Footprint

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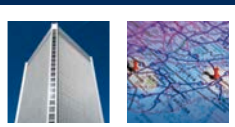


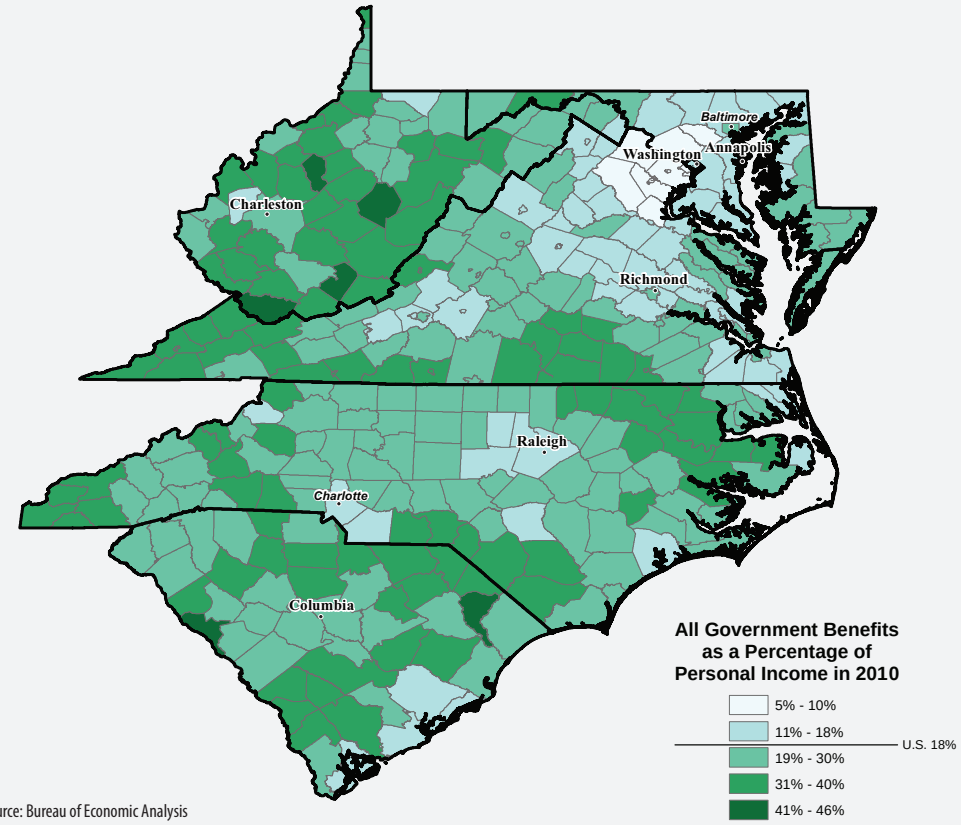
Government Benefits in the Fifth District

In the current economic climate, many components of government budgets, including benefits paid to individuals, are under scrutiny. In this issue of *5th District Footprint*, we look at the share of personal income from government benefits in 2010.[1]

Medical benefits (Medicaid and Medicare) and retirement and disability insurance benefits (Social Security) are the two largest components of government benefits paid to individuals in the U.S. The two categories combined to account for an estimated 76 percent of all government benefits paid in the Fifth District in 2010. The third largest category (12 percent) was income maintenance benefits, which includes food stamps. The remaining categories included unemployment insurance compensation (5 percent), veterans' benefits (4 percent), education and training assistance (3 percent) and other (1 percent).

Government benefits in 2010 made up 18 percent of personal income in the U.S. and 17 percent in the Fifth District. West Virginia had the highest share of personal income from government benefits (27 percent) in the Fifth District, while D.C. had the lowest (12 percent). Within the Fifth District, 275 counties (76 percent) had a higher share of personal income from government benefits than the U.S. average in 2010. McDowell County, W.V. had the highest share (46 percent) and Loudoun County, Va. had the lowest (5 percent).

There was also some variation in the composition of benefits at the state and county levels in the Fifth District.



Source: Bureau of Economic Analysis

Retirement and disability insurance made up at least 30 percent of all government benefits in every Fifth District state except for D.C., whereas in D.C., it was 17 percent. In contrast, D.C. had the highest share of medical benefits at 57 percent, followed by Maryland at 46 percent. The state-level differences between the highest and lowest values for the remaining benefits categories were 4 percent or less.

Within the Fifth District, counties with high government benefits tend to have older populations and lower income levels. For example, West Virginia has the nation's second highest share of seniors (persons age 65 years and older).[2] Its 2010 median household income ($38,241) was the second lowest in the country.[3] West Virginia led the nation in 2010 with the largest share of Medicare beneficiaries (21 percent).[4]

The recession appears to have had an impact on the share of personal income from government benefits in the Fifth District. During 2006 to 2010, government benefits as a share of personal income increased from 13 percent to 17 percent in the Fifth District. Over the same period, unemployment insurance compensation and food stamps as a share of all government benefits increased from 3 percent to 10 percent.

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1. *Government benefits include retirement and disability insurance benefits (Social Security), medical benefits (Medicaid and Medicare), income maintenance benefits (Supplemental Security Income (SSI) and Supplemental Nutrition Assistance Program (food stamps)), unemployment insurance compensation, veterans' benefits, education and training assistance, and other transfer receipts to individuals from governments. Data presented in this publication is from the Bureau of Economic Analysis.*
2. *U.S. Census Bureau, 2010 Census.*
3. *Ibid, Small Area Income Estimates.*
4. *The Henry J. Kaiser Family Foundation.*