



Written by [R. Cort Kirkwood](#) on February 17, 2012

## Report: 20 Percent of Americans on the Dole

Heritage noted that never in American history have so many citizens been collecting federal welfare aid.

### Five Areas

Foundation analysts [William Beach](#) and [Patrick Tyrrell](#), writing in the think tank's annual "Index of Dependence on Government," reveal the results of their study of dependence in five areas: housing, healthcare, retirement, education, and rural and agricultural assistance.



Housing assistance from Uncle Sam increased 42 percent between 2006 and 2010, Heritage reports, and now stands at \$59.4 billion. In 2009, it was \$52.3 billion.

Welfare and low-income healthcare subsidies are even more expensive. Between 2008 and 2010, such spending increased 41 percent to more than \$1.14 trillion. Since 1990, the growth in these expenditures has been enormous. They increased 87 percent from 1990 to 1996 and 89 percent from 1997 to 2007.

Healthcare costs also present a grim picture. Medicare spending has increased 138 percent between 1999 and 2010 to \$452 billion. From 2009, healthcare expenditures rose \$22 billion. Medicaid isn't much better. Spending on that program in 2010 was \$273 billion, up more than eight percent from \$251 billion in 2009.

Healthcare, Beach and Tyrrell explain, provides a textbook example of how federal welfare has replaced local and private charity:

Before World War II, Americans of modest income typically obtained health care and health insurance through a range of community institutions, some operated by churches and social clubs.

That entire health care infrastructure has since been replaced by publicly provided health insurance, largely through Medicaid and Medicare. Regardless of whether the medical and financial results are better today, the relationship between the people who receive health care assistance and those who pay for it has changed fundamentally. Few would dispute that this change has affected the total cost of health care, and the relationships among patients, doctors, and hospitals, negatively.

Social Security cost the taxpayers more than \$1 trillion in 2010, and that was with just the first of 78 million baby boomers retiring. More, of course, are on the way each month.

As for education, dependence on government for college costs has doubled in the last decade, with expenditures peaking at \$49.3 billion in 2006. Last year the figure was \$18.5 billion, with an average of \$26.2 billion annually from 2002 to 2010. Although these costs are dropping, more and more student seek federal grants and loans.



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Like higher education spending, farm spending peaked in 2006 as well at \$90.1 billion. In 2010, the figure was \$45.4 billion, with an average annual cost of \$51.9 billion between 1999 and 2010. Thanks to all these subsidies, farm income has outpaced that of other jobs. "Farm household income began to eclipse that of all other U.S. households in the mid-1990s, and is now a seasoned trend," notes the study. "In fact, average farm income leapt by \$7,271 in 2010, while that of all U.S. households fell by \$500."

As well, the report reveals that "in the early 1990s, U.S. farming income was close to the national average. In the late 1990s, — when farming income surged above the national average — the government raised farming outlays by more than 67 percent."

As far as the overall picture, dependence on government has jumped 8.1 percent between 2009 and 2010, and 24 percent between 2005 and 2010.

But "among the most troubling facts," [Tyrrell wrote](#), in a blog post, are these:

One in five Americans — the highest in the nation's history — relies on the federal government for everything from housing, health care, and food stamps to college tuition and retirement assistance. That's more than 67.3 million Americans who receive subsidies from Washington....

The federal government spent more taxpayer dollars than ever before in 2011 to subsidize Americans. The average individual who relies on Washington could receive benefits valued at \$32,748, more than the nation's average disposable personal income (\$32,446)....

As of now, 70 percent of the federal government's budget goes to individual assistance programs, up dramatically in just the past few years.

### **Half of Americans Pay No Income Tax**

Added to all this spending is another unpleasant truth: Nearly 50 percent of American pay no federal income tax, the [think tank noted](#). "The percentage of people who do not pay federal income taxes, and who are not claimed as dependents by someone who does pay them, jumped from 14.8 percent in 1984 to 49.5 percent in 2009. This means that in 1984, 34.8 million tax filers paid no taxes; in 2009, 151.7 million paid nothing."

[According to](#) the U.S. Debt Clock, only 113 million Americans out of a population of more than 313 million, or less than 40 percent, pay federal income taxes. That figure is worse than the one Heritage reports, but regardless of which is correct, [Heritage explains](#) what it means for the Republic:

In 1962, the first year measured in the Index of Dependence on Government, the percentage of people who did not pay federal income taxes themselves and who were not claimed as dependents by someone who did pay federal income taxes stood at 23.7 percent; it fell to 12 percent by 1969 before beginning a ragged and ultimately steady increase. By 2000, the percentage was 34.1 percent; by 2009, it was 49.5 percent. In short, the country is now at a point where roughly one-half of "taxpayers" do not pay federal income taxes, and where most of that same population receives generous federal benefits.

This trend should concern everyone who supports America's republican form of government. If the citizens' representatives are elected by an increasing percentage of voters who pay no income tax, how long will it be before these representatives respond more to demands for yet more entitlements and subsidies from non-payers than to the pleas of taxpayers to exercise greater spending prudence?

[Add to](#) those figures a national debt of \$15.4 trillion dollars, and unfunded liabilities of \$117.6 trillion



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for Social Security (\$15.5 trillion), the prescription drug program (\$20.5 trillion), and Medicare (\$81.6 trillion). The debt is about \$136,000 per taxpayer. The unfunded liabilities are more than \$1 million per taxpayer.

The bottom line is that the nation is rushing toward to the day when more Americans will depend on government than those who don't. "This much dependence on government has not been seen before in our nation, and it spells grave danger for the republic," observed [Tyrrell](#) in a blog post. "A dose of reality would inform politicians that federal handouts, while politically expedient, will doom the republic if they are not curtailed."



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