



# A Study on the Distribution of Social Welfare Finances by Gender

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# A Study on the Distribution of Social Welfare Finances by Gender

## 1. Background and Problems

Due to population aging and changes in traditional family functions, the demand for social welfare has been continuously rising. In 2011, the growth rate (6.2%) of the social welfare budget was higher than that (5.7%) of government total expenditures. In 2012, the social welfare expenditures of local governments stood at 21.0%, a figure twice that of social welfare spending in 2004.

Because of this phenomenon, which has led to a rise in government expenditures, it is essential to efficiently manage the social welfare budget. Therefore, an in-depth analysis is required to accomplish this goal and effectively manage the budget. More specifically, it is necessary to analyze the nation's gender budget for 2012; social welfare policy and budgets according to life cycles in compliance with the classification system of the Ministry of Health and Welfare; and the 2012 national social welfare budget by function. In-depth analysis should also be carried out on the budgets according to social welfare functions, and detailed statements on the expenditure budgets of metropolitan governments and basic local government units should be created.

So far, previous research has not studied the distribution of social welfare finances by country and local provinces separately, and research has not analyzed the flow of financial resources for social welfare and the financial allocation system from the viewpoint of

public servants in local government. Moreover, no attempt has been made to figure out the social welfare needs of men and women and the allotment of social welfare resources according to gender.

Hence, this study is aimed at determining a direction for management of social welfare finances, examining allotments of financial resources for social welfare as residents actually experience it in their lives, and dealing with the issue of local government distributions of social welfare expenditures according to gender. To this end, we conducted in-depth interviews of public servants in charge of budgets and social welfare of local governments, thereby identifying areas of expenditure where there were no obvious differences but where implicit differences in expenses might exist nonetheless.

Through an empirical analysis of data provided by the Korea Welfare Panel Study, we analyzed the use of and demand for social welfare services according to the gender of the householders who were users of social welfare services. Based on analysis results, we will seek ways to effectively draw up and execute the government's financial resources for social welfare expenditures, by reflecting actual demand according to gender.

## 2. Research Results

### (1) Major social welfare finances of the central and local governments

In order to analyze the current state of the nation's social welfare finances, we referred to the national social welfare budget, by function, for 2012 (basic living security, support for disadvantaged



classes, public functions, child care/family/women, the elderly/teenagers, labor, patriots and veterans affairs, housing, general social welfare affairs) and the nation's gender budget for 2012.

To analyze the current social welfare finances of local provinces, we referred to the 2012 budget outline for local governments of the Ministry of Public Administration and Security; the 2012 social welfare budgets of metropolitan and basic local government units according to functions (basic living security, support for disadvantaged classes, child care/family/women, the elderly/teenagers, labor, patriots and veterans affairs, housing, general social welfare affairs); and the detailed statements of budget expenditures for 2012.

### ① Current state of the nation's social welfare finances

The size of the general government finance budget, which is the basis of social welfare finance, and the burden of the people are steadily increasing. Between 2005 and 2010, the annual growth rate of average expenditures for the welfare sector, of the government expenditures by sector, stood at 9.8%, which exceeded the total expenditure growth rate of 6.8%. Although securing short-term financial resources is important in the process of introducing a new social welfare system, it is also necessary to review medium-to long-term financial resources, as financial burdens will sharply increase because of rapid population aging, etc.

〈Table 1〉 Changes in government expenditure for major sectors

(Unit: trillion won, %)

	2000	2005	2009	2010 (budget)	Average growth rate
Size of integrated finance	129.3	187.9	272.9	292.8	8.5
Education	23.0	27.6	38.2	38.3	5.2
SOC	14.2	18.3	24.7	25.1	5.9
National defense	14.5	21.1	29.0	29.6	7.4
Healthcare, welfare, labor	35.2	50.8	80.4	81.2	8.7

According to the 2012 national gender budget and fund management plan, 57 projects in the social welfare sector, which were included in the national gender budget and fund management plan, take up approximately 56% of the national budget. The child care/family/women sector is where the largest ratio of women is found to be eligible or to be beneficiaries for relevant projects. However, before mechanically grasping the tendency to allot finances according to gender, based simply on the ratio of women as project beneficiaries, it is necessary to fully understand the characteristics of relevant projects and the context in which the projects are given to beneficiaries.

〈Table 2〉 Social welfare projects in the gender budget

Classification (ministry, sector)	Proportion of women eligible for 2011 projects (%)	Proportion of women beneficiaries for 2011 projects (%)	Proportion of women in 2011 budget (%)	Budget bill for 2012 (1 mil. won)
Ministry of Employment and Labor	36.7	49.0	48.3	69,089.8
Labor	36.7	49.0	48.3	69,089.8

Classification (ministry, sector)	Proportion of women eligible for 2011 projects (%)	Proportion of women beneficiaries for 2011 projects (%)	Proportion of women in 2011 budget (%)	Budget bill for 2012 (1 mil. won)
Ministry of Patriots and Veterans Affairs	8.8	15.0	13.4	9,332.7
Patriots and veterans affairs	8.8	15.0	13.4	9,332.7
Ministry of Strategy and Finance	68.9	73.5	73.5	1,048.0
Support for disadvantaged classes	68.9	73.5	73.5	1,048.0
Ministry of Health and Welfare	55.9	66.6	66.6	211,231.5
Public pension	39.9	96.4	96.4	6,604.0
Basic living security	77.7	87.2	87.2	209,066.0
The elderly and teenagers	56.3	70.3	70.4	461,554.0
General social welfare affairs	38.0	85.0	84.9	134,500.0
Support for disadvantaged classes	54.5	53.8	53.8	48,279.6
Ministry of Gender Equality and Family	71.5	68.9	73.8	19,273.3
The elderly and teenagers	52.1	48.2	47.5	7,134.0
Child care, family and women	90.8	100.0	100.0	31,412.7
Average	48.7	56.7	56.4	110,359.8

## ② Social welfare finances of local provinces

In 2012, spending on social welfare by local governments accounted for 21.0% of total expenditures, which was more than twice the figure of 11.0% in 2004. According to local governments' social welfare budgets by function, the biggest share of the budgets was allocated to the basic living security sector, followed by 25.1%

in the child care/family/women sector, and 22.9% in the elderly/teenager sector.

〈Table 3〉 Local governments' social welfare budgets by account

(Unit: 1 million won)

Social welfare		General account	Special account	Total
	Basic living security	4,700,790 (50.5%) (19.3%)	4,599,047 (49.5%) (70.2%)	9,299,837 (100.0%) (30.0%)
	Support for disadvantaged classes	3,666,069 (83.7%) (15.0%)	712,575 (16.3%) (10.9%)	4,378,644 (100.0%) (14.2%)
	Child care, family and women	7,667,591 (98.9%) (31.5%)	81,456 (1.1%) (1.2%)	7,749,047 (100.0%) (25.1%)
	The elderly and teenagers	7,001,070 (98.8%) (28.7%)	82,562 (1.2%) (1.3%)	7,083,632 (100.0%) (22.9%)
	Labor	624,919 (99.9%) (2.6%)	589 (0.1%) (0.0%)	625,508 (100.0%) (2.0%)
	Patriots and veterans affairs	209,570 (100.0%) (0.9%)	–	209,570 (100.0%) (0.7%)
	Housing	167,035 (13.7%) (0.7%)	1,054,342 (86.3%) (16.1%)	1,221,377 (100.0%) (3.9%)
	General social welfare affairs	329,410 (94.6%) (1.3%)	18,697 (5.4%) (0.3%)	348,107 (100.0%) (1.1%)
	Total	24,366,454 (78.8%) (100.0%)	6,549,268 (21.2%) (100.0%)	30,915,723 (100.0%) (100.0%)

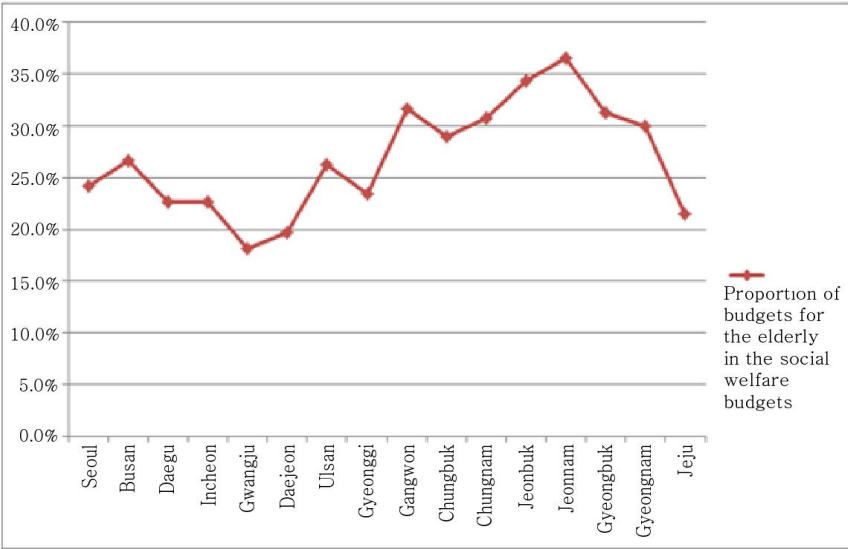
As for the basic living security and child care/family/women sectors, the proportion of subsidized projects was 98.0% and 92.7% respectively, showing that the country exercises a powerful influence over the social welfare projects of local governments.

〈Table 4〉 Local governments' budgets for operating social welfare projects excluding financial activities

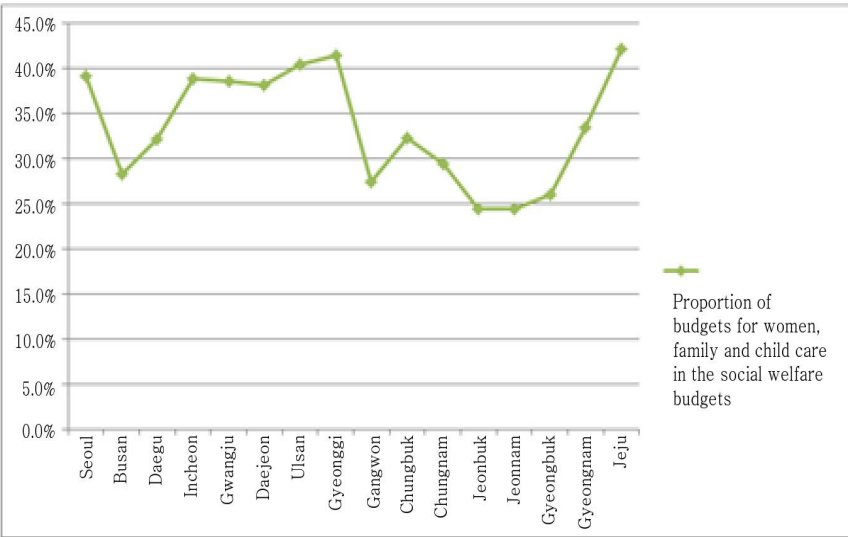
(Unit: 1 million won)

Social welfare		Subsidized projects		Internal projects	
		Budget	Percentage	Budget	Percentage
	Basic living security	9,127,242	98.0%	153,229	2.0%
	Support for disadvantaged classes	3,686,287	84.0%	682,049	16.0%
	Child care, family and women	7,186,931	92.7%	536,468	7.3%
	The elderly and teenagers	6,068,237	85.7%	969,800	14.3%
	Labor	442,557	70.7%	180,193	29.3%
	Patriots and veterans affairs	67,348	32.1%	142,222	67.9%
	Housing	490,601	40.2%	402,099	59.8%
	General social welfare affairs	231,864	66.6%	102,537	33.4%
	Total	27,301,068	88.0%	3,170,598	12.0%

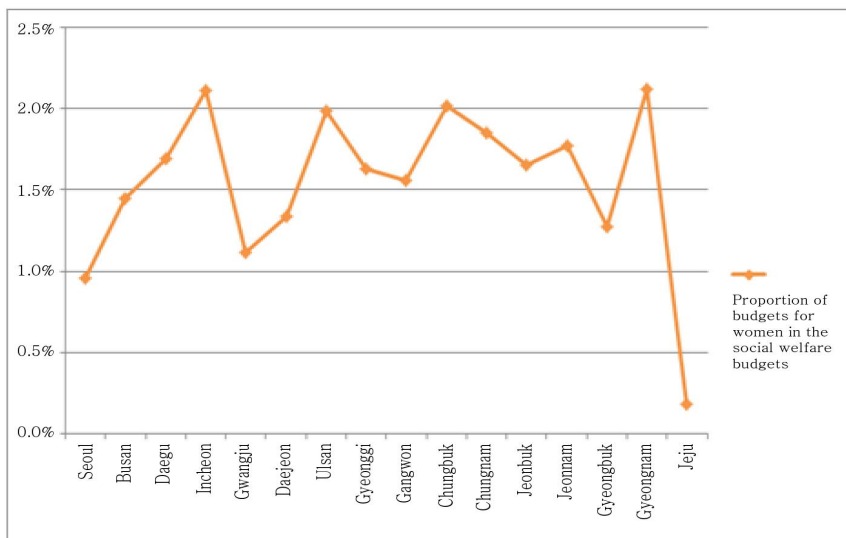
According to an analysis of the detailed statements of budget expenditures of metropolitan governments and basic local government units, local governments distribute financial resources in preparation for low birthrate and aging, and the proportion of the budget for women-related projects is very low.



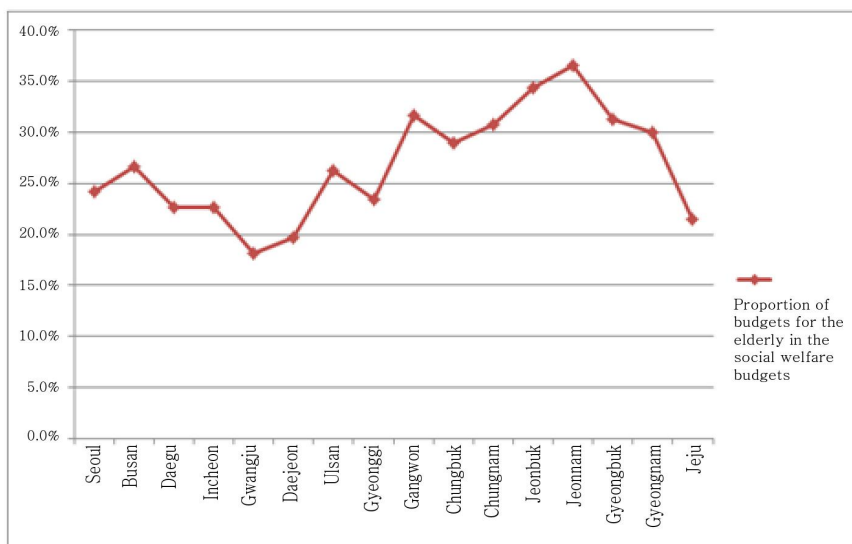
[Fig. 1] Proportion of budgets for the elderly in the social welfare budgets of the authorities of 16 cities and provinces



[Fig. 2] Proportion of budgets for women, family and child care in the social welfare budgets of the authorities of 16 cities and provinces



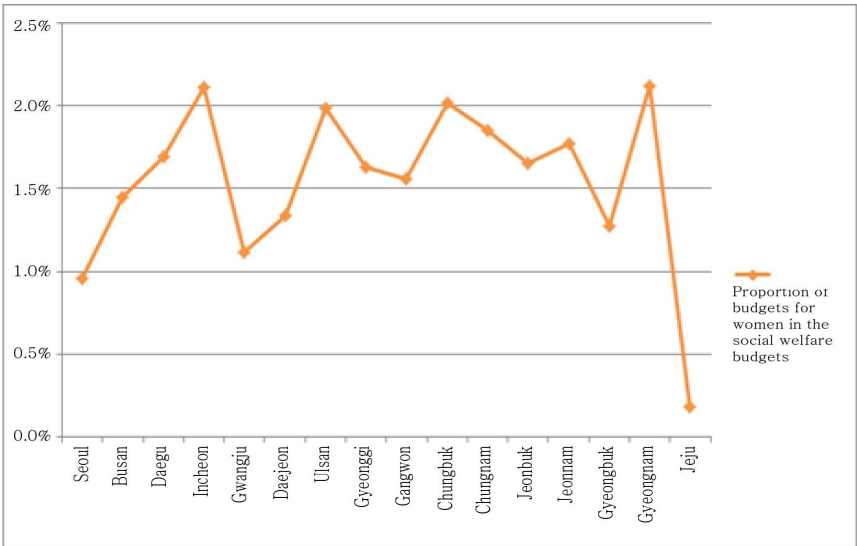
[Fig. 3] Proportion of budgets for women in the social welfare budgets of the authorities of 16 cities and provinces



[Fig. 4] Average proportion of budgets for projects on the elderly in the social welfare budgets of basic local government units



[Fig. 5] Average proportion of budgets for projects on child care, family and women in the social welfare budgets of basic local government units



[Fig. 6] Average proportion of budgets for projects on women in the social welfare budgets of basic local government units



Differences appear in the details and methods of drawing up and executing social welfare budgets, depending on the characteristics of basic local government units, such as the proportion of the social welfare budget, the proportion of aging, the rate of change in social welfare budgets, and the social welfare budget per person. The differences are as follows:

The 10 highest basic local government units in terms of social welfare budgets have a higher budget proportion for child care, women and family than for their 10 lowest counterparts. The top 10 basic local government units in terms of aging has a smaller share of the budget for projects for child care, women and family than for their 10 lowest counterparts. The 10 highest and lowest basic local government units in the rate of change in social welfare budgets include autonomous districts in metropolitan cities and counties in local provinces, and there is no difference in the proportion of their budgets for child care, women and family projects. The top 10 basic local government units in terms of the social welfare budget per person has a lower share of budget for child care, women and family projects than the lowest 10 basic local government units.

These results show the fact that in autonomous districts of the special metropolitan city and metropolitan cities, which are relatively densely populated, the social welfare budget allocated makes up a large share of the total budget, but the social welfare budget per person decreases considerably if it is obtained by dividing the social welfare budget by the number of residents. In a group of basic local government units consisting mainly of autonomous districts in the special metropolitan city and metropolitan cities, the budget for projects on child care, women and family accounts for a higher

proportion. As to basic local government units consisting mainly of counties in provinces, they witness relatively faster aging than cities and thus, the proportion of budgets for child care, women and family is low.

### ③ Sub-conclusions

The country's social welfare expenditures are characterized by the following: First, discretionary spending is distinguished from mandatory spending for social welfare expenditures, and the characteristics of transfer payments are obvious. Second, social welfare expenses are paid to relatively clear beneficiaries but there are problems of moral hazards in some areas. Third, because the business cycle sometimes contradicts financial needs, it is necessary to set up a mechanism whereby women's participation in economic activities and financial conditions are simultaneously taken into consideration. Fourth, as to the country's structure for social welfare finances, the central government provides financial resources for welfare, while local governments execute budgets for welfare projects. Therefore, it is important for local governments to determine the demand for welfare projects according to the gender of residents and balance needs to be maintained between local governments as well. Finally, as local government matching funds for social welfare projects are steadily increasing, they are failing to actually achieve local autonomy.

With regard to the demand for welfare projects according to the gender of residents, the basic units of local governments need to grasp such demand and consider it in their policies but they currently fail to do so. Also, simply analyzing the general conditions

of social welfare expenditures is not enough to understand how social welfare expenses are paid according to gender. Hence, it is necessary to understand how financial resources for social welfare are distributed according to gender, both from the viewpoint of public servants who draw up budgets for local governments and carry out social welfare projects and that of those who demand social welfare.

## **(2) Distribution of financial resources for the social welfare sector by gender**

We conducted in-depth interviews with public servants of metropolitan governments and basic local government units who were responsible for budget or social welfare. By doing so, we tried to understand whether they considered the possible effects of the allotment of social welfare finances on men and women, in order to grasp the demand for welfare according to gender which public servants in charge of social welfare figure out in the field, and to listen to the opinions about social welfare budgets of the central and local governments as well as about sharing functions.

In order to approach the distribution of financial resources for social welfare from the perspective of those who demand social welfare, an empirical analysis was conducted on data from the Korea Welfare Panel Study. This analysis was designed to understand various welfare services used by both female-headed and male-headed households as social welfare users and the details and total amount of support for social welfare.

① Analysis of opinions of public servants in charge of budgets or social welfare in local governments

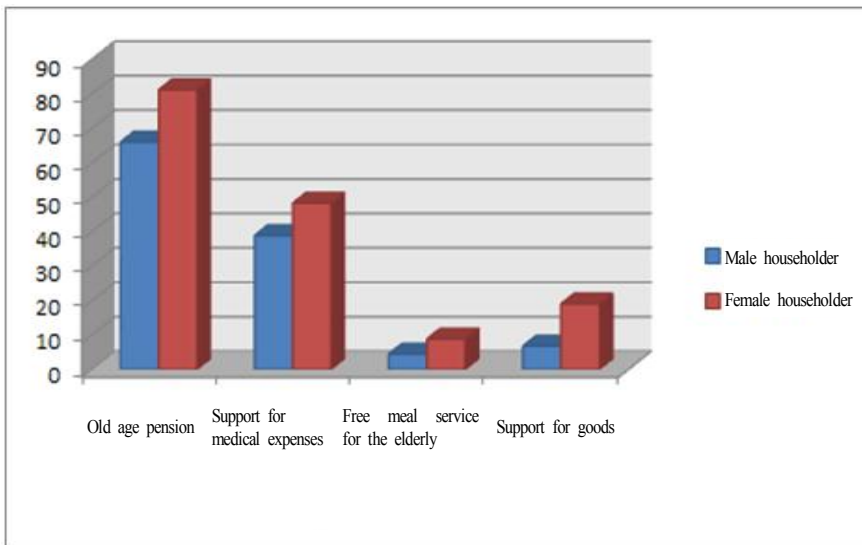
The local government burden of social welfare budgets is growing heavier as the revenue structure is worsening and new social welfare projects are added. Due to an increase in local government matching funds for state-subsidized social welfare projects and projects transferred to local provinces, local governments have difficulty identifying or managing their own internal projects. Many interviewed public officials requested that the country take full responsibility for projects for the socially disadvantaged classes. Also, many of them thought that it was more practical to adopt selective welfare for the next neediest classes, instead of introducing universal welfare without specific directions and policy alternatives.

In the process of drawing up budgets for social welfare business, or planning and managing welfare projects, local governments rarely seem to consider differences in policy demand according to gender. No system has been established to distinguish the gender of those eligible for projects or project beneficiaries. In compiling a budget, it is important to understand the criteria for selecting persons eligible for social welfare projects or policies, but whether they are men or women is not considered.

② Empirical analysis of the Korea Welfare Panel Study's data

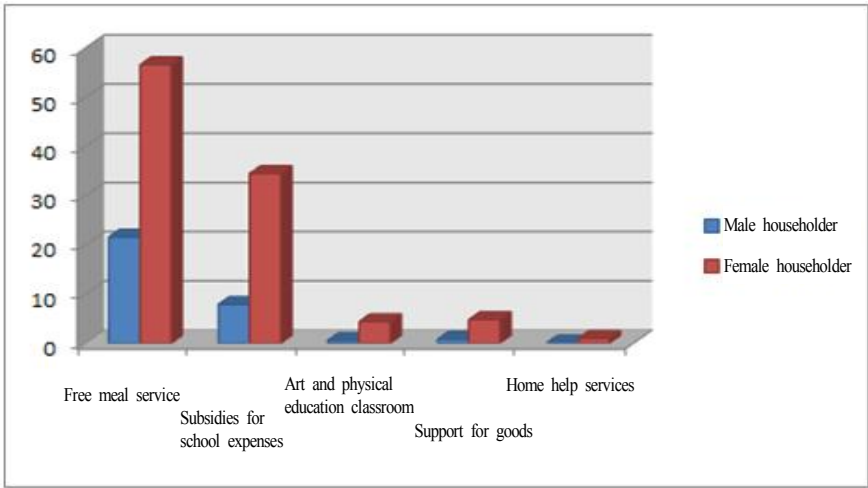
When weights were given to the data from the Korea Welfare Panel Study, which over sampled low-income households, it was found that there was more demand for welfare services amongst female-headed households. The proportion of female-headed households with a person aged 65 or older was higher than that of

male-headed households. The ratio of female-headed households receiving basic old age pension and medical expenses (81.2% and 48.3%) was also higher than that of male-headed households (66.0% and 38.9%).



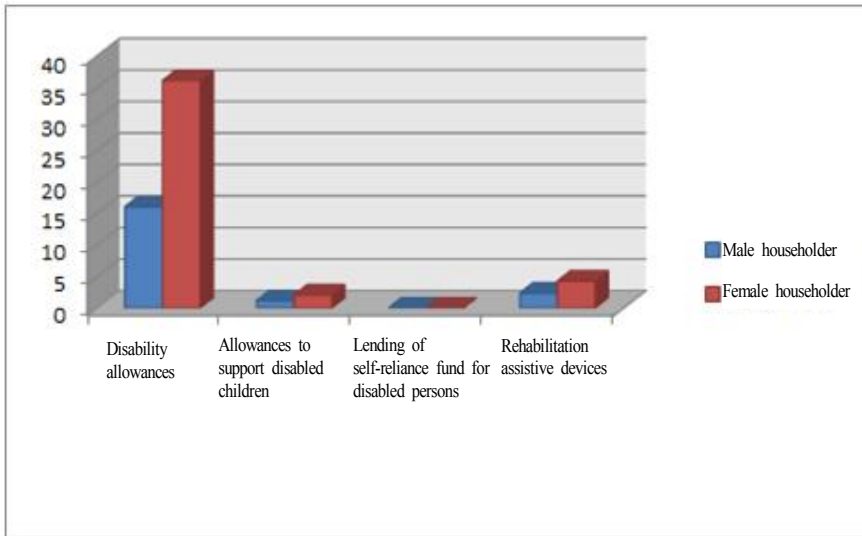
[Fig. 7] Use of welfare services for the elderly according to the gender of householders

The proportion of female-headed households with a child who was between 0 and 17 years of age was lower than that of male-headed households. The proportion of female-headed households which received benefits for after school care programs, free meal services and subsidies for school expenses (15.5%, 56.6%, and 34.5%) was higher than that of male-headed households (3.6%, 21.6%, and 7.9%).



[Fig. 8] Use of welfare services for children according to the gender of householders

The proportion of female-headed households with a disabled person was lower than that of male-headed households with a disabled person. The ratio of female-headed households which received disability allowances and home help services (36.1% and 8.7%) was higher than that of male-headed households (16.1% and 4.7%).



[Fig. 9] Use of welfare services for the disabled according to the gender of householders

According to the results of an empirical analysis of the data from the Korea Welfare Panel Study, differences existed in the use of and demand for welfare services depending on the gender of householders. Nonetheless, when welfare policy is actually implemented in the field, social welfare demand according to gender is rarely taken into account.

### 3. Policy Suggestions

#### Suggestion 1)

It is necessary to raise the gender sensitivity awareness of public officials in local governments and to compile gender segregated statistics by using an integrated social welfare management network.

Since public servants of local governments rarely consider policy demand by gender in the field, local governments should discuss whether policy demand needs to be considered according to gender. In order for a local government to produce a project for which a gender budget analysis is conducted, it is necessary to hold workshops for experts, along with gender impact assessment centers in 16 cities and provinces designated by the Ministry of Gender Equality and Family. It is also desirable to enhance the capabilities of public officials in charge of social welfare to prepare gender segregated statistics by using an integrated social welfare management network.

### **Suggestion 2)**

We propose to link surveys on community demands for social welfare policy with budget-related systems. Local governments can carry out a survey on communities' social welfare demands by strengthening existing community welfare plans and community welfare councils. It is desirable to conduct a survey to determine demands for social welfare policy according to the gender of individuals and householders and/or the characteristics of households. To ensure that survey results will lead to changes in actual budget allocations, welfare policies and projects; the results could possibly be combined with the gender budget systems of local governments.

### **Suggestion 3)**

A gender sensitive analysis is required for social welfare budgets allocated in units of individuals and households. It was found that



the use of and demand for social welfare services varied depending on the gender of householders. For such reason, if benefits from a welfare project go to an entire household, not to an individual, considering the characteristics and type of such a project, then discussions may be made about the possibility of figuring out policy demands according to the gender of householders as well as policy demands according to the gender of individuals, when a gender budget is drawn up. With regard to a project the benefits of which go to the units of households, a new discussion is required on an appropriate and effective method for drawing up a gender budget. In the case of households which support an old person, a child or a disabled person, it is necessary to examine the current state of the allotment of social welfare finances and the details and scope of demands for social welfare services and projects according to the traits of each household. Discussions are needed about whether the examination results could be reflected in actual budgets.

#### **Suggestion 4)**

It is desirable to improve the criteria for selecting projects eligible for receiving local government gender budgets. According to the 2013 criteria for selecting projects eligible for local government gender budgets; state-subsidized projects, women's development projects, and gender impact assessment projects, are essential projects for which budgets are allocated. In the case of state-subsidized projects, however, the share of local government matching funds is specifically determined for each project, and thus, revising budgets is difficult. Therefore, in compiling a gender budget it is necessary to focus on a local government's own projects, including gender impact

assessment projects for which they have stronger autonomy or discretionary power, when drawing up budgets and planning and implementing projects.

### **Suggestion 5)**

As for the same social welfare projects, it is required to separate the role of the gender budget of the central government from that of each local government and to link these bills together when necessary. Because there is no mechanism for connecting the gender budget of the central government with that of each local government for the same project, it is hard to practically revise a budget even though a gender budget is compiled. If the central government and each local government draw up separate gender budgets for the identical project, the budgets for the project could be redundant. Therefore, when it comes to the same project, discussions are needed to seek a method of identifying welfare beneficiaries according to gender from the viewpoint of local residents, based on a gender budget prepared by the relevant basic local government unit.

## **4. Expected Effects**

If methods are sought to systematically link local government surveys of policy demands with budget-related systems, then it would be possible to make local government budget bills reflect actual demands for social welfare policy according to the gender of residents. Also, a scheme could be adopted to make it mandatory for each local government to draw up a gender budget for a project

over which it wields influence in planning, budget allocations and execution, rather than for state-subsidized projects for which each local government simply performs execution. In addition, it is expected that welfare beneficiaries by gender will be identified based on gender budgets prepared by basic local government units. And as a result, well-founded data will be built for promoting the financial independence of local governments and for reestablishing a system to adequately distribute finances between the central and local governments.