

Social Welfare Expenditures, 1960-61

by IDA C. MERRIAM*

SOCIAL WELFARE expenditures, as measured in the series developed by the Social Security Administration, amounted to \$58 billion in 1960-61 or 11.5 percent of the gross national product. Almost \$20 billion of this total represented public expenditures for education. Social insurance benefits and costs of administration amounted to \$22 billion. Payments under the social insurance programs are now the largest single component of the social welfare expenditure series. They continue to be, as they have been for some time, the fastest growing segment.

From 1959-60 to 1960-61, total social welfare expenditures increased by \$5.5 billion. Social insurance programs accounted for \$3 billion of the rise. Benefits under old-age, survivors, and disability insurance increased by slightly more than \$1 billion, and unemployment insurance and employment service expenditures by \$1.5 billion. Public expenditures for education went up \$1.4 billion.

The percentage increase from 1959-60 to 1960-61 was 11 percent for all social welfare expenditures. In educational expenditures, however, the increase was only 7 percent when veterans' educational benefits, which declined sharply in 1960-61, are included. Notably large percentage increases occurred in unemployment insurance and employment service expenditures (52 percent), medical research (28 percent), vendor payments for medical care under public assistance (20 percent), and expenditures for surplus food for needy persons (136 percent).

DEFINITION OF SOCIAL WELFARE

This series was developed to provide a basis for measuring and assessing changes in the share of the total national output devoted to social welfare purposes, the impact of such programs on government finances, and similar questions. The definition of social welfare used is broader than some persons would prefer, though narrower than others might

*Director, Division of Program Research, Office of the Commissioner.

choose. The estimates in table 1 are presented in sufficient detail to permit users of the data to re-group the figures to suit their particular needs.

The rationale for the decisions that have been made regarding inclusion or exclusion of particular programs has been discussed in some detail in earlier articles in the series. The general concepts are summarized briefly here for the convenience of readers who do not have easy access to earlier issues of the BULLETIN.

The question most frequently raised with respect to the series has to do with the inclusion of education. The definitions and concepts used in other countries and, more importantly, in discussions in the United Nations, influenced the initial decision to include education with health and social security and other welfare services. When the question concerns the share of national income that a country is using or should use for social welfare purposes—compared with economic development or military expenditures, for example—the term social welfare usually includes not only what we in the United States think of as public welfare and social security programs but health and education as well.

For many countries, widespread public education is a much more recent development than it is for the United States. Here its social welfare aspects were recognized in the early debates about public schools, some 125 years ago, and are now largely taken for granted. Even in this country, increasing concern with school dropouts, the quality of education in slum areas, and the interrelationship of social and economic circumstances and educational aspirations and achievement are again calling attention to the social welfare aspects of education.

Not all programs or measures that contribute to the general welfare of the population are encompassed in this concept of social welfare. Government actions that promote welfare indirectly by enforcing law and order, fostering economic development, stabilizing prices, and so on are by general consent not regarded as social welfare measures. Direct concern with the economic and social well-being of individuals and families is the distinguishing characteristic of the social welfare programs.

There is a wide borderline area between social welfare and other measures that is, however, subject to change. Agricultural programs that help low-income farm families or make surplus foods available for needy persons have, for example, obvious social welfare aspects. In the Social Security Administration series, the value of surplus foods

made available to needy persons, to institutions, and for school lunches has been treated as social welfare expenditures. The food stamp program, with its primary emphasis on improving the diet of low-income families rather than on maintaining the prices of agricultural products, supports this definition. The series does not, on the other hand, treat

TABLE 1.—Social welfare expenditures under public programs, selected fiscal years, 1934-35 through 1960-61¹

[In millions; revised estimates]

Program	1934-35	1939-40	1944-45	1949-50	1954-55	1955-56	1956-57	1957-58	1958-59	1959-60	1960-61
	Total expenditures										
Tota	\$6,503.0	\$8,702.2	\$8,403.3	\$23,201.1	\$32,018.6	\$34,606.7	\$38,795.9	\$44,908.8	\$49,201.7	\$52,330.3	\$57,862.4
Social insurance	383.9	1,216.4	1,387.7	4,911.2	9,845.1	10,641.8	12,463.5	15,953.0	18,275.1	19,292.0	22,357.2
Old-age, survivors, and disability insurance ²	28.1	266.8	784.1	4,436.3	5,485.2	6,665.9	8,221.1	9,615.9	11,032.3	12,160.7	12,160.7
Railroad retirement	115.7	143.7	304.4	575.6	603.2	676.8	728.2	777.6	925.4	991.8	991.8
Public employee retirement ³	210.0	254.5	382.8	743.4	1,379.5	1,577.2	1,785.3	2,026.3	2,342.5	2,569.9	2,870.2
Unemployment insurance and employment service ⁴		551.7	185.9	2,230.1	2,080.8	1,623.5	1,841.6	3,302.5	3,731.1	2,829.5	4,310.3
Railroad unemployment insurance		18.9	4.3	119.6	158.6	59.7	88.1	176.0	200.2	215.2	213.4
Railroad temporary disability insurance				31.1	54.2	52.3	52.0	54.6	57.0	68.6	58.0
State temporary disability insurance, total ⁵			5.1	72.3	217.5	232.9	270.2	302.1	328.1	342.7	382.1
Hospital and medical benefits ⁶				2.2	20.0	22.4	26.3	31.1	38.5	39.6	43.5
Workmen's compensation, total ⁷	173.9	247.5	399.1	626.2	942.6	1,007.8	1,083.6	1,142.2	1,222.7	1,308.4	1,370.7
Hospitalization and medical benefits ⁸	65.0	90.0	122.0	193.0	315.0	335.0	355.0	370.0	390.0	420.0	440.0
Public aid	2,997.6	3,598.7	1,030.5	2,496.2	3,003.0	3,114.7	3,308.5	3,615.4	3,997.9	4,101.1	4,441.0
Public assistance ⁹	623.9	1,124.3	1,028.8	2,490.2	2,941.1	3,023.7	3,230.6	3,539.5	3,890.9	4,041.7	4,301.0
Vendor medical payments ⁹					211.9	252.6	287.6	320.2	410.0	492.5	588.6
Other ⁹	2,373.7	2,474.4	1.7	6.0	61.9	91.0	77.9	75.9	107.0	59.4	140.0
Health and medical programs ¹⁰	543.7	697.3	1,936.9	2,344.3	2,914.0	3,106.9	3,533.2	3,842.2	4,087.6	4,342.3	4,757.0
Hospital and medical care	378.0	460.0	1,585.7	1,506.0	2,052.1	2,197.9	2,391.8	2,681.6	2,685.3	2,835.0	3,093.0
Civilian programs	339.0	415.0	485.7	1,174.0	1,449.5	1,577.8	1,707.0	1,881.5	1,911.4	2,116.5	2,314.9
Defense Department and Medicare	39.0	45.0	1,100.0	332.0	602.6	620.1	684.8	800.1	773.9	719.1	778.1
Maternal and child health services ¹¹	6.7	13.8	62.0	29.8	92.9	97.3	113.2	122.1	133.4	139.4	152.4
Medical research ¹²		3.0	15.0	51.3	99.8	109.4	172.9	227.5	287.4	442.7	565.2
Other public health activities ¹³	124.0	179.5	222.8	328.4	315.8	368.2	414.1	352.5	411.6	420.2	445.1
Medical facilities construction	35.0	41.0	51.5	428.8	353.3	334.1	441.2	458.5	569.9	504.4	501.3
Defense Department		(⁶)	(⁹)	(⁶)	8.9	25.8	83.4	50.8	43.8	36.2	28.2
Other	35.0	41.0	51.5	428.8	344.4	308.3	357.8	407.7	526.1	468.2	473.1
Other welfare services	139.3	114.1	195.3	401.6	580.3	698.8	783.2	908.4	1,021.9	1,160.7	1,248.1
Vocational rehabilitation, total	2.2	4.1	10.2	30.0	41.4	55.7	65.6	80.1	90.3	100.6	112.8
Medical rehabilitation ⁶	.2	.4	1.4	7.4	9.2	11.0	12.7	14.9	16.6	17.7	20.4
Institutional and other care ¹⁴	111.1	65.0	67.5	107.9	165.4	204.3	195.2	327.4	377.5	450.2	506.9
School lunch ¹⁵			47.4	158.8	238.4	293.2	362.7	324.5	368.1	398.9	403.9
Child welfare ¹⁶	26.0	45.0	70.2	104.9	135.1	145.6	159.7	176.4	186.0	211.0	224.5
Veterans' programs ¹⁷	449.8	535.0	890.1	6,380.8	4,369.3	4,618.9	4,691.3	5,006.5	5,093.7	5,091.2	5,278.1
Pensions and compensation ¹⁸	390.2	447.8	755.9	2,092.8	2,712.3	2,826.0	2,906.5	3,147.7	3,325.6	3,425.8	3,690.1
Health and medical services	58.9	86.3	114.5	745.8	761.1	757.2	779.8	837.4	894.6	942.1	1,007.3
Hospital and medical care	56.0	72.1	96.3	585.9	722.0	723.5	732.9	794.1	836.0	867.2	932.5
Hospital construction	2.9	14.1	16.2	156.2	33.0	27.2	36.8	33.3	45.7	57.5	53.7
Medical research		.1	2.0	3.7	6.1	6.5	10.1	10.0	12.9	17.3	21.1
Education			9.7	2,689.1	699.9	803.5	811.0	731.2	602.7	404.7	252.9
Welfare and other ¹⁹	.7	1.0	10.0	853.1	196.0	232.2	194.0	290.2	270.7	318.6	327.8
Education	1,988.7	2,536.6	2,951.8	6,655.0	11,218.3	12,315.0	13,896.7	15,449.2	16,569.5	18,166.3	19,585.3
Elementary and secondary, total	1,850.7	2,323.4	2,679.5	5,745.7	10,046.3	11,014.3	12,347.5	13,646.3	14,602.9	15,697.6	16,888.5
Construction ⁶	²⁰ 115.3	²⁰ 258.0	²⁰ 82.5	1,018.7	2,362.4	2,606.2	2,983.9	3,109.4	2,980.7	2,881.9	3,107.8
Higher education and other, total	138.0	213.2	272.3	909.3	1,172.0	1,300.7	1,549.2	1,802.9	1,966.6	2,468.7	2,696.7
Construction ⁶	(²¹)	²⁰ 20.6	(²¹)	310.5	198.8	244.7	334.2	425.2	390.3	371.3	352.9
Public housing ²²		4.2	11.0	12.0	88.6	110.6	119.6	134.1	156.1	176.7	196.0

See footnotes at end of table.

as social welfare expenditures the amounts spent for rural electrification and farm extension work.

Between labor programs and social welfare programs another borderline area exists. The cost of operating the employment service is treated as a social welfare expenditure, partly because it is a necessary adjunct to unemployment insurance. Direct expenditures for retraining and relocation of workers should probably be regarded as social wel-

fare expenditures. The costs of enforcing labor standards have not been so treated, and it is probable that the series will exclude, when the data are available, most of the expenditures under the depressed areas legislation, other than expenditures for the retraining of individuals. Expenditures for public housing that are in the nature of subsidies of rents for low-income families are included. Excluded, however, are the costs of urban renewal—

TABLE 1.—Social welfare expenditures under public programs, selected fiscal years, 1934-35 through 1960-61—Continued

[In millions; revised estimates]

Program	1934-35	1939-40	1944-45	1949-50	1954-55	1955-56	1956-57	1957-58	1958-59	1959-60	1960-61
	From Federal funds										
Total.....	\$3,013.4	\$3,291.2	\$3,460.3	\$10,028.4	\$13,865.5	\$15,426.8	\$17,401.0	\$19,832.7	\$22,647.4	\$24,603.7	\$27,112.1
Social insurance.....	98.9	350.2	728.9	2,059.6	6,395.7	7,529.8	8,917.7	10,854.8	13,041.3	14,297.9	15,992.6
Old-age, survivors, and disability insurance ²		28.1	266.8	784.1	4,436.3	5,485.2	6,665.9	8,221.1	9,615.9	11,032.3	12,160.7
Railroad retirement.....		115.7	143.7	304.4	575.6	603.2	676.8	728.2	777.6	925.4	991.8
Public employee retirement ³	90.0	107.5	184.8	433.4	799.5	935.2	1,039.3	1,185.3	1,377.5	1,519.9	1,701.2
Unemployment insurance and employment service ⁴		65.8	114.6	361.9	321.0	341.1	337.1	427.0	940.8	473.4	801.9
Railroad unemployment insurance.....		18.9	4.3	119.6	158.6	59.7	88.1	176.0	200.2	215.2	213.4
Railroad temporary disability insurance.....				31.1	54.2	52.3	52.0	54.6	57.0	68.6	58.0
Workmen's compensation, total ⁷	8.9	14.2	14.7	25.1	50.5	53.1	58.5	62.6	72.3	63.1	65.6
Hospitalization and medical benefits ⁶	3.0	5.2	4.7	5.2	6.9	6.8	7.3	7.9	8.2	9.0	8.7
Public aid.....	2,373.7	2,245.9	420.1	1,103.2	1,504.2	1,555.4	1,690.0	1,835.0	2,082.1	2,116.9	2,333.9
Public assistance ⁸		281.1	418.4	1,097.2	1,442.3	1,464.4	1,612.1	1,759.1	1,975.1	2,057.5	2,193.9
Vendor medical payments ⁹					23.3	29.0	37.6	74.6	150.9	199.6	253.5
Other ⁹	2,373.7	1,964.8	1.7	6.0	61.9	91.0	77.9	75.9	107.0	59.4	140.0
Health and medical programs ¹⁰	60.0	99.3	1,242.0	661.2	964.9	1,048.8	1,292.4	1,385.0	1,466.0	1,580.2	1,788.0
Hospital and medical care.....	48.0	50.0	1,115.7	383.0	673.1	702.9	773.8	891.6	875.3	826.6	880.0
Civilian programs.....	9.0	5.0	15.7	51.0	70.5	82.8	89.0	91.5	101.4	107.5	109.9
Defense Department and Medicare.....	39.0	45.0	1,100.0	332.0	602.6	620.1	684.8	800.1	773.9	719.1	778.1
Maternal and child health services ¹¹		7.8	55.2	20.1	23.7	27.7	31.0	32.9	33.3	33.3	39.4
Medical research ¹²		3.0	15.0	51.3	99.8	109.4	172.9	214.5	271.4	419.7	539.2
Other public health activities ¹³	12.0	37.5	64.6	80.0	75.0	112.7	140.5	62.5	70.1	72.2	88.1
Medical-facilities construction.....		1.0	1.5	126.8	93.3	96.1	174.2	183.5	215.9	228.4	233.3
Defense Department.....		(⁶)	(⁶)	(⁶)	8.9	25.8	83.4	50.8	43.5	36.2	28.2
Other.....		1.0	1.5	126.8	84.4	70.3	90.8	132.7	172.1	192.2	205.1
Other welfare services.....	2.1	9.7	87.0	166.7	244.2	320.3	374.3	345.5	384.9	409.7	435.9
Vocational rehabilitation, total.....	1.0	2.0	7.5	21.0	26.4	35.2	42.0	51.4	57.4	64.3	73.0
Medical rehabilitation ¹⁴1	.2	.7	3.7	5.7	6.8	7.9	9.3	10.4	11.2	12.9
Institutional and other care ¹⁴	1.1	6.1	16.0	21.7	41.4	50.3	33.2	43.4	37.5	26.2	39.9
School lunch ¹⁵		47.4	47.4	119.7	169.3	227.7	291.0	240.9	277.7	306.3	308.9
Child welfare ¹⁶		1.6	16.1	4.2	7.1	7.1	8.1	9.8	12.3	12.9	14.1
Veterans' programs ¹⁷	449.8	535.0	890.1	5,918.8	4,307.7	4,529.7	4,652.0	4,885.1	5,032.6	4,979.3	5,193.7
Pensions and compensation ¹⁸	390.2	447.8	755.9	2,092.8	2,712.3	2,826.0	2,906.5	3,147.7	3,325.6	3,425.8	3,690.1
Health and medical services.....	58.9	86.3	114.5	745.8	761.1	757.2	779.8	837.4	894.6	942.1	1,007.3
Hospital and medical care.....	56.0	72.1	96.3	585.9	722.0	723.5	732.9	794.1	836.0	867.2	932.5
Hospital construction.....	2.9	14.1	16.2	156.2	33.0	27.2	36.8	33.3	45.7	57.5	53.7
Medical research.....		.1	2.0	3.7	6.1	6.5	10.1	10.0	12.9	17.3	21.1
Education ¹⁹		9.7	2,689.1	699.9	699.9	803.5	811.0	731.2	602.7	404.7	252.9
Welfare and other ¹⁹7	1.0	10.0	391.1	134.4	143.0	154.7	168.8	209.6	208.8	243.4
Education.....	28.9	47.0	81.3	106.9	374.8	351.9	374.0	416.9	512.8	1,076.2	1,208.9
Elementary and secondary, total.....	19.9	32.5	48.0	63.9	315.4	289.7	297.9	321.7	348.9	505.2	512.1
Construction ⁶	(²¹)	(²¹)	(²¹)	5.2	139.3	102.6	83.9	89.1	80.7	93.0	71.6
Higher education and other, total.....	9.0	14.5	33.3	43.0	59.4	62.2	76.1	95.2	163.9	571.0	696.7
Construction ⁶	(²¹)	(²¹)	(²¹)	5.9	5.4	4.7	3.3	3.4	1.0	14.6	26.9
Public housing ²²		4.2	11.0	12.0	74.0	90.9	100.6	110.4	127.7	143.5	159.1

See footnotes at end of table.

TABLE 1.—Social welfare expenditures under public programs, selected fiscal years, 1934-35 through 1960-61—Continued

[In millions; revised estimates]

Program	1934-35	1939-40	1944-45	1949-50	1954-55	1955-56	1956-57	1957-58	1958-59	1959-60	1960-61
	From State and local funds										
Total.....	\$3,489.6	\$5,411.0	\$4,943.0	\$13,172.7	\$18,153.1	\$19,179.9	\$21,394.9	\$25,076.1	\$26,554.3	\$27,726.6	\$30,750.3
Social insurance.....	285.0	866.2	658.8	2,851.6	3,449.5	3,112.1	3,545.7	5,098.2	5,233.7	4,094.1	6,364.6
Public employee retirement ¹	120.0	147.0	198.0	310.0	580.0	642.0	746.0	841.0	965.0	1,050.0	1,169.0
Unemployment insurance and employment service ²		485.9	71.3	1,868.2	1,759.9	1,282.5	1,504.5	2,875.5	2,790.2	2,356.1	3,508.4
State temporary disability insurance, total ³			5.1	72.3	217.5	232.9	270.2	302.1	328.1	342.7	382.1
Hospital and medical benefits ⁴				2.2	20.0	22.4	26.3	31.1	38.5	39.6	43.5
Workmen's compensation, total ⁵		233.3	384.4	601.1	892.1	954.7	1,025.0	1,079.6	1,150.4	1,245.3	1,305.1
Hospitalization and medical benefits ⁶	62.0	84.8	117.3	187.8	308.1	328.2	347.7	362.1	381.8	411.0	431.3
Public aid.....	623.9	1,352.8	610.4	1,393.0	1,498.8	1,559.3	1,618.5	1,780.5	1,915.8	1,984.2	2,107.0
Public assistance ⁷	623.9	843.2	610.4	1,393.0	1,498.8	1,559.3	1,618.5	1,780.5	1,915.8	1,984.2	2,107.0
Vendor medical payments ⁸					188.6	223.6	250.0	245.6	259.1	292.9	335.1
Other ⁹		509.6									
Health and medical programs ¹⁰	483.7	598.0	695.0	1,683.1	1,949.1	2,058.1	2,240.8	2,457.2	2,621.6	2,762.1	2,969.0
Hospital and medical care.....	330.0	410.0	470.0	1,123.0	1,379.0	1,495.0	1,618.0	1,790.0	1,810.0	2,009.0	2,205.0
Maternal and child health services ¹¹	6.7	6.0	6.8	9.7	69.2	69.6	82.2	89.2	100.1	106.1	113.0
Medical research.....								13.0	16.0	23.0	26.0
Other public health activities ¹²	112.0	142.0	168.2	248.4	240.8	255.5	273.6	290.0	341.5	348.0	357.0
Medical-facilities construction	35.0	40.0	50.0	302.0	260.0	238.0	267.0	275.0	354.0	276.0	268.0
Other welfare services.....	137.2	104.4	108.3	234.9	336.0	378.4	408.9	502.8	637.0	751.0	812.1
Vocational rehabilitation, total	1.2	2.1	2.7	9.0	15.0	20.5	23.6	28.7	32.9	36.3	39.8
Medical rehabilitation ¹³	.1	.2	.7	3.7	3.5	4.2	4.8	5.6	6.2	6.5	7.5
Institutional and other care ¹⁴	110.0	58.9	51.5	86.2	124.0	154.0	162.0	284.0	340.0	424.0	467.0
School lunch ¹⁵				39.0	69.0	65.4	71.7	83.6	90.4	92.6	94.9
Child welfare ¹⁶	26.0	43.4	54.1	100.7	128.0	138.5	151.6	166.6	173.7	198.1	210.4
Veterans' programs ¹⁷				462.0	61.6	89.2	39.3	121.4	61.1	111.9	84.3
Education.....	1,959.8	2,489.6	2,970.5	6,548.1	10,843.5	11,963.1	13,522.7	15,032.3	16,056.7	17,090.1	18,376.0
Elementary and secondary, total	1,830.8	2,290.9	2,631.5	5,681.8	9,730.9	10,724.6	12,049.6	13,324.6	14,254.0	15,192.4	16,376.4
Construction ¹⁸	115.3	258.0	82.5	1,013.5	2,223.1	2,503.6	2,900.0	3,020.3	2,900.0	2,788.9	3,036.2
Higher education and other, total	129.0	198.7	239.0	866.3	1,112.6	1,238.5	1,473.1	1,707.7	1,802.7	1,897.7	2,000.0
Construction ¹⁹	(21)	20.6	(21)	304.6	193.4	240.0	330.9	421.8	389.3	356.7	326.0
Public housing ²²					14.6	19.7	19.0	23.7	28.4	33.2	36.9

¹ Expenditures from Federal, State, and local revenues (general and special) and trust funds and other expenditures under public law; includes capital outlay and administrative expenditures, unless otherwise noted. Includes some expenditures and payments outside the United States. Fiscal years ended June 30 for Federal Government, most States, and some localities; for other States and localities, fiscal years cover various 12-month periods ended in the specified year.

² Excludes net payments in lieu of benefits (transfers) under the financial interchange with the railroad retirement system.

³ Excludes refunds of employee contributions to those leaving the service; Federal expenditures include payments to retired military personnel and survivors. Data for administrative expenses not available for Federal non-contributory programs.

⁴ Includes unemployment compensation for Federal employees, for servicemen, and for veterans under the Servicemen's Readjustment Act of 1944 and the Veterans' Readjustment Assistance Act of 1952 and payments under the temporary extended unemployment insurance programs.

⁵ Cash and medical benefits, including payments under private plans where applicable in the 4 States with programs. Includes State costs of administering State plans and supervising private plans; data for administrative expenditures of private plans underwritten by private insurance carriers or self-insured are not available.

⁶ Included in total shown directly above; excludes administrative expenditures, not available separately but included for entire program in preceding line.

⁷ Cash and medical benefits paid under Federal workmen's compensation laws and under State laws by private insurance carriers, by State funds, and by self-insurers. Excludes administrative costs of State agencies before 1949-50 and all administrative costs of private insurance carriers and self-insurers. Beginning 1959-60 includes data for Alaska and Hawaii.

⁸ Includes vendor medical payments, old-age assistance, medical assistance for the aged (beginning November 1960), aid to dependent children, aid to the blind, aid to the permanently and totally disabled, and, from State and local funds, general assistance. For 1939-40, total includes \$1 million in administrative costs and Federal Emergency Relief Administration funds for which distribution by source of funds is not available.

⁹ Work program earnings, other emergency aid programs, and value of surplus food distributed to needy families.

¹⁰ Excludes expenditures (1) for domiciliary care in institutions other than mental or tuberculosis (included under institutional care); (2) for health and medical services provided in connection with State temporary disability insurance, workmen's compensation, public assistance, vocational rehabilitation, and veterans' programs (included in total expenditures for these programs); and (3) those made directly for international health activities

and for certain subordinate medical programs such as those of the Federal Aviation Agency, the Bureau of Narcotics, the Bureau of Mines, the National Park Service, and the U. S. Civil Service Commission.

¹¹ Services for crippled children and maternal and child health services.

¹² Federal expenditures exclude those under maternal and child health services, vocational rehabilitation, and veterans' programs.

¹³ Excludes expenditures for water supply, sanitation services, and sewage disposal but includes regulatory and administrative costs of these services; also includes expenditures for medical equipment and supplies for civil defense.

¹⁴ Expenditures for homes for dependent or neglected children and for adults other than veterans and the value of surplus food for nonprofit institutions.

¹⁵ Federal expenditures represent cash apportionment and the value of commodities purchased and distributed under the National School Lunch Act, the value of surplus commodities distributed under other agricultural programs, and, beginning 1954-55, special school milk program. Nongovernmental funds are also available from private organizations and from payments by parents (in 1960-61 parents' payments totaled \$595 million).

¹⁶ Includes foster-care payments and payments for professional and facilitating services; excludes expenditures of public institutions and public day-care centers, capital expenditures by courts and by youth authorities, payments from parents and relatives, and direct appropriations by State legislatures to voluntary agencies and institutions.

¹⁷ Federal expenditures exclude bonus payments and expenditures from veterans' life insurance trust funds; State and local expenditures refer to State bonus and other payments and services, local data not available.

¹⁸ Includes burial awards.

¹⁹ Includes vocational rehabilitation, specially adapted homes and automobiles for disabled veterans, counseling, beneficiaries' travel, loan guarantees, and domiciliary care.

²⁰ State and local expenditures; data for Federal expenditures not available.

²¹ Data not available.

²² Federal and State subsidies (and administrative costs) for low-cost housing.

²³ Represents Office of Education administrative costs, training of Federal personnel, and "grants" as reported in the summary table prepared by the Federal Education Programs Branch, Office of Education, except (1) those covered under other social welfare programs such as veterans' programs and (2) the value of surplus property. Data for 1959-60 and 1960-61 include training grants, basic research, and revenue from public lands for education, not available in earlier years.

Source: Data taken or estimated from Treasury reports, Federal budgets, and available reports of Federal, State, and local administrative agencies.

which may improve the livability of a metropolitan area but which may also create more individual welfare problems than it ameliorates.

A problem of definition that is more difficult in the United States than in most other countries is the question of what is public and what is private. The social welfare expenditure figures in the Social Security Administration series include amounts paid as benefits under statutory workmen's compensation and temporary disability insurance programs, whether they come from public (tax) revenues, from private insurance companies, or directly from employers who self-insure. These programs are compulsory, and the benefits are specified in statutes. It is therefore appropriate to include the payments in any analysis of the protection available through public programs, whether the risk is insured through private carriers, through State or Federal funds, or is self-insured. These "private" mandated benefit payments are omitted, however, in comparing social welfare expenditures with total government expenditures for all purposes.

TRENDS IN SOCIAL WELFARE EXPENDITURES

Except during the depression of the thirties, when emergency relief expenditures outran all other social welfare spending, until 1958 public expenditures for education represented the largest share of social welfare expenditures in the United States. At the beginning of this century, we were using about 1 percent of our total national output for public education. With the spread of public secondary education, the proportion of the gross national product going to public education had more than doubled by 1929. By 1960-61, with increased public spending for higher education and for Federal grants for special educational programs, the United States was using 4 percent of its national output for public education.

Social insurance benefits represented 4.4 percent of the gross national product in 1960-61, more than seven times the comparable figure for 1934-35 and more than three times that for 1939-40, the first year in which monthly benefits under old-age, survivors, and disability insurance became payable. Veterans' program expenditures were relatively large at the turn of the century and again immediately after the end of World War II. For the past several years these expenditures have accounted for

about the same proportion of the total national output as have expenditures for public aid and for health and medical programs.

The proportion of the gross national product used for health programs (as classified in tables 1 and 2)

TABLE 2.—Social welfare expenditures as percent of gross national product, selected fiscal years, 1889-90 through 1960-61

Fiscal years	Gross national product (in billions)	Social welfare expenditures as percent of gross national product						
		Total ¹	Insurance	Public aid	Health and medical services	Other welfare	Veterans' programs	Educa-tion ²
1889-90.....	\$13.0	2.4	(³)	40.3	0.1	(⁴)	0.9	1.1
1912-13.....	39.9	2.5	(³)	4.3	.4	(⁴)	.5	1.3
1928-29.....	101.6	4.2	0.3	4.5	.4	(⁴)	.5	2.4
1934-35.....	68.7	9.5	.6	4.4	.8	.2	.7	2.9
1939-40.....	95.9	9.1	1.3	3.8	.7	.1	.6	2.6
1944-45.....	212.5	4.0	.7	.5	.9	.1	.4	1.4
1949-50.....	264.0	8.8	1.9	.9	.9	.2	2.4	2.5
1954-55.....	377.5	8.5	2.6	.8	.8	.2	1.2	3.0
1955-56.....	409.5	8.5	2.6	.8	.8	.2	1.1	3.0
1956-57.....	432.9	9.0	2.9	.8	.8	.2	1.1	3.2
1957-58.....	440.2	10.2	3.6	.8	.9	.2	1.1	3.5
1958-59.....	466.8	10.5	3.9	.9	.9	.2	1.1	3.5
1959-60.....	494.4	10.6	3.9	.8	.9	.2	1.0	3.7
1960-61.....	505.2	11.5	4.4	.9	.9	.2	1.0	3.9

¹ Includes public housing, not shown in distribution.

² For fiscal years 1959-60 and 1960-61, includes basic research and training grants; data for earlier years not available.

³ Less than 0.05 percent.

⁴ "Other welfare" included with public aid.

has remained about the same since 1945. Increasing expenditures for medical care under other programs, notably public assistance, have resulted in an increase, however, in the percentage of the gross national product used for all publicly supported medical care, as shown in table 5.

Real Expenditures Per Capita

The increase in social welfare expenditures in recent decades represents in part simply an expansion of services to a larger population, in part a rise in prices, and in part an increase in the level and scope of services. Since 1929 the total population of the United States has increased 50.2 percent, and the number of children under age 18 by 45.3 percent. The population of college age has also gone up.

A choice must be made, in relating expenditures to population, as to what aggregates to use. The expenditure data in table 1 include the cost of medical care for military personnel in the United States and abroad and the cost of schools for the children of military and civilian personnel abroad. They

also include benefits paid under old-age, survivors, and disability insurance, the veterans' programs, and government employee-benefit plans to beneficiaries living in other countries. Some of the medical research supported from public funds is carried out abroad, and the figures in table 1 include expenditures for this purpose and possibly other small expenditures made outside the United States.

Expenditures made abroad should be included if one is concerned with a measure of the per capita cost to the American people of social welfare expenditures. The population base would then include civilian and military personnel in the United States and abroad. The population of the United States Territories and possessions might also be included even though the situation with respect to the payment of taxes is different from the rest of the United States.

If, however, the primary concern is the relation of current benefits and expenditures under the programs to the total personal incomes of individual Americans, then possibly certain expenditures abroad should be excluded. In particular, payments to noncitizens should be omitted. The population base might also exclude American civilians living abroad who do not benefit currently from any of the programs.

The availability of the necessary statistical data limits, of course, the adjustments that can be made. The effect of any appropriate adjustments would

not be large, although they have become increasingly important. For general purposes it would perhaps be best to include all expenditures and to include in the population base the population of the United States and its Territories and possessions, as well as United States citizens abroad. Except for data on Federal employees outside the United States, however, estimates of the number of civilians abroad are available only in Decennial Census years. Since the population base thus excludes civilians overseas, in computing the per capita expenditure figures in table 3 the old-age, survivors, and disability insurance and veterans' payments outside the United States have been excluded.

In the current article a change has been made in the basis used to adjust for price changes. In earlier years this adjustment was made on the basis of the Bureau of Labor Statistics consumer price index. No single price index applies to every component of the series. The construction expenditures, for example, if used separately should be adjusted on the basis of the implicit price deflators for capital outlays in the national income series prepared in the Department of Commerce.

For the social welfare series, however, it seems preferable to use a single deflator rather than to introduce refinements applicable to segments. The adjustments shown in table 3 are intended simply to give a general picture of the extent to which improvements in the level of benefits and services,

TABLE 3.—Social welfare expenditures per capita under public programs, actual and 1960-61 prices, selected fiscal years, 1928-29 through 1960-61¹

Fiscal year	Per capita social welfare expenditures							Social welfare expenditures in 1960-61 prices	
	Total ²	Social insurance	Public aid	Health and medical services	Other welfare services	Veterans' programs	Education	Total (in millions)	Total per capita
1928-29.....	\$34.76	\$2.76	\$4.06	\$3.61	(³)	\$4.45	\$19.88	\$7,903.1	\$64.13
1934-35.....	50.33	2.97	23.21	4.21	\$1.08	3.45	15.40	15,009.7	116.24
1939-40.....	64.91	9.08	26.86	5.20	.85	3.95	18.93	19,543.6	145.85
1944-45.....	59.16	9.78	7.26	13.65	1.38	6.23	20.80	13,351.4	94.06
1949-50.....	150.89	31.97	16.26	15.27	2.62	41.35	43.35	28,776.3	187.44
1954-55.....	191.21	58.79	17.98	17.45	3.47	25.83	67.17	35,366.9	211.75
1955-56.....	203.04	62.42	18.33	18.28	4.11	26.80	72.46	37,840.5	222.64
1956-57.....	223.62	71.80	19.12	20.42	4.53	26.74	80.31	41,470.4	239.67
1957-58.....	254.48	90.36	20.54	21.83	5.16	28.05	87.77	46,903.6	265.91
1958-59.....	274.24	101.80	22.34	22.84	5.71	28.08	92.59	50,437.5	281.85
1959-60.....	286.84	105.66	22.54	23.87	6.38	27.61	99.80	52,922.3	290.91
1960-61.....	312.11	120.49	24.02	25.73	6.75	28.20	105.85	57,705.7	312.11
Percentage change for 1960-61 expenditures (1960-61 prices) from—									
1928-29.....	+387	+2,267	(³)	+286	(³)	+244	+189	+630	+387
1934-35.....	+169	+1,656	-55	+165	+171	+254	+198	+284	+169
1949-50.....	+67	+203	+19	+36	+108	-45	+97	+101	+67

¹ Old-age, survivors, and disability insurance, education, and veterans' payments in foreign countries omitted; for actual expenditures including such payments, see table 1. Per capita figures based on mid-fiscal-year data for total U. S. population, including Armed Forces overseas and civilian population of Territories and possessions. Price adjustments based on implicit price deflators for consumption expenditures prepared by the Na-

tional Income Division, Office of Business Economics, Department of Commerce.

² Includes public housing, not shown in distribution.

³ "Other welfare" included with public aid; percentage increase, 1928-29 to 1960-61 for public aid and other welfare per capita in 1960-61 prices was 311 percent.

rather than increases in population or in price levels, account for the growth in social welfare expenditures. A decision was made this year, however, that the implicit price deflators for consumption expenditures of the national income series is the best overall deflator for this purpose. The resulting figures differ very little from those that would be derived from use of the consumer price index.

SOCIAL WELFARE AND ALL GOVERNMENT EXPENDITURES

In 1960-61, social welfare expenditures from public funds represented 39 percent of all government expenditures—Federal, State, and local. The increase of 1.6 percentage points from the preceding year's proportion resulted in large part from the continuing growth of old-age, survivors, and disability insurance and the sharp rise in unemployment insurance expenditures. The proportion of Federal expenditures from general revenues going to social welfare (15.7 percent) also increased slightly, as shown in table 4. Of all State and local expenditures from general revenues, the proportion (56.1 percent) used for social welfare was fractionally lower in 1960-61 than in the preceding year.

Even though social welfare expenditures have increased substantially in recent years, they represented a slightly smaller proportion of total government spending for all purposes in 1960-61 than in 1928-29 and a much smaller proportion of expenditures from general revenues. State and local governments, however, were spending a considerably larger proportion of their total revenues for health, education, and welfare in 1960-61 than they did

30 years earlier—whether social insurance expenditures are included or excluded; the increased share going to education is primarily responsible.

Federal expenditures for social welfare purposes, despite their tremendous growth, have been matched or outpaced (depending on whether one includes social insurance or looks only at expenditures from general revenues) by rising expenditures for war, defense, and international activities. In this series, expenditures for veterans are treated as social welfare expenditures. Because veterans' programs accounted for so large a part of all Federal welfare expenditures in 1928-29, if they were classified as defense-related expenditures the remaining social welfare expenditures would represent not a declining but an increasing proportion (from 4 percent to 9 percent) of the Federal general revenue budget.

PRIVATE AND PUBLIC EXPENDITURES

Private expenditures for health, education, and organized income-maintenance and welfare programs amounted to about \$31 billion in 1960-61. A small part of the private expenditures for health and a very small fraction of the private expenditures for education represent the spending of income derived from social insurance benefits. To this extent there is duplication involved if total public and total private expenditures for social welfare are added together. Indeed, private pensions or other benefits may also be spent for medical care or for education. An allowance for this fractional overlap was made in the estimate of total private expenditures cited above.

TABLE 4.—Social welfare expenditures¹ in relation to government expenditures for all purposes, selected fiscal years, 1928-29 through 1960-61

Item	1928-29	1934-35	1939-40	1944-45	1949-50	1954-55	1959-60	1960-61
All social welfare expenditures from public funds:								
Total, as percent of total government expenditures.....	41.0	49.4	47.2	7.9	36.7	31.6	37.5	39.1
Federal, as percent of total Federal Government expenditures.....	24.0	47.8	36.1	3.6	24.3	20.2	26.8	28.3
State and local, as percent of total State and local government expenditures ²	47.0	50.8	58.5	57.8	61.7	57.6	59.6	60.5
Social welfare expenditures from general revenue								
Total, as percent of total government expenditures from general revenue.....	41.0	48.6	44.4	7.3	32.4	25.3	20.1	29.9
Federal, as percent of total Federal Government expenditures from general revenue:								
All programs.....	24.0	47.6	34.4	3.2	21.3	12.7	14.9	15.7
Veterans' programs.....	20.0	7.2	6.0	.9	14.8	6.8	6.3	6.3
State and local, as percent of total State and local government expenditures from general revenue: ²								
All programs.....	47.0	49.8	55.1	57.1	55.8	53.6	56.6	56.1
Education.....	32.0	29.8	29.6	37.2	34.8	38.6	41.4	41.1

¹ Expenditures from general revenues and from social insurance trust funds; that part of workmen's compensation and temporary disability in-

urance payments made through private carriers and self-insurance was omitted in computing percentages.

² Excludes Federal grants-in-aid.

Within any of the three groupings of expenditures—those for health, those for education, and those for income-maintenance and welfare services—there is no duplication between the public and the private expenditures. The relative size of public and private expenditures differs substantially in the three major fields.

Health

Total expenditures for health and medical care amounted to \$29 billion or 5.7 percent of the gross national product in 1960-61. The aggregate amount was \$2.1 billion or 8.0 percent larger than the amount spent in 1959-60 (table 5).

Expenditures from public funds accounted for almost one-fourth of the total, or approximately \$7 billion, when programs specifically concerned

with health are combined with expenditures for medical care under social insurance, public assistance, welfare, veterans', and school programs. (Data for most of these services are shown separately in table 1 under the specific program.) Public and private expenditures for medical education and training are classified as education rather than health expenditures.

Public expenditures in 1960-61 were almost 10 percent larger than those in the preceding year, increasing from \$6.3 billion to \$6.9 billion. The most significant gains in the public sector were reported in two categories: vendor payments for medical care under public assistance, which increased 9.5 percent, and medical research, which rose 27.5 percent. Vendor payments for medical care have increased annually at a substantial rate since 1957-58, as more States have adopted this method to pay medical care costs and as the Fed-

TABLE 5.—Health and medical care: Private expenditures and expenditures under public programs, selected fiscal years, 1928-29 through 1960-61

[In millions]												
Type of expenditures	1928-29	1934-35	1939-40	1944-45	1949-50	1954-55	1955-56	1956-57	1957-58	1958-59	1959-60	1960-61
Total.....	\$3,625.0	\$3,257.7	\$3,914.9	\$7,533.2	\$12,387.5	\$17,800.4	\$19,312.5	\$21,298.0	\$23,071.1	\$24,865.7	\$26,871.1	\$29,014.7
Private expenditures.....	3,112.0	2,580.0	3,023.0	5,335.0	9,065.0	13,517.0	14,769.0	16,241.0	17,592.0	18,959.0	20,540.0	22,074.0
Health and medical services.....	3,010.0	2,570.0	2,992.0	5,305.0	8,850.0	13,192.0	14,468.0	15,852.0	17,083.0	18,462.0	20,024.0	21,464.0
Direct payments.....	2,900.0	2,500.0	2,900.0	4,875.0	7,146.0	9,448.0	10,244.0	11,096.0	11,852.0	12,714.0	13,569.0	14,201.0
Insurance benefits.....					880.0	2,358.0	2,776.0	3,244.0	3,676.0	4,138.0	4,698.0	5,346.0
Expenses for prepayment.....					274.0	596.0	612.0	640.0	645.0	680.0	792.0	912.0
Industrial in-plant services.....	30.0	30.0	40.0	90.0	150.0	210.0	221.0	232.0	245.0	255.0	265.0	275.0
Philanthropy.....	80.0	40.0	52.0	340.0	400.0	580.0	615.0	640.0	665.0	675.0	700.0	730.0
Medical-facilities construction.....	102.0	10.0	31.0	30.0	215.0	325.0	301.0	389.0	509.0	497.0	516.0	610.0
Public expenditures.....	513.0	677.7	891.9	2,198.2	3,322.5	4,283.4	4,543.5	5,057.0	5,479.1	5,906.7	6,331.1	6,940.7
Health and medical services.....	414.0	639.8	836.8	2,130.5	2,737.5	3,897.1	4,182.2	4,579.0	4,987.3	5,291.1	5,769.2	6,385.7
General hospital and medical care.....	215.0	339.0	415.0	485.7	1,174.0	1,449.5	1,577.8	1,707.0	1,881.5	1,911.4	2,116.5	2,314.9
Defense Department facilities.....	30.0	39.0	45.0	1,100.0	332.0	602.6	620.1	660.4	710.6	694.1	659.3	718.5
Medicare.....								24.4	89.5	79.8	59.8	59.6
Veterans' hospital and medical care.....	30.0	56.0	72.1	96.3	585.9	722.0	723.5	732.9	794.1	836.0	867.2	932.5
Public assistance (vendor medical payments).....						211.9	252.6	287.6	320.2	410.0	492.5	588.6
Workmen's compensation (medical benefits) ²	25.0	65.0	90.0	122.0	193.0	315.0	335.0	355.0	370.0	390.0	420.0	440.0
Temporary disability insurance (medical benefits) ²					1.4	6.0	6.6	7.7	8.8	14.6	15.6	19.4
Medical vocational rehabilitation.....		2	4	1.4	7.4	9.2	11.0	12.7	14.9	16.6	17.7	20.4
Maternal and child health services.....	5.0	6.7	13.8	62.0	29.8	92.9	97.3	113.2	122.1	133.4	139.4	152.4
School health (educational agencies).....	9.0	9.9	17.9	23.3	30.6	66.3	74.2	81.0	85.6	93.3	101.0	108.0
Medical research ⁴			3.1	17.0	55.0	105.9	115.9	183.0	237.5	300.3	460.0	586.3
Other public health activities.....	100.0	124.0	179.5	222.8	328.4	315.8	368.2	414.1	352.5	411.6	420.2	445.1
Medical-facilities construction.....	99.0	37.9	55.1	67.7	585.0	386.3	361.3	478.0	491.8	615.6	561.9	555.0
Veterans Administration.....	4.0	2.9	14.1	16.2	156.2	33.0	27.2	36.8	33.3	45.7	57.5	53.7
Defense Department.....	⁽⁵⁾	⁽⁵⁾	⁽⁵⁾	⁽⁵⁾	⁽⁵⁾	8.9	25.8	83.4	50.8	43.8	36.2	28.2
Other.....	95.0	35.0	41.0	51.5	428.8	344.4	308.3	357.8	407.7	526.1	468.2	473.1
Total expenditures as percent of gross national product.....	3.6	4.7	4.1	3.5	4.7	4.7	4.7	4.9	5.2	5.3	5.4	5.7
Public expenditures as percent of total expenditures.....	14.2	20.8	22.8	29.2	26.8	24.1	23.6	23.7	23.7	23.8	23.6	23.9
Personal health care expenditures: ⁶	\$3,304.0	\$3,075.8	\$8,633.2	\$7,110.7	\$10,830.1	\$15,926.4	\$17,412.4	\$19,033.9	\$20,316.6	\$22,192.4	\$23,946.0	\$25,723.8
Percent from:												
Private expenditures.....	90.5	83.2	82.0	73.4	78.3	78.2	78.7	79.1	80.1	79.4	79.6	79.2
Direct payments.....	87.8	81.3	79.8	68.6	66.0	59.3	58.8	58.3	58.3	57.3	56.7	55.2
Insurance benefits.....					8.1	14.8	15.9	17.0	18.1	18.6	19.6	20.8
Public expenditures.....	9.5	16.8	18.0	26.6	21.7	21.8	21.3	20.9	19.9	20.6	20.4	20.8

¹ Includes any insurance benefits and expenses for prepayment (insurance premiums less insurance benefits).

² Includes medical benefits paid under public law by private insurance carriers and self-insurers.

³ Excludes medical benefits paid under public law in California and New York by private insured and self-insured plans; such benefits included in insurance benefits under private expenditures.

⁴ Excludes medical and health-related research expenditures included under the maternal and child health and vocational rehabilitation programs.

⁵ Included with "other" medical-facilities construction below.

⁶ Includes all items shown under "health and medical services," except (1) "expenses for prepayment" and one-fourth of "philanthropy" under private expenditures and (2) "medical research" and "other public health activities" under public expenditures.

eral Government has shared to a greater extent in this type of payment. Enactment of the program of medical assistance for the aged (Public Law 86-778), effective October 1, 1960, also contributed to the increase shown in the fiscal year 1960-61.

Public funds, amounting to \$586 million in 1960-61, now support three-fifths of all medical and health-related research. In the private sector, research funds are not shown separately. Part of the Nation's expenditures for philanthropic purposes—about \$112 million in 1960-61—is allocated to research. An additional \$292 million for research comes from pharmaceutical, medical supply, and medical electronic industries. These expenditures by industry are excluded from the series, however, since they are presumably included in the costs of the products (drugs, supplies, and equipment) and are therefore reflected in the direct payments and insurance benefits.

The data for fiscal years 1959-60 and 1960-61 on medical research expenditures from public funds, developed by the National Institutes of Health, have been improved and expanded to include research expenditures that are directly related to health but that are derived from funds supported for other than medical or health objectives. The data for years before 1959-60 were primarily limited to research identified as medical and health-related; adjustments to include the expanded definition are not available for previous years.

Government expenditures for health and medical care are now more than 10 times the amounts spent in 1934-35. In addition to this substantial increase, there has been a considerable shift in the source of the funds. Federal expenditures for health expanded at a faster pace than State and local expenditures for these purposes from 1934-35 to 1944-45 (table 6). During the war years the Federal share of public expenditures for health showed a considerable increase but since that time has fluctuated between 41 percent and 44 percent. Expenditures for health from Federal funds accounted for a slightly higher share of the total in 1960-61 than in the immediately preceding years, largely because of the rise in public assistance vendor payments and in medical research, already noted, and increased expenditures for medical care in the facilities of the Department of Defense, which had declined in the 2 preceding years.

Private health expenditures amounted to \$22.1 billion in 1960-61. Included are direct payments by consumers, insurance benefit expenditures and

the cost of providing such payments, industrial in-plant health services, philanthropic expenditures for health purposes, and private funds going into medical-facilities construction.

TABLE 6.—Public expenditures for health and medical care by source of funds, selected fiscal years, 1934-35 through 1960-61

Fiscal year	Amount (in millions)			Percent of total	
	Total	Federal	State and local	Federal	State and local
1934-35.....	\$677.7	\$122.0	\$555.7	18.0	82.0
1939-40.....	891.9	191.0	700.9	21.4	78.6
1944-45.....	2,198.2	1,361.9	836.3	62.0	38.0
1949-50.....	3,322.5	1,415.9	1,906.6	42.6	57.4
1954-55.....	4,283.4	1,761.9	2,521.5	41.1	58.9
1955-56.....	4,543.5	1,848.6	2,694.9	40.7	59.3
1956-57.....	5,057.1	2,125.0	2,932.0	42.0	58.0
1957-58.....	5,479.0	2,314.2	3,164.9	42.2	57.8
1958-59.....	5,906.7	2,530.1	3,376.6	42.8	57.2
1959-60.....	6,331.1	2,742.0	3,589.1	43.3	56.7
1960-61.....	6,940.7	3,070.4	3,870.3	44.2	55.8

These private health expenditures also include government contributions to health plans for employees. Although the expenditures are from public funds, the voluntary feature of the government employee health plans justifies placing them in the private sector. Such plans permit the employee a choice of participation. In addition, the plans are generally underwritten by private organizations that do not distinguish between government employees and other insured persons in reporting their data. The amount representing payments for insurance benefits for 1960-61 thus includes the expenditures under the first full year's operation of the Federal Employees Health Benefits Act covering 1.8 million Federal employees and their 3.7 million dependents. These expenditures amounted to \$318 million, of which \$119 million represented the Government share of the cost of the program.

If expenditures for medical-facilities construction, medical research, general public health activities, fund-raising costs of private philanthropy, and the expenses of operating prepayment plans are omitted, the remaining expenditures represent those spent for personal health care. Public funds accounted for 21 percent of personal health care expenditures in 1960-61, compared with 10 percent in 1928-29. Health insurance benefits, almost nonexistent in 1928-29, covered 21 percent of personal health care expenditures in 1960-61. Direct payments by consumers met 55 percent of such costs in the latter year, compared with 88 percent in 1928-29.

Education

About four-fifths of all expenditures for education in this country come from public funds. The proportion remains the same whether one considers both current and capital outlays or current expenditures only.

The boundaries of what should be regarded as expenditures for education can be defined in several ways. In its compilations of Federal funds spent for education, the Office of Education has included a number of types of expenditure that are classified in the social welfare expenditure series under other headings. The largest of these expenditures are veterans' educational benefits, shown in table 1 under the veterans' program, and those for the school lunch program, shown under "other" welfare. The Office of Education compilations have also included some items that were omitted entirely from the social welfare series, such as rural library services, agricultural extension services, promotion of apprenticeship and training in industry, and international educational projects.

The resulting differences in the aggregate estimates have caused considerable confusion. During the past year, staff in the Office of Education and the Social Security Administration have worked together in an attempt to arrive at common or more easily reconcilable definitions and estimates.

The Federal Programs Branch of the Office of Education is now planning to group the data it presents in its summary table on Federal funds for education under two main categories: (1) Federal funds supporting education in educational institutions, exclusive of payments for services rendered to the Federal Government (subdivided into grants and loans) and (2) supplementary expenditures for education. The second category includes such items as the school lunch program, shown under "other" welfare in the social welfare expenditure series, and the several types of expenditure that have been and continue to be omitted from that series.

The item for Federal funds for education, plus veterans' educational benefits, in the social welfare series will now differ from the Office of Education data on grants for basic educational expenditures in minor respects only. A few small items in the Office of Education series are classified under other headings in the social welfare series: under health, the training of public health personnel (\$3.8 million in 1960-61); under unemployment insurance and

employment security, the vocational testing of high school seniors (\$4.8 million); and under public assistance and under child welfare services, the inservice and educational leave expenditures of the Bureau of Family Services and the Children's Bureau (\$2.5 million). The social welfare series includes expenditures for the education of Federal military and civilian personnel at military academies and elsewhere (\$68 million in 1960-61), which the Office of Education includes in its supplementary category. To be consistent, moreover, with the treatment of other programs, the social welfare series includes the cost of administering the Office of Education, which is omitted entirely from their data on Federal funds for education. Finally, the social welfare series omits the value of surplus property transferred to educational institutions (\$9.5 million in 1960-61).

A committee appointed by the Office of Education to review a number of its statistical series has not yet completed its work. It is possible that there will be some further changes in the reports for 1961-62.

It was not possible to carry the changes made in the current series back farther than 1959-60. Consequently, the figures shown in table 1 and table 7 for 1959-60 and 1960-61 are not strictly comparable with those for earlier years. The net differences

TABLE 7.—Expenditures for education, selected fiscal years, 1949-50 through 1960-61

[Amounts in millions]

Program	1949-50	1954-55	1959-60	1960-61
Total amount.....	\$10,902	\$14,230	\$22,492	\$24,275
Public expenditures.....	9,314	11,852	18,470	19,730
Current.....	7,984	9,291	15,217	16,269
Elementary and secondary ¹	4,696	7,618	12,715	13,673
Higher education other than veterans.....	599	973	2,097	2,344
Veterans.....	2,689	700	405	253
Construction.....	1,329	2,561	3,253	3,461
Elementary and secondary.....	1,019	2,362	2,882	3,108
Higher education.....	310	199	371	353
Private expenditures.....	1,589	2,378	4,022	4,544
Current.....	1,308	1,868	3,477	3,966
Elementary and secondary.....	507	818	1,527	1,700
Higher education.....	801	1,050	1,950	2,266
Construction.....	282	510	544	579
Public expenditures as percent of:				
Total expenditures.....	85.4	83.3	82.1	81.3
Current expenditures.....	85.0	83.3	81.4	80.4
Elementary and secondary.....	90.3	90.3	89.3	88.9
Other.....	80.4	61.4	56.2	53.4
Construction.....	82.5	83.4	85.7	85.7

¹ Excludes school health expenditures, which are included in this series under "public health and medical services."

resulting from the new classifications are small. On the old basis the total for public expenditures from public funds would be \$14.9 billion for 1959-60 and

\$15.9 billion for 1960-61; on the revised basis the totals are \$15.3 billion and \$16.4 billion.

Income-Maintenance and Other Social Welfare Programs

It is not possible to measure aggregate expenditures for income security in the same way one measures total expenditures for education or for health. Retired persons, disabled earners, and widows and orphans have sources of support—private savings and investments, help from relatives and friends—that are not identifiable in any statistics of total income flows. The total spent under organized income-maintenance and welfare programs, however, can be measured.

In recent years, private employee-benefit plans have developed rapidly. In 1960-61 they paid cash benefits—excluding all health insurance benefits—of about \$3.8 billion. About \$1.8 billion represented pensions for retired workers; \$1.1 billion, group life insurance; \$0.8 billion, temporary sickness benefits or paid sick leave; and \$110 million, supplementary unemployment benefits. In addition, employee-benefit plans financed almost three-fourths (\$4.5 billion) of the health insurance costs—benefits plus expenses of prepayment—included above as health expenditures.

Relatively little of the money spent by private welfare agencies now takes the form of cash pay-

ments to recipients; most of it is used to provide services. In 1960-61, private philanthropic contributions used for such welfare services as institutional care, family counseling, recreation and day-care services, and emergency relief amounted to \$1.1 billion.

Table 8 shows the amounts spent from public and private funds for organized income-maintenance and welfare service programs in recent years. When

TABLE 8.—Expenditures from public and private funds for organized income-maintenance and welfare service programs, selected fiscal years, 1949-50 through 1960-61

[Amounts in millions]

Source of funds	1949-50	1954-55	1959-60	1960-61
Total amount (excluding expenditures for health).....	\$11,915	\$18,512	\$31,928	\$35,937
Public expenditures.....	10,552	15,781	27,328	30,972
Social insurance.....	4,716	9,510	18,832	21,874
Veterans' programs.....	2,946	2,908	3,744	4,018
Public assistance and other welfare programs.....	2,890	3,362	4,752	5,080
Private expenditures.....	1,363	2,731	4,600	4,965
Employee-benefit plans.....	678	1,881	3,525	3,825
Philanthropy.....	685	850	1,075	1,140
Percent of total:				
Public expenditures.....	88.6	85.2	85.6	86.2
Private expenditures.....	11.4	14.8	14.4	13.8

consideration is limited to “guaranteed” cash benefits—social insurance, veterans’ service-connected pensions, and cash payments under private employee-benefit plans—it is found that in 1949-50 the public programs accounted for 92 percent of total expenditures and in 1960-61 for 87 percent.