

# Notes and Brief Reports

## Expenditures for Assistance Payments from State-Local Funds, 1959-60\*

Most States made larger outlays from State and local funds for assistance in the fiscal year 1959-60 than in the preceding year. For the country as a whole, however, fiscal effort declined somewhat. In the absence of a more refined measure of fiscal effort, expenditures from State and local funds for assistance payments for all five public assistance programs combined are related in this analysis to total personal income in order to get a rough indication of the fiscal burden assumed by the States and localities in financing public assistance.<sup>1</sup>

For the 50 States and the District of Columbia, the non-Federal share of assistance payments amounted to \$4.64 per \$1,000 of personal income in 1959-60—a drop of 14 cents per \$1,000, or 2.9 percent, from expenditures in 1958-59. This decrease resulted from the greater percentage rise in personal income than in expenditures from State and local funds.

### EXPENDITURES AND PERSONAL INCOME HIGHER IN MOST STATES

The State and local share of assistance payments went up moderately for the country as a whole in 1959-60, chiefly because the States, in trying to meet needs of recipients more nearly adequately, raised the average monthly payments per recipient. Rises in the non-Federal share of the average payments per recipient (per case in general assistance) accompanied caseload increases in aid to dependent children and aid to the permanently and totally disabled and decreases in the three remaining categories. For two of these programs—old-age assistance and

aid to the blind—the upward shifts in average payments more than offset decreases in the number of recipients, but in general assistance they failed to offset the downturn in the number of cases.

The single decline in aggregate expenditures from State-local funds occurred in general assistance, the only program with no Federal financial participation. In 1959-60 the total outlay from State and local funds for all five programs combined amounted to about \$1.8 billion, a net increase of almost \$57 million or 3.2 percent from the preceding year.

Nationally, personal income scored a modest increase (6.5 percent) during the year, as the economy recovered somewhat from the 1958 recession. Personal income went up in all but three States—Montana, North Dakota, and South Dakota. Of the States with increases, about half experienced a rise of 5.0-7.4 percent. Increases ranged from as little as 0.6 percent in Kansas and 1.4 percent in Nebraska to as much as 11.4 percent in Hawaii, which was one of four States with a rise of at least 10 percent.

The most influential single factor, accounting for more than one-third of the \$23 billion rise in total income, was the earnings of persons engaged in manufacturing. The accelerated pace in manufacturing activity mirrored the rise in inventory accumulation, consumer demand, and export demand during the first half of the year. In the second half of the year, the upward movement in the industrial regions<sup>2</sup> was halted somewhat by the effect of the steel strike.

Agriculture was the only major industrial division of the economy to record a decline in income. Primarily, the decline reflected lower prices for farm products, rising production costs, and elimination of the acreage reserve project from the soil bank program of the Department of Agriculture. Nationally the decline in farm income was 13 percent; changes among the individual States ranged from increases of 25 percent in some farm States to decreases of more than 50 percent in others.

States with increases in expenditures for public assistance from State and local funds far outnumbered those with decreases, but in most instances the percentage increase in the non-Federal share of assistance was smaller than that

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<sup>1</sup> Expenditures for assistance payments from State and local funds for old-age assistance, aid to dependent children, aid to the blind, aid to the permanently and totally disabled, and general assistance for the fiscal years 1958-59 and 1959-60 are related respectively to personal income for the calendar years 1958 and 1959. Guam, Puerto Rico, and the Virgin Islands are excluded from the analysis because personal income data are not available.

<sup>2</sup> New England, the Mideast, and the Great Lakes.

in income payments. Thirty-five of the 51 States raised the outlay for assistance from their own funds; about half the increases amounted to less

TABLE 1.—Expenditures for public assistance payments from State and local funds in relation to personal income and amount expended per inhabitant, by State, 1959-60<sup>1</sup>

| State                            | Percentage change in—           |  | Expenditures from State and local funds for assistance |         |   |                         |
|----------------------------------|---------------------------------|--|--|---------|---|-------------------------|
|                                  | Personal income, 1959 from 1958 | Expenditures from State and local funds for assistance, 1959-60 from 1958-59 | Per \$1,000 of personal income                         |         |   | Per inhabitant, 1959-60 |
|                                  |                                 |  | 1958-59  | 1959-60 | Percentage change, 1959-60 from 1958-59 |                         |
| United States <sup>2</sup> ..... | +6.5                            | +3.2   | \$4.78   | \$4.64  | -2.9                                    | \$9.89                  |
| Alabama.....                     | +5.2                            | +13.9  | 3.56   | 3.86    | +8.4                                    | 5.44                    |
| Alaska.....                      | +5.5                            | +13.1  | 2.71   | 2.90    | +7.0                                    | 7.13                    |
| Arizona.....                     | +8.4                            | +14.4  | 2.88   | 3.04    | +5.6                                    | 5.58                    |
| Arkansas.....                    | +10.1                           | +4.3   | 4.99   | 4.73    | -5.2                                    | 6.27                    |
| California.....                  | +9.8                            | +5.7   | 6.74   | 6.48    | -3.9                                    | 16.82                   |
| Colorado.....                    | +6.5                            | +2.5   | 12.46  | 11.98   | -3.9                                    | 25.53                   |
| Connecticut <sup>3</sup> .....   | +6.1                            | -4.5   | 4.70   | 4.23    | -10.0                                   | 11.52                   |
| Delaware.....                    | +5.3                            | -8.3   | 1.90   | 1.65    | -13.2                                   | 4.87                    |
| District of Columbia.....        | +4.0                            | +12.9  | 2.58   | 2.80    | +8.5                                    | 8.09                    |
| Florida <sup>4</sup> .....       | +10.8                           | +2.2   | 2.69   | 2.48    | -7.8                                    | 4.65                    |
| Georgia.....                     | +7.2                            | +1.1   | 3.92   | 3.66    | -6.6                                    | 5.65                    |
| Hawaii.....                      | +11.4                           | -2.7   | 3.04   | 2.66    | -12.5                                   | 5.42                    |
| Idaho <sup>4</sup> .....         | +5.3                            | -2.4   | 3.34   | 3.10    | -7.2                                    | 5.51                    |
| Illinois.....                    | +6.2                            | +11.0  | 5.10   | 5.33    | +4.5                                    | 13.60                   |
| Indiana.....                     | +6.5                            | -8.4   | 2.58   | 2.22    | -14.0                                   | 4.63                    |
| Iowa.....                        | +2.7                            | -9.9   | 4.46   | 4.31    | -3.4                                    | 8.43                    |
| Kansas.....                      | +6.1                            | +3.5   | 4.75   | 4.88    | +2.7                                    | 9.50                    |
| Kentucky.....                    | +4.9                            | -1.1   | 3.15   | 3.00    | -4.8                                    | 4.50                    |
| Louisiana.....                   | +4.8                            | +2.4   | 9.43   | 9.21    | -2.3                                    | 14.62                   |
| Maine.....                       | +4.3                            | -1.6   | 4.78   | 4.51    | -5.6                                    | 7.96                    |
| Maryland.....                    | +6.7                            | +8.1   | 1.44   | 1.46    | +1.4                                    | 3.34                    |
| Massachusetts.....               | +6.0                            | +3.3   | 7.73   | 7.31    | -5.4                                    | 17.58                   |
| Michigan.....                    | +5.5                            | -12.2  | 6.59   | 5.49    | -16.7                                   | 12.27                   |
| Minnesota.....                   | +2.7                            | +5.8   | 6.82   | 7.02    | +2.9                                    | 13.70                   |
| Mississippi.....                 | +10.0                           | +5.6   | 3.73   | 3.58    | -4.0                                    | 4.15                    |
| Missouri.....                    | +7.0                            | +5.8   | 5.09   | 5.04    | -1.0                                    | 10.78                   |
| Montana.....                     | -1.8                            | +7.9   | 5.09   | 5.60    | +10.0                                   | 10.93                   |
| Nebraska.....                    | +1.4                            | +1.0   | 2.76   | 2.75    | -.4                                     | 5.45                    |
| Nevada <sup>5</sup> .....        | +9.8                            | +2.6   | 2.11   | 1.98    | -6.2                                    | 5.21                    |
| New Hampshire.....               | +8.6                            | ( <sup>5</sup> )   | 3.53   | 3.25    | -7.9                                    | 6.42                    |
| New Jersey.....                  | +6.8                            | +7.5   | 2.56   | 2.58    | +8                                      | 6.56                    |
| New Mexico.....                  | +8.2                            | +10.5  | 3.62   | 3.70    | +2.2                                    | 6.54                    |
| New York.....                    | +7.0                            | +1.8   | 4.92   | 4.68    | -4.9                                    | 12.58                   |
| North Carolina.....              | +7.2                            | +5.2   | 2.66   | 2.61    | -1.9                                    | 3.89                    |
| North Dakota.....                | -8.6                            | +4.0   | 5.57   | 6.34    | +13.8                                   | 9.74                    |
| Ohio.....                        | +7.1                            | +6.5   | 4.47   | 4.45    | -.4                                     | 10.07                   |
| Oklahoma.....                    | +4.7                            | +8.0   | 10.95  | 11.29   | +3.1                                    | 20.07                   |
| Oregon.....                      | +8.9                            | -11.8  | 5.71   | 4.63    | -18.9                                   | 10.05                   |
| Pennsylvania.....                | +4.8                            | +29.2  | 3.31   | 4.08    | +23.3                                   | 8.91                    |
| Rhode Island.....                | +6.4                            | +2   | 6.18   | 5.81    | -6.0                                    | 12.42                   |
| South Carolina.....              | +7.7                            | +3.8   | 2.16   | 2.08    | -3.7                                    | 2.75                    |
| South Dakota.....                | -9.9                            | +1.8   | 4.19   | 4.73    | +12.9                                   | 7.09                    |
| Tennessee.....                   | +6.6                            | -2.2   | 2.62   | 2.32    | -7.9                                    | 3.48                    |
| Texas <sup>3</sup> .....         | +5.3                            | +9   | 2.77   | 2.66    | -4.0                                    | 5.01                    |
| Utah.....                        | +7.3                            | +3   | 4.46   | 4.17    | -6.5                                    | 6.61                    |
| Vermont <sup>3</sup> .....       | +7.6                            | -3.8   | 3.88   | 3.47    | -10.6                                   | 7.17                    |
| Virginia.....                    | +6.0                            | +9.9   | .85  | .88     | +3.5                                    | 1.57                    |
| Washington.....                  | +6.5                            | -13.3  | 10.58  | 8.61    | -18.6                                   | 19.20                   |
| West Virginia.....               | +3.1                            | -4.9   | 3.25   | 2.99    | -8.0                                    | 4.91                    |
| Wisconsin.....                   | +8.0                            | -2.9   | 4.89   | 4.40    | -10.0                                   | 9.20                    |
| Wyoming.....                     | +4.6                            | -2.8   | 4.06   | 3.77    | -7.1                                    | 8.08                    |

<sup>1</sup> Expenditures are for fiscal years 1958-59 and 1959-60 and exclude amounts spent for administration; they are related respectively to personal income for the calendar years 1958 and 1959.

<sup>2</sup> Data on income for Guam, Puerto Rico, and the Virgin Islands not available.

<sup>3</sup> Data for general assistance expenditures estimated.

<sup>4</sup> Reporting of general assistance expenditures incomplete.

<sup>5</sup> Increase of less than 0.05 percent.

than 5 percent, compared with a fourth of the increases in income payments. Expenditures were, however, at least 10 percent higher than in 1958-59 in seven States, including Pennsylvania, where they went up 29.2 percent. The non-Federal share of assistance went down in 16 States; in three States the decline was more than 10 percent. The decline was sharpest (13.3 percent) in the State of Washington. Four<sup>3</sup> of the 16 States have relatively high average per capita income. Of the seven States with percentage increases of 10 percent or more, two States<sup>4</sup> have relatively low average per capita income. The magnitude of the percentage shifts in personal income and in expenditures from State and local funds is indicated in table 2.

### STATE FISCAL EFFORT GENERALLY LOWER

Fiscal effort for public assistance decreased in 1959-60 in 35 States, mainly because the percentage rise in expenditures for assistance from State and local funds was less than that in personal income. The effort went down in 19 States because personal income went up proportionately more than the non-Federal share of assistance payments and in 16 States because an increase in personal income was accompanied by a decrease in expenditures from State and local funds. Percentage declines in fiscal effort ranged up to almost 19 percent and were usually largest in States that reduced their outlay from State and local funds in 1959-60 (table 1). The declines were less than 5 percent in three out of every eight States with decreases in fiscal effort and were 5.0-9.9 percent in a like proportion of States.

Of the 19 States in which fiscal effort declined despite an increase in local public assistance expenditures, eight expended greater fiscal effort than the United States average. Seven of these eight States and one other expended more per inhabitant than the United States average. Average per capita income for five of the 19 States was higher than the average for the United States.

Only 16 States made greater effort to support public assistance. Expenditures from State-local

<sup>3</sup> Connecticut, Delaware, Michigan, and Washington.

<sup>4</sup> Alabama and New Mexico.

funds went up proportionately more than personal income in 13 of these States and in three others expenditures rose while personal income declined. Upward shifts of less than 5 percent occurred in half the States with increases. The distribution of States by the percentage change in fiscal effort from 1958-59 to 1959-60 is shown below.

| Percentage change | Decreases | Increases |
|-------------------|-----------|-----------|
| Total.....        | 35        | 16        |
| 0-2.4.....        | 5         | 3         |
| 2.5-4.9.....      | 8         | 5         |
| 5.0-9.9.....      | 13        | 4         |
| 10.0-14.9.....    | 6         | 3         |
| 15.0 or more..... | 3         | 1         |

The States of Oregon and Washington had the largest drop in fiscal effort in 1959-60—18.9 percent and 18.6 percent, respectively. The decrease, in both States, is largely attributable to a substantial drop in the number of recipients of aid to dependent children and general assistance. In addition, Oregon had a reduction in the average monthly payment per recipient in all programs except aid to the blind. Washington's appropriation, effective July 1959, imposed more stringent eligibility factors for both aid to dependent children and general assistance. Reduced State-local expenditures in these States, coupled with a rise in personal income, resulted in a sizable decrease in fiscal effort.

The largest increase in fiscal effort—23.3 percent—occurred in Pennsylvania. For the second consecutive year, fiscal effort in this State increased by more than 15 percent (in 1958-59 the increase had been 17.8 percent). In contrast to Oregon and Washington, Pennsylvania experi-

TABLE 2.—Number of States with specified change in personal income and in expenditures for public assistance from State and local funds, 1959-60 from 1958-59

| Percentage change       | Increase        |                   | Decrease        |                   |
|-------------------------|-----------------|-------------------|-----------------|-------------------|
|                         | Personal income | State-local funds | Personal income | State-local funds |
| Total number of States. | 48              | 35                | 3               | 16                |
| 0-2.4.....              | 2               | 11                | 1               | 5                 |
| 2.5-4.9.....            | 10              | 6                 | 0               | 6                 |
| 5.0-7.4.....            | 23              | 6                 | 0               | 0                 |
| 7.5-9.9.....            | 9               | 5                 | 2               | 2                 |
| 10.0-12.4.....          | 4               | 2                 | 0               | 2                 |
| 12.5-14.9.....          | 0               | 4                 | 0               | 1                 |
| 15.0 or more.....       | 0               | 1                 | 0               | 0                 |

enced a substantial increase in the number of persons receiving assistance during the first half of 1959-60. The strike in the steel industry early in the fiscal year (August-November 1959) accounted for the larger number receiving general assistance and contributed to a lesser extent to the increase in aid to dependent children. Also contributing to the increase in fiscal effort was the liberalization in the program of aid to the blind. For this program, Pennsylvania raised the monthly payment maximum from \$60 to \$70 in December 1959, and at the same time changed allowable annual income, including the assistance payment, from \$2,500 to \$2,880.

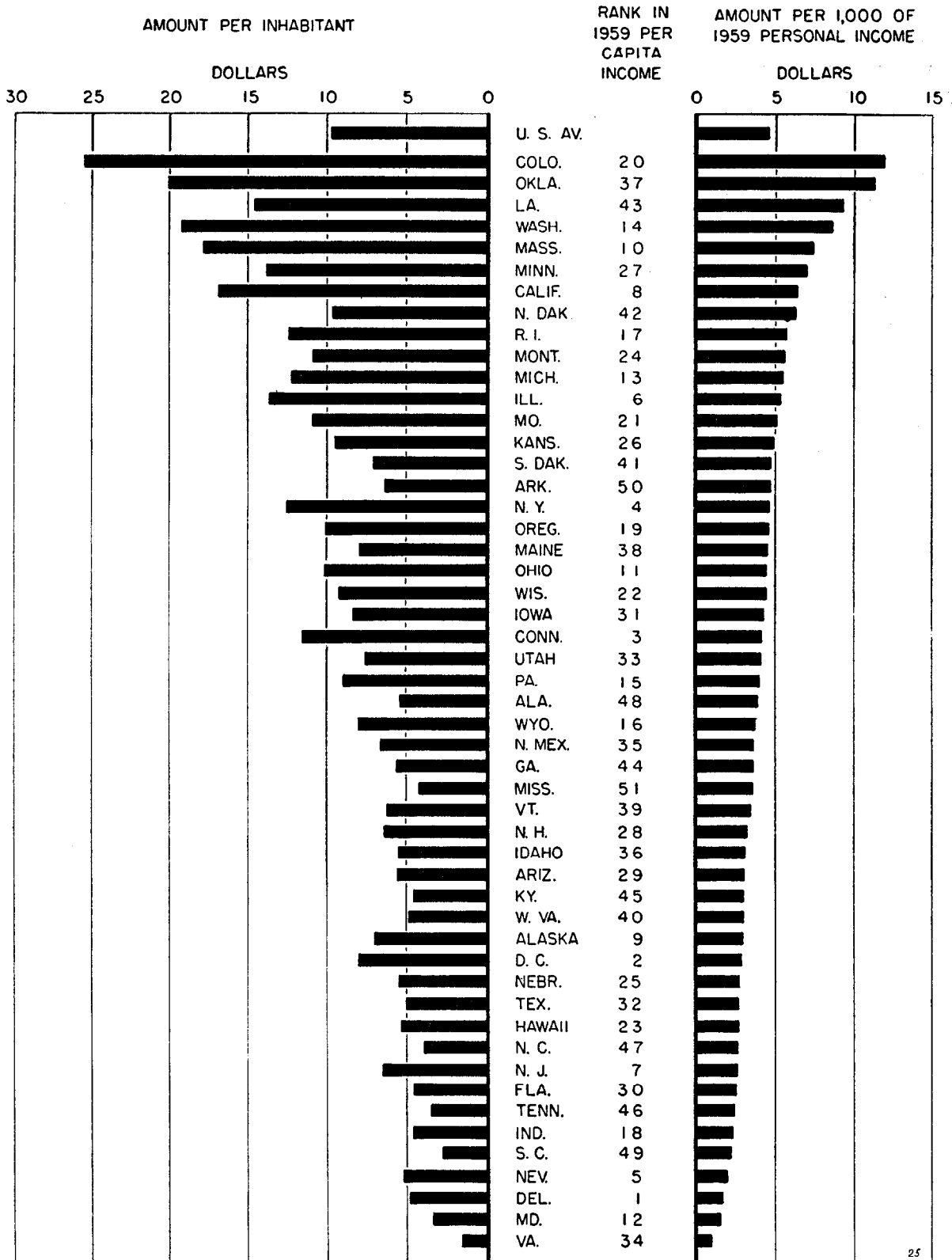
### STATE VARIATION IN FISCAL EFFORT

The fiscal effort of the individual States varied considerably in 1959-60—from a low of 88 cents per \$1,000 of personal income in Virginia to a high of \$11.98 in Colorado. Colorado was one of three States in which expenditures for assistance from State and local funds amounted to at least \$9.00 per \$1,000 of personal income. The comparatively high fiscal effort made by a few States pulled the average for the Nation (\$4.64) to a level that exceeded the effort made in two-thirds of the States. Effort in the median State (Alabama) was only \$3.86. The distribution of States by the amount of fiscal effort is shown below.

| Amount of fiscal effort | Number of States |
|-------------------------|------------------|
| Less than \$3.00 .....  | 16               |
| \$3.00-4.99 .....       | 22               |
| 5.00-6.99 .....         | 7                |
| 7.00-8.99 .....         | 3                |
| 9.00 or more .....      | 3                |

Among the factors that affect a State's fiscal effort to support the public assistance programs are its ability and willingness to do so. Both factors affect the amount appropriated for assistance payments. The public assistance programs, including the four with Federal financial participation in 1960, are, of course, State programs. Each State is free to define the scope of its programs by determining who will be eligible and the amount of assistance paid to recipients. A State may control to some degree the proportion of the population that will be considered needy by establishing relatively stringent or relatively liberal eligibility requirements for as-

Expenditures per inhabitant from State and local funds for public assistance in relation to personal income, by State, fiscal year 1959-60



sistance. The State may also limit the amount spent for assistance payments through its assistance standard—the quantity, quality, and cost of the items it chooses to include in the budget for all persons found to be in need under its eligibility requirements.

The ability of States to finance public assistance depends on their income, which in turn affects the proportion of the population that needs assistance. The need for assistance is generally greatest in the lowest-income States, which also have the least fiscal resources to meet that need. When low-income States are willing to make a substantial fiscal effort to support the public assistance programs and find the means to do so, expenditures for assistance are relatively large—chiefly because a comparatively high proportion of the population is aided. In contrast, the highest-income States have less need for assistance but greater financial ability to approach adequacy in meeting the needs of individual recipients. Greater fiscal effort on the part of some of the high-income States is usually the result of relatively high average monthly payments to recipients and broadly based assistance programs that include provision of more nearly adequate medical care for recipients.

Although the income position of a State has a bearing on its ability to finance the public assistance programs, there seems to be little consistent relationship between fiscal effort and per capita income. Thus, when the States are grouped according to fiscal effort, there is almost equal representation from each of the three per capita income groups, as shown below.

| Fiscal effort | Per capita income |        |     |
|---------------|-------------------|--------|-----|
|               | High              | Middle | Low |
| High.....     | 7                 | 5      | 5   |
| Middle.....   | 4                 | 6      | 7   |
| Low.....      | 6                 | 6      | 5   |

In contrast, a fairly direct and consistent relationship exists between fiscal effort and per inhabitant expenditures for assistance from State and local funds (chart). Fourteen of the 17 States with relatively high fiscal effort, for example, made expenditures per inhabitant that were also comparatively high; in the three remaining States per capita expenditures were in

the middle range. Similarly, of the 17 States with relatively low fiscal effort, expenditures per inhabitant were comparatively low in 14 States and in the middle range in three States.

As would be expected, the variation among States in per inhabitant expenditures from State and local funds for assistance payments was greater than that in fiscal effort. The per capita expenditures of \$25.53 in Colorado, the highest State, were more than 16 times the \$1.57 expended in Virginia, the lowest State. The amount in the median State (Alaska) was \$7.13 per inhabitant. The mean expenditure per inhabitant for the 51 jurisdictions was \$9.89. Here, as was true for fiscal effort, the mean for the Nation was pulled up by comparatively high expenditures per inhabitant in a few States. The States are grouped below according to their per inhabitant expenditures from State-local funds in 1959-60.

| Amount                | Number of States |
|-----------------------|------------------|
| Less than \$5 .....   | 11               |
| \$5.00-\$7.49 .....   | 15               |
| \$7.50-\$9.99 .....   | 9                |
| \$10.00-\$12.49 ..... | 7                |
| \$12.50 or more ..... | 9                |

Much greater fiscal effort is required of a low-income than of a high-income State in making the same per inhabitant expenditure from State and local funds. Thus, if Mississippi were to achieve California's expenditure of \$16.82 per \$1,000 of personal income, its fiscal effort would have to be double California's.

## Temporary Extended Unemployment Compensation Legislation, 1961\*

On March 24, 1961, President Kennedy signed two laws extending, for a temporary period, the duration of unemployment insurance benefits.

### STATE UNEMPLOYMENT INSURANCE PROGRAMS

Public Law 87-6 provides for a temporary program of extended unemployment compensation for workers who exhaust their benefit rights

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