

# Social Welfare Expenditures, 1963-64

by IDA C. MERRIAM\*

**SOCIAL WELFARE** expenditures, as measured in the series developed by the Social Security Administration, reached \$71 billion in 1963-64, or 6.2 percent more than in the preceding fiscal year. Social welfare expenditures again, as in 1962-63, amounted to 11.8 percent of the gross national product. With expenditures for education omitted, the total outlay for social security and other welfare programs was \$46 billion or 7.7 percent of the gross national product.

Social insurance benefits and administrative costs remained the largest single component of the social welfare expenditure series, amounting to \$26.8 billion in 1963-64. The increase of \$1.3 billion from 1962-63, however, was less in dollar terms than the \$1.9 billion increase in public expenditures for education, which reached \$24.6 billion in 1963-64. The percentage increase in public spending for social insurance (4.9 percent) was less than the increases for welfare services other than public aid (9.9 percent), for health and medical programs (8.4 percent), education (8.3 percent), public housing (7.8 percent), and public aid (5.5 percent). Only expenditures for veterans' programs, among the components of the series, increased by a smaller percentage than in 1962-63; they rose 1.5 percent.

Expenditures from Federal funds grew slightly more rapidly than those from State and local funds. Federal spending for social welfare was 6.5 percent higher than in 1962-63; State and local spending rose 6.0 percent. The Federal share of social welfare expenditures made up, as in 1962-63, more than 49 percent of the total. Approximately 15 percent of the Federal funds went for grants to State and local governments to help support programs administered by the States or localities.

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\* Director, Division of Research and Statistics. Primary responsibility for updating and revising the text of this year's article was carried by John Labovitz, who also worked with other Division staff in revising the estimates.

## DEFINITION OF SOCIAL WELFARE

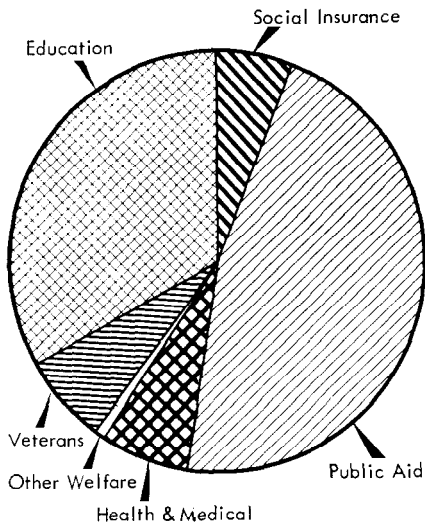
Social welfare, as defined for this series, is limited to those activities that directly concern the economic and social well-being of individuals and families. Not included in this concept are programs aimed at the general welfare of the population and only indirectly affecting the welfare of the individual, such as enforcement of law and order, promotion of economic growth and price stability, and provision for national security.

Even with this definition, there are a number of borderline areas between social welfare and other measures. One such area is education. Education is included in this series, in part to make the data comparable with social welfare data used in other countries and in the United Nations. In discussions of the share of national income a country is or should be using for social welfare purposes—compared with economic development or military expenditures, for example—the term social welfare usually includes not only public welfare and social security, as defined in the United States, but also health and education.

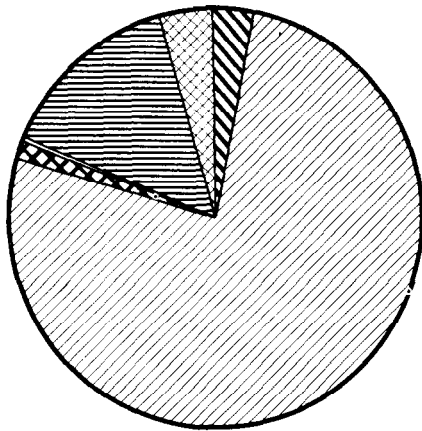
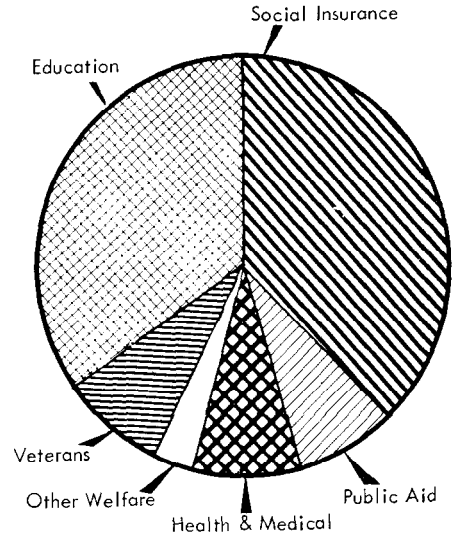
In many countries, widespread public education is a much more recent development than it is in the United States. Here its social welfare aspects, which had been recognized in the early debates about public schools, are now largely taken for granted. Increasing concern with school dropouts, the quality of education in slum areas, and the interrelationships of social and economic circumstances with educational aspirations and achievements, however, again point up the relevance of education to social welfare.

Definitional problems exist in deciding which agricultural programs to include. Programs that help low-income farm families, for example, or that make surplus foods available to needy persons have obvious social welfare aspects. But not all these programs have social welfare as a primary aim. In the social welfare expenditure series, therefore, only two types of agricultural expenditures are included: (1) the value of surplus foods

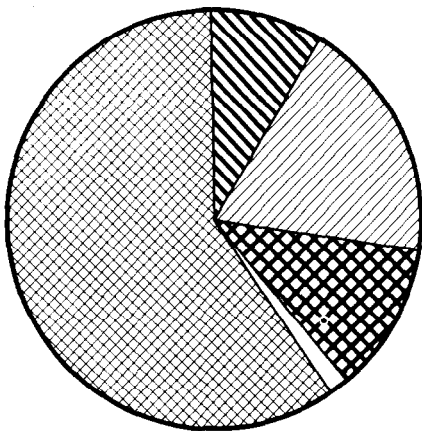
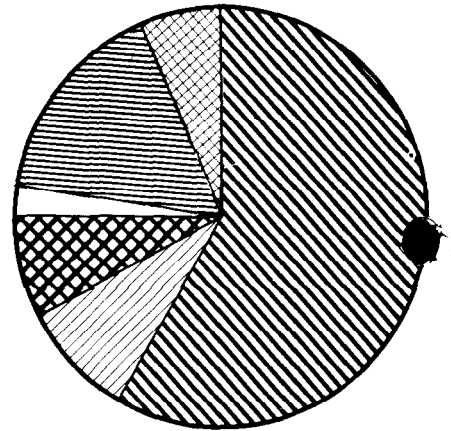
# SOCIAL WELFARE EXPENDITURES



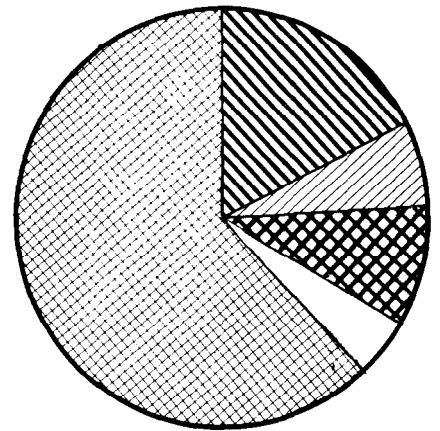
## TOTAL



## FEDERAL FUNDS



## STATE AND LOCAL FUNDS



1934 - 35

1963 - 64

<sup>1</sup> Expenditures for public housing included with "other welfare."

made available to needy persons, to institutions, and for school lunches and (2) expenditures for 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.

Another borderline area exists between social welfare and labor programs. The cost of operating the employment service is treated as a social welfare expenditure, partly because the service is a necessary adjunct to unemployment insurance. Expenditures for the retraining and relocation of workers under the Manpower Development and Training Act and the Area Redevelopment Act are included for all the years since the inception of these programs.

In the area of public housing the social welfare expenditure series includes those expenditures that are in the nature of rent subsidies for low-income families. Urban renewal, though it may improve living conditions in a metropolitan area, is excluded because it is not designed to ameliorate individual welfare problems.

The borderline between public and private expenditures presents a problem of definition that is more difficult for the United States than for most countries. The data on social welfare expenditures 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 insur-

TABLE 1.—Social welfare expenditures under public programs, selected fiscal years, 1934-35 through 1963-64<sup>1</sup>

[In millions; revised estimates]

Program	1934-35	1939-40	1944-45	1949-50	1954-55	1959-60	1960-61	1961-62	1962-63	1963-64 <sup>2</sup>
	Total expenditures									
Total	\$6,416.9	\$8,765.8	\$8,860.4	\$23,007.5	\$32,316.7	\$52,396.5	\$58,087.3	\$62,511.2	\$66,836.3	\$71,008.6
Social insurance	383.9	1,217.7	1,418.5	4,873.0	9,854.2	19,294.5	22,370.9	24,181.6	25,589.6	26,846.0
Old-age, survivors, and disability insurance <sup>3</sup>		28.1	266.8	784.1	4,436.3	11,032.3	12,160.7	13,984.6	15,344.3	16,160.5
Railroad retirement		115.7	143.7	304.4	575.6	925.4	991.8	1,033.0	1,073.7	1,104.3
Public employee retirement <sup>4</sup>	210.0	254.5	382.8	743.4	1,388.5	2,569.9	2,870.2	3,189.7	3,594.3	4,000.0
Unemployment insurance and employment service <sup>5</sup>		553.0	216.7	2,191.9	2,080.8	2,829.6	4,300.2	3,863.8	3,373.0	3,280.3
Railroad unemployment insurance		18.9	4.3	119.6	158.6	215.2	213.4	163.3	122.8	91.7
Railroad temporary disability insurance				31.1	54.2	68.6	58.0	56.8	52.8	49.2
The temporary disability insurance, total <sup>6</sup>			5.1	72.3	217.5	347.9	385.2	407.1	445.9	480.0
Hospital and medical benefits <sup>7</sup>				2.2	20.0	40.2	43.8	45.5	48.7	50.0
Workmen's compensation, total <sup>8</sup>	173.9	247.5	399.1	626.2	942.6	1,305.6	1,391.4	1,483.4	1,582.8	1,680.0
Hospital and medical benefits <sup>7</sup>	65.0	90.0	122.0	193.0	315.0	415.0	450.0	475.0	505.0	540.0
Public aid	2,997.6	3,598.7	1,030.5	2,496.2	3,003.0	4,101.1	4,443.4	4,930.7	5,274.9	5,564.8
Public assistance <sup>9</sup>	623.9	1,124.3	1,028.8	2,490.2	2,941.1	4,041.7	4,300.9	4,675.0	5,028.7	5,350.8
Vendor medical payments <sup>7</sup>				51.3	211.9	492.5	588.6	812.4	1,000.7	1,147.0
Other <sup>10</sup>	2,373.7	2,474.4	1.7	6.0	61.9	59.4	142.5	255.7	246.2	214.0
Health and medical programs <sup>11</sup>	434.4	681.7	2,331.0	2,087.1	3,054.4	4,471.7	4,950.0	5,221.8	5,608.3	6,077.9
Hospital and medical care	259.8	440.0	1,985.7	1,230.1	1,980.7	2,827.9	3,112.2	3,123.1	3,210.8	3,373.4
Civilian programs	231.8	340.5	354.7	914.5	1,217.3	1,952.2	2,202.8	2,140.3	2,243.3	2,387.8
Defense Department and Medicare	28.0	99.5	1,631.0	315.6	763.4	875.7	909.4	982.8	967.5	985.6
Maternal and child health services <sup>12</sup>	6.7	13.8	62.1	29.8	92.9	139.4	152.4	174.1	186.3	212.0
Medical research <sup>13</sup>		3.0	15.0	69.2	132.8	448.9	576.2	780.5	925.0	1,077.4
School health (educational agencies)	9.9	17.9	23.3	30.6	65.9	101.0	115.3	129.0	145.0	160.0
Other public health activities <sup>14</sup>	119.7	166.6	195.0	358.6	404.6	444.6	466.0	485.9	561.6	619.1
Medical-facilities construction	38.3	40.4	50.0	368.8	377.5	509.9	527.9	529.2	579.6	636.1
Defense Department				33.0	40.0	40.0	44.0	24.0	19.3	32.5
Other	38.3	40.4	50.0	368.8	344.5	469.9	483.9	505.2	560.3	603.6
Other welfare services	52.9	81.2	160.4	457.6	647.1	1,242.1	1,429.8	1,620.9	1,760.6	1,934.8
Vocational rehabilitation, total	2.2	4.1	10.2	30.0	41.4	100.6	112.8	134.9	156.3	197.1
Medical rehabilitation <sup>7</sup>	.2	.4	1.4	7.4	9.2	17.7	20.4	22.5	26.0	32.0
Institutional and other care <sup>15</sup>	24.7	32.1	47.3	131.0	177.0	403.8	551.6	620.1	685.8	738.8
School lunch <sup>16</sup>			47.4	191.7	293.6	526.2	540.4	615.8	636.6	698.9
Child welfare <sup>17</sup>	26.0	45.0	55.5	104.9	135.1	211.5	224.5	246.4	278.1	297.8
Veterans' programs <sup>18</sup>	449.8	535.1	892.1	6,380.8	4,369.5	5,106.4	5,296.5	5,389.7	5,584.7	5,667.2
Pensions and compensation <sup>19</sup>	390.2	447.8	755.9	2,092.8	2,712.5	3,425.7	3,689.9	3,774.8	3,947.4	4,004.2
Health and medical services	58.9	86.3	116.5	745.8	761.1	957.3	1,025.9	1,046.9	1,121.7	1,189.5
Hospital and medical care	56.0	72.1	98.3	585.9	722.6	884.7	953.8	968.0	1,020.3	1,070.9
Hospital construction	2.9	14.1	16.2	156.2	33.0	57.5	53.7	52.1	69.8	81.4
Medical and prosthetic research		.1	2.0	3.7	5.5	15.1	18.4	26.8	31.6	37.2
Education			9.7	2,689.1	699.9	404.7	252.9	153.4	97.5	63.3
Welfare and other <sup>20</sup>	.7	1.0	10.0	853.1	196.0	318.7	327.8	414.6	418.1	410.2
Education	2,098.3	2,647.3	3,017.5	6,698.3	11,299.2	18,003.9	19,400.6	20,949.9	22,766.9	24,647.0
Elementary and secondary, total	1,890.1	2,360.5	2,656.4	5,724.3	10,006.8	15,598.6	16,764.1	18,028.8	19,369.7	20,824.3
Construction <sup>7</sup>	157.3	289.0	83.7	1,018.7	2,362.4	2,868.7	3,104.7	3,171.6	3,267.7	3,368.0
Higher and other, total	208.2	286.8	361.1	974.0	1,292.4	2,405.4	2,636.5	2,921.2	3,397.2	3,822.7
Construction <sup>7</sup>	<sup>21</sup> 30.0	32.6	<sup>21</sup> 9.1	315.5	198.8	395.0	371.2	409.8	519.8	550.2
Public housing <sup>22</sup>		4.2	10.4	14.5	89.3	176.8	196.1	216.6	251.3	270.9

See footnotes at end of table.

ance companies, or directly from employers who self-insure. These programs are compulsory, and the benefits are specified in statutes. They therefore are part of the protection available through public programs, no matter how the risk is insured. The "private" mandated benefit payments under these programs are omitted, however, when social welfare expenditures are compared with total government expenditures for all purposes.

The Division of Research and Statistics has been reviewing the definitions and concepts underlying this series, in preparation for the publication of a revised series with data for all years since 1935 and for selected earlier years. The new data will be published with a detailed explanation of the sources of data and the basis of estimating

individual items, as well as a restatement of concepts and definitions.

Refinements and improvements in methodology of estimating made as a result of the review thus far are reflected in the current article. There have been no major conceptual changes yet, and it is unlikely that there will be many. With the help and cooperation of the many other agencies that provide data for the series, significant improvements in the estimates for particular items, for both current and past years, continue to be made. Overall magnitudes are thus far little affected.

The 1963-64 estimates given in this article are preliminary, and some of the figures are subject to change. For most of the larger programs in-

TABLE 1.—Social welfare expenditures under public programs, selected fiscal years, 1934-35 through 1963-64<sup>1</sup>—Continued

[In millions; revised estimates]

Program	1934-35	1939-40	1944-45	1949-50	1954-55	1959-60	1960-61	1961-62	1962-63	1963-64 <sup>2</sup>
	From Federal funds									
Total	\$3,107.5	\$3,472.0	\$4,091.3	\$9,999.5	\$14,233.1	\$24,726.1	\$27,220.1	\$30,613.1	\$32,954.2	\$35,096.2
Social insurance	98.9	354.9	759.8	2,028.1	6,404.7	14,297.9	15,981.7	18,295.4	19,395.5	20,523.0
Old-age, survivors, and disability insurance <sup>3</sup>	28.1	200.8	784.1	4,436.3	11,032.3	12,160.7	13,984.6	15,344.3	16,160.5	16,160.5
Railroad retirement	115.7	143.7	304.4	575.6	925.4	991.8	1,033.0	1,073.7	1,104.3	1,104.3
Public employee retirement <sup>4</sup>	90.0	107.5	184.8	433.4	808.5	1,519.9	1,701.2	1,903.7	2,145.3	2,425.0
Unemployment insurance and employment service <sup>5</sup>		70.5	145.5	330.4	321.0	473.5	791.0	1,086.2	584.4	617.3
Railroad unemployment insurance		18.9	4.3	119.6	158.6	215.2	213.4	163.3	122.8	122.8
Railroad temporary disability insurance				31.1	54.2	68.6	58.0	56.8	52.8	52.8
Workmen's compensation, total <sup>6</sup>	8.9	14.2	14.7	25.1	50.5	63.0	65.6	67.8	72.2	72.2
Hospital and medical benefits <sup>7</sup>	3.0	5.2	4.7	5.2	6.9	9.0	8.7	8.4	10.2	11.0
Public aid	2,373.7	2,245.9	420.1	1,103.2	1,504.2	2,116.9	2,336.4	2,726.6	2,978.6	3,161.0
Public assistance <sup>9</sup>		281.1	418.4	1,097.2	1,442.3	2,057.5	2,193.9	2,470.9	2,732.4	2,947.0
Vendor medical payments <sup>7</sup>					23.3	199.6	253.5	394.8	510.0	607.0
Other <sup>10</sup>	2,373.7	1,964.8	1.7	6.0	61.9	59.4	142.5	255.7	246.2	214.0
Health and medical programs <sup>11</sup>	50.1	159.9	1,775.6	586.0	1,174.4	1,748.4	1,953.0	2,231.9	2,457.9	2,742.3
Hospital and medical care	39.6	124.4	1,660.6	362.0	829.8	978.8	1,020.5	1,096.2	1,085.8	1,113.4
Civilian programs	11.6	24.9	29.6	46.4	66.4	103.1	111.1	113.4	118.3	127.8
Defense Department and Medicare	28.0	99.5	1,631.0	315.6	763.4	875.7	909.4	982.8	967.5	985.6
Maternal and child health services <sup>12</sup>		7.8	55.2	20.1	23.7	33.3	39.4	50.1	50.9	61.3
Medical research <sup>13</sup>		3.0	15.0	69.2	132.8	425.9	546.2	743.5	880.0	1,027.4
Other public health activities <sup>14</sup>	7.2	24.3	44.8	67.9	70.6	76.5	96.0	105.9	171.6	224.1
Medical-facilities construction	3.3	.4	( <sup>25</sup> )	66.8	117.5	233.9	250.9	236.2	269.6	316.1
Defense Department					33.0	40.0	44.0	24.0	19.3	32.5
Other	3.3	.4	( <sup>25</sup> )	66.8	84.5	193.9	206.9	212.2	250.3	283.6
Other welfare services	2.1	9.7	72.3	169.1	245.6	410.0	433.1	512.5	549.8	608.3
Vocational rehabilitation, total	1.0	2.0	7.5	21.0	26.4	64.3	73.0	86.7	100.9	128.9
Medical rehabilitation <sup>7</sup>	.1	.2	.7	3.7	5.7	11.2	12.9	14.2	16.1	19.8
Medical research <sup>7</sup>					.3	6.6	8.7	11.0	12.8	20.1
Institutional and other care <sup>15</sup>	1.1	6.1	16.0	21.7	41.4	26.2	39.9	33.4	35.8	35.8
School lunch <sup>16</sup>			47.4	121.2	170.7	306.1	310.6	370.4	383.2	408.9
Child welfare <sup>17</sup>		1.6	1.4	4.2	7.1	13.4	14.1	18.2	26.2	29.5
Veterans' programs <sup>18</sup>	449.8	535.1	892.1	5,918.8	4,307.9	4,994.5	5,212.2	5,294.5	5,564.7	5,647.2
Pensions and compensation <sup>19</sup>	390.2	447.8	755.9	2,092.8	2,712.5	3,425.7	3,689.9	3,774.8	3,947.4	4,004.2
Health and medical services	58.9	86.3	116.5	745.8	761.1	957.3	1,025.9	1,046.9	1,121.7	1,189.5
Hospital and medical care	56.0	72.1	98.3	585.9	722.6	884.7	953.8	965.0	1,020.3	1,070.9
Hospital construction	2.9	14.1	16.2	156.2	33.0	37.5	53.7	52.1	69.8	81.4
Medical and prosthetic research		.1	2.0	3.7	5.5	15.1	18.4	26.8	31.6	37.2
Education		9.7	9.7	2,689.1	699.9	404.7	252.9	153.4	97.5	63.3
Welfare and other <sup>20</sup>	.7	1.0	10.0	391.1	134.4	206.8	243.5	319.4	393.1	390.2
Education <sup>24</sup>	132.9	162.3	161.0	180.8	521.6	1,014.8	1,139.5	1,378.9	1,811.9	2,207.0
Elementary and secondary, total	69.2	74.2	48.2	73.1	341.8	507.2	503.0	557.8	614.7	684.3
Construction <sup>7</sup>	42.0	31.0	7.6	5.2	139.3	79.8	68.5	71.6	67.7	68.0
Higher and other, total	63.7	88.1	112.8	107.7	179.8	507.7	636.5	821.2	1,197.2	1,522.7
Construction <sup>7</sup>	30.0	12.0	9.1	10.9	5.4	38.3	45.2	59.8	103.8	200.2
Public housing <sup>22</sup>		4.2	10.4	14.5	74.7	143.6	159.2	173.3	195.8	207.4

See footnotes at end of table.

TABLE 1.—Social welfare expenditures under public programs, selected fiscal years, 1934-35 through 1963-64<sup>1</sup>—Continued

[In millions; revised estimates]

Program	1934-35	1939-40	1944-45	1949-50	1954-55	1959-60	1960-61	1961-62	1962-63	1963-64 <sup>2</sup>
	From State and local funds <sup>25</sup>									
Total.....	\$3,309.4	\$5,293.9	\$4,769.1	\$13,008.1	\$18,083.6	\$27,670.4	\$30,867.2	\$31,898.0	\$33,882.1	\$35,912.4
Social insurance.....	285.0	862.8	658.7	2,844.9	3,449.5	4,996.6	6,389.2	5,886.2	6,194.1	6,323.0
Public employee retirement <sup>4</sup> .....	120.0	147.0	198.0	310.0	580.0	1,050.0	1,169.0	1,286.0	1,449.1	1,575.0
Unemployment insurance and employment service <sup>5</sup> .....		482.5	71.2	1,861.5	1,759.9	2,356.1	3,509.2	2,777.6	2,788.5	2,663.0
State temporary disability insurance, total <sup>6</sup> .....			5.1	72.3	217.5	347.9	385.2	407.1	445.9	480.0
Hospital and medical benefits <sup>7</sup> .....				2.2	20.0	40.2	43.8	45.5	48.7	50.0
Workmen's compensation, total <sup>8</sup> .....	165.0	233.3	384.4	601.1	892.1	1,242.6	1,325.8	1,415.5	1,510.7	1,605.0
Hospital and medical benefits <sup>7</sup> .....	62.0	84.8	117.3	187.8	308.1	406.0	441.3	466.6	494.8	529.0
Public aid.....	623.9	1,352.8	610.4	1,393.0	1,498.8	1,984.2	2,107.0	2,204.1	2,296.3	2,403.8
Public assistance <sup>9</sup> .....	623.9	843.2	610.4	1,393.0	1,498.8	1,984.2	2,107.0	2,204.1	2,296.3	2,403.8
Vendor medical payments <sup>7</sup> .....				51.3	188.6	292.9	335.1	417.6	490.7	540.0
Other <sup>10</sup> .....		509.6								
Health and medical programs <sup>11</sup> .....	384.3	521.8	555.1	1,501.1	1,880.0	2,723.3	2,997.0	2,989.9	3,150.4	3,335.6
Hospital and medical care.....	220.2	315.6	325.1	863.1	1,150.9	1,849.1	2,091.7	2,026.9	2,125.0	2,260.0
Maternal and child health services <sup>12</sup> .....	6.7	6.0	6.8	9.7	69.2	106.1	113.0	124.0	135.4	150.6
Medical research.....						23.0	30.0	37.0	45.0	50.0
School health (educational agencies).....	9.9	17.9	23.0	30.6	65.9	101.0	115.3	129.0	145.0	160.0
Other public health activities <sup>14</sup> .....	112.5	142.3	150.2	290.7	334.0	368.1	370.0	330.0	390.0	395.0
Medical-facilities construction.....	35.0	40.0	50.0	302.0	260.0	276.0	277.0	293.0	310.0	320.0
Other welfare services.....	50.8	71.5	88.1	289.6	401.5	832.1	991.7	1,108.4	1,210.8	1,326.5
Vocational rehabilitation, total.....	1.2	2.1	2.7	9.0	15.0	36.3	39.8	48.2	55.4	63.8
Medical rehabilitation <sup>7</sup> .....	.1	.2	.7	3.7	3.5	6.5	7.5	8.3	9.9	12.2
Institutional and other care <sup>15</sup> .....	23.6	26.0	31.3	109.3	135.6	377.6	511.7	586.7	650.0	700.0
School lunch <sup>16</sup> .....				70.6	122.9	220.1	229.8	245.4	253.5	290.0
Child welfare <sup>17</sup> .....	26.0	43.4	54.1	100.7	128.0	198.1	210.4	228.1	251.9	268.3
Veterans' programs <sup>18</sup> .....				462.0	61.6	111.9	84.3	95.2	20.0	20.0
Education.....	1,965.4	2,485.0	2,856.5	6,517.5	10,777.6	16,989.1	18,261.1	19,571.0	20,955.0	22,440.0
Elementary and secondary, total.....	1,820.9	2,286.3	2,608.2	5,651.2	9,665.0	15,091.4	16,261.1	17,471.0	18,755.0	20,140.0
Construction <sup>7</sup> .....	115.3	258.0	76.1	1,013.5	2,223.1	2,788.9	3,036.2	3,100.0	3,200.0	3,300.0
Higher and other, total.....	144.5	198.7	248.3	866.3	1,112.6	1,897.7	2,000.0	2,100.0	2,200.0	2,300.0
Construction <sup>7</sup> .....	( <sup>26</sup> )	20.6	( <sup>26</sup> )	304.6	193.4	356.7	326.0	350.0	350.0	350.0
Public housing <sup>22</sup> .....					14.6	33.2	36.9	43.2	55.5	63.5

<sup>1</sup> 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. Excludes 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.

<sup>2</sup> Preliminary estimates.

<sup>3</sup> Excludes net payments in lieu of benefits (transfers) under the financial interchange with the railroad retirement system.

<sup>4</sup> 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 noncontributory programs.

<sup>5</sup> Includes unemployment compensation for Federal employees, for ex-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.

<sup>6</sup> 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.

<sup>7</sup> Included in total shown directly above; excludes administrative expenditures, not available separately but included for entire program in preceding line.

<sup>8</sup> 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.

<sup>9</sup> Includes vendor medical payments, old-age assistance, medical assistance for the aged, aid to families with dependent children, aid to the blind, aid to the permanently and totally disabled, and, from State and local funds, general assistance. For 1939-40, Federal expenditures include \$1 million in administrative costs for which distribution by source of funds is not available.

<sup>10</sup> Work program earnings, other emergency aid programs, and value of surplus food distributed to needy families.

<sup>11</sup> 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 Bureau of Narcotics, the Bureau of Mines, the National Park Service, and the U.S. Civil Service Commission.

<sup>12</sup> Services for crippled children and maternal and child health services.

<sup>13</sup> Medical research from Federal funds includes expenditure of the U.S. Public Health Service, Food and Drug Administration, Atomic Energy Commission, National Aeronautics and Space Administration, and Department of Defense.

<sup>14</sup> 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.

<sup>15</sup> Expenditures for homes for dependent or neglected children and for adults other than veterans and the value of surplus food for nonprofit institutions.

<sup>16</sup> 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. Non-governmental funds are also available from private organizations and from payments by parents (in 1963-64, parents' payments totaled an estimated \$748 million).

<sup>17</sup> 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.

<sup>18</sup> 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.

<sup>19</sup> Includes burial awards.

<sup>20</sup> Includes vocational rehabilitation, specially adapted homes and automobiles for disabled veterans, counseling, beneficiaries' travel, loan guarantees, and domiciliary care.

<sup>21</sup> Federal expenditures; data for State and local expenditures not available.

<sup>22</sup> Federal and State subsidies (and administrative costs) for low-cost housing.

<sup>23</sup> Less than \$50,000.

<sup>24</sup> 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. Beginning 1937-38, includes revenue from public lands for education and, beginning 1950-51, includes training grants and basic research not available in earlier years.

<sup>25</sup> Except as otherwise noted (see footnotes 6 and 8).

<sup>26</sup> Data not available.

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

cluded in the series, it was possible to obtain reported data or firm estimates for the fiscal year ended June 30, 1964, in time for inclusion here.

## TRENDS IN SOCIAL WELFARE EXPENDITURES

The increase in social welfare expenditures in recent decades has resulted partly from the extension of services to a larger population, partly from higher prices, and partly from a rise in the level and an expansion of the scope of services. Since 1929 the total population of the United States has increased by 56 percent, and the number of children under age 18 by 62 percent. Prices, as measured by the implicit price deflator for personal consumption expenditures, have advanced 89 percent during the same period.

Except during the depression years, when emergency relief outran all other social welfare spending, until 1958 public expenditures for education made up the largest single share of social welfare expenditures in the United States. At the beginning of this century, about 1 percent of the total national output went for public education. The spread of public secondary education had more than doubled the proportion by 1929. In 1963-64, with greatly increased public spending for higher education and Federal grants for special educational programs, 4.1 percent of the national output went for public education expenditures.

Social insurance benefits amounted to 4.4 percent of the gross national product in 1963-64, more than seven times the comparable figure for 1934-35 and more than three times that for 1939-40—when the first monthly benefits under old-age, survivors, and disability insurance were paid. Public expenditures for veterans' programs, relatively large around the turn of the century and again after World War II, have remained a fairly constant proportion of the gross national product since the mid-1950's. In 1963-64, they accounted for the same percentage of the gross national product as expenditures for public aid and for only a slightly smaller proportion than expenditures for health and medical programs.

The proportion of the national output used for health and medical programs (as defined in tables 1 and 2) has remained about the same since 1950. But rising expenditures for medical care under other programs, and especially under public as-

TABLE 2.—Social welfare expenditures as percent of gross national product, selected fiscal years, 1889-90 through 1963-64

Fiscal year	Gross national product (in billions)	Social welfare expenditures as percent of gross national product						
		Total <sup>1</sup>	Social insurance	Public aid	Health and medical services	Other welfare services	Veterans' programs	Educational <sup>2</sup>
1889-90.....	\$13.0	2.4	( <sup>3</sup> )	<sup>4</sup> 0.3	0.1	( <sup>4</sup> )	0.9	1.1
1912-13.....	39.9	2.5	( <sup>3</sup> )	<sup>4</sup> 3	.4	( <sup>4</sup> )	.5	1.3
1928-29.....	101.6	4.2	0.3	<sup>4</sup> 5	.4	( <sup>4</sup> )	.5	2.4
1934-35.....	68.7	9.3	.6	4.4	.6	0.1	.7	3.1
1939-40.....	95.9	9.1	1.3	3.8	.7	.1	.6	2.8
1944-45.....	212.5	4.2	.7	0.5	1.1	.1	.4	1.4
1949-50.....	264.0	8.7	1.8	.9	.8	.2	2.4	2.5
1954-55.....	377.5	8.6	2.6	.8	.8	.2	1.2	3.0
1959-60.....	493.9	10.6	3.9	.8	.9	.3	1.0	3.6
1960-61.....	504.6	11.5	4.4	.9	1.0	.3	1.0	3.8
1961-62.....	539.2	11.6	4.5	.9	1.0	.3	1.0	3.9
1962-63.....	568.8	11.8	4.5	.9	1.0	.3	1.0	4.0
1963-64 <sup>5</sup> .....	603.8	11.8	4.4	.9	1.0	.3	.9	4.1

<sup>1</sup> Includes public housing, not shown in distribution.

<sup>2</sup> Beginning 1954-55 includes basic research and training grants; data for earlier years not available.

<sup>3</sup> Less than 0.05 percent.

<sup>4</sup> "Other welfare" included with public aid.

<sup>5</sup> Preliminary estimates.

sistance, have brought an increase in the percentage of the gross national product used for all publicly supported medical care, as shown in table 5.

## SOCIAL WELFARE AND ALL GOVERNMENT EXPENDITURES

Slightly more than a fourth of all government expenditures, and about one-seventh of public expenditures for social welfare, came from Federal funds in 1928-29. In 1963-64, Federal funds accounted for about two-thirds of all government expenditures and slightly less than half of public expenditures for social welfare. Despite the increases from 1928-29 to 1963-64 in the proportion of Federal expenditures for social welfare (from 22 percent to 29 percent) and in the proportion of State and local expenditures (from 48 percent to 58 percent), the part of all government spending that went for social welfare declined from 41 percent in 1928-29 to 39 percent in the later year.

A substantial part of all government expenditures and of Federal social welfare expenditures comes from trust funds. If only expenditures from general revenues are considered, a different picture emerges. Social welfare expenditures were about one-sixth of all Federal expenditures from general revenues in 1963-64 and more than one-fifth in 1928-29. Veterans' programs accounted

for a large part of all Federal social welfare expenditures in 1928-29. If they were classified as defense-related expenditures, the remaining social welfare expenditures would be not a declining but an increasing proportion (from 3 percent to 11 percent) of the Federal general revenue budget.

State and local social welfare expenditures were about 55 percent of State and local general revenue expenditures in 1963-64, compared with about 48 percent in 1928-29. The increased proportion was largely the result of the growing share of State and local spending going for education. If education is excluded, the proportion of State and

local government spending from general revenues for social welfare was about the same in 1963-64 as it had been 35 years earlier (15 percent in 1963-64 and 16 percent in 1928-29).

## PRIVATE AND PUBLIC EXPENDITURES

Private expenditures for health, education, and organized income-maintenance and welfare programs amounted to more than \$38 billion in 1963-64. Small parts of the private expenditures

TABLE 3.—Social welfare expenditures per capita under public programs, actual and 1963-64 prices, selected fiscal years, 1928-29 through 1963-64<sup>1</sup>

Fiscal year	Per capita social welfare expenditures in actual prices							Constant 1963-64 prices		
	Total <sup>2</sup> (excluding foreign)	Social insurance (excluding foreign)	Public aid	Health and medical services	Other welfare services	Veterans' programs (excluding foreign)	Education (excluding foreign)	Total social welfare expenditures		Implicit price deflators (1963-64=100) <sup>3</sup>
								Amount (in millions)	Per capita	
1928-29.....	\$34.75	\$2.76	\$4.06	\$3.58	( <sup>4</sup> )	\$4.46	\$19.88	\$8,094.5	\$65.69	52.9
1934-35.....	49.66	2.97	23.21	3.36	\$0.41	3.45	16.25	15,233.0	117.96	42.1
1939-40.....	65.38	9.09	26.86	5.09	.61	3.95	19.76	20,232.1	150.99	43.3
1944-45.....	62.38	9.99	7.26	16.42	1.13	6.25	21.26	14,492.7	102.09	61.1
1949-50.....	149.63	31.72	16.26	13.59	2.98	41.35	43.63	29,375.1	191.34	78.2
1954-55.....	192.99	58.84	17.98	18.29	3.87	25.83	67.65	36,755.3	220.06	87.7
1959-60.....	287.16	105.68	22.54	24.58	6.83	27.66	98.90	54,587.1	300.06	95.7
1960-61.....	313.27	120.57	24.03	26.77	7.73	28.25	104.85	59,834.8	322.59	96.8
1961-62.....	331.80	128.20	26.24	27.79	8.63	28.39	111.40	63,949.6	340.31	97.5
1962-63.....	349.44	133.60	27.65	29.40	9.23	28.97	119.27	67,604.8	354.41	98.6
1963-64 <sup>5</sup> .....	367.26	138.61	28.86	31.52	10.03	29.13	127.72	70,827.0	367.26	100.0
Percentage change for 1963-64 expenditures <sup>5</sup> (1963-64 prices) from—										
1928-29.....	+459	+2,555	+276	+366	( <sup>4</sup> )	+246	+240	+775	+459	-----
1934-35.....	+211	+1,866	-48	+295	+934	+256	+231	+365	+211	-----
1949-50.....	+92	+242	+39	-81	+163	-45	+129	+141	+92	-----
1959-60.....	+22	+26	+23	+23	+40	+01	+24	+30	+22	-----

<sup>1</sup> Excludes expenditures within foreign countries for education, veterans' payments, and old-age, survivors, and disability insurance benefits; see table 1 for data including such expenditures. Per capita figures based on January 1 data for total U.S. resident population, including Armed Forces, and civilian population of Territories and possessions.

<sup>2</sup> Includes public housing, not shown in distribution.

<sup>3</sup> Based on implicit price deflators for consumption expenditures prepared by the National Income Division, Office of Business Economics, Department of Commerce. Deflator for 1963-64 estimated.

<sup>4</sup> "Other welfare" included with public aid.

<sup>5</sup> Preliminary estimates.

TABLE 4.—Social welfare expenditures<sup>1</sup> in relation to government expenditures for all purposes, selected fiscal years, 1928-29 through 1963-64

Item	1928-29	1934-35	1939-40	1944-45	1949-50	1954-55	1959-60	1960-61	1961-62	1962-63	1963-64 <sup>2</sup>
All social welfare expenditures from public funds:											
Total, as percent of total government expenditures.....	40.8	48.7	47.6	8.3	36.4	31.9	37.5	39.2	38.9	39.3	38.8
Federal, as percent of total Federal Government expenditures.....	22.0	49.3	38.1	4.3	24.2	20.7	26.9	28.4	29.2	29.7	29.2
State and local, as percent of total State and local government expenditures <sup>3</sup> .....	48.1	48.1	57.2	55.6	60.9	57.3	59.5	60.6	58.1	58.3	58.0
Social welfare expenditures from general revenue:											
Total, as percent of total government expenditures from general revenue.....	40.9	47.9	44.8	7.7	32.1	25.6	29.2	30.0	29.8	30.0	30.1
Federal, as percent of total Federal Government expenditures from general revenue:											
All programs.....	22.0	48.8	36.4	3.8	21.4	13.2	15.1	15.8	15.9	16.4	16.5
Veterans' programs.....	18.9	7.2	6.0	0.9	14.8	6.8	6.3	6.3	5.9	5.8	5.5
State and local, as percent of total State and local government expenditures from general revenue <sup>3</sup> :											
All programs.....	48.2	47.1	53.8	54.9	55.0	53.4	56.4	56.2	55.4	55.1	55.0
Education.....	31.9	29.9	29.6	37.1	34.6	38.4	41.1	40.7	40.5	40.4	40.4

<sup>1</sup> Expenditures from general revenues and from social insurance trust funds; that part of workmen's compensation and temporary disability insurance payments made through private carriers and self-insurance was

omitted in computing percentages.

<sup>2</sup> Preliminary estimates.

<sup>3</sup> Excludes Federal grants-in-aid.

for health and of such expenditures for education represent the spending of benefits received under public programs. To this extent there is duplication if total public expenditures and total private expenditures for health, education, and welfare are added together. Indeed, private pensions or other benefits may also be spent for medical care or for education. An allowance for these overlaps was made in the estimate of total private expenditures above. Public and private expenditures for health, education, and welfare (with the estimated overlap excluded) amounted to an estimated \$108 billion in 1963-64.

## Health

Preliminary estimates of public and private expenditures for health and medical care in 1963-64 indicate that the total reached \$35.4 billion, or 5.9

percent of the gross national product. This was an increase of \$2.4 billion, or 7.4 percent, from the amount spent in 1962-63.

In this series the basic classification of expenditures is by statutory programs. To obtain overall data on expenditures for health and medical care, the amounts spent under health and medical programs must be combined with expenditures for health and medical care under social insurance, welfare, veterans', and school programs. The data, combined in this way, are shown in table 5.

Expenditures from public funds were almost 9 percent higher in 1963-64 than in the preceding year, increasing from \$8.3 billion to \$9.0 billion. Significant gains were reported for construction of medical facilities by the Department of Defense (68 percent) and by the Veterans Administration (17 percent) and for medical vocational rehabilitation (24 percent). The two categories that had shown the highest annual rate of increase

TABLE 5.—Health and medical care: Private expenditures and expenditures under public programs, selected fiscal years, 1928-29 through 1963-64

(In millions)

Type of expenditures	1928-29	1934-35	1939-40	1944-45	1949-50	1954-55	1959-60	1960-61	1961-62	1962-63	1963-64 <sup>1</sup>
Total.....	\$3,621.5	\$3,138.5	\$3,881.4	\$7,906.0	\$12,151.0	\$17,875.2	\$26,803.4	\$28,898.2	\$30,764.7	\$32,946.5	\$35,400.6
Private expenditures.....	3,112.0	2,580.0	3,023.0	5,335.0	9,065.0	13,517.0	20,427.0	21,835.0	23,153.0	24,648.0	26,367.5
Health and medical services.....	3,010.0	2,570.0	2,992.0	5,305.0	8,850.0	13,192.0	19,911.0	21,234.0	22,414.0	23,800.0	25,337.5
Direct payments.....	<sup>2</sup> 2,900.0	<sup>2</sup> 2,500.0	<sup>2</sup> 2,900.0	<sup>2</sup> 4,875.0	7,146.0	9,448.0	13,456.0	13,942.0	14,225.0	14,650.0	15,637.5
Insurance benefits.....					880.0	2,358.0	4,698.0	5,346.0	6,100.0	6,950.0	7,471.1
Expenses for prepayment.....					274.0	596.0	792.0	912.0	1,019.0	1,105.0	1,147.0
Industrial in-plant services.....					150.0	210.0	265.0	275.0	285.0	293.0	302.0
Philanthropy.....	80.0	40.0	52.0	340.0	400.0	580.0	700.0	759.0	782.0	800.0	818.0
Medical-facilities construction.....	102.0	10.0	31.0	30.0	215.0	325.0	516.0	691.0	739.0	850.0	1,012.0
Public expenditures.....	509.5	558.5	858.4	2,571.0	3,086.0	4,358.2	6,376.4	7,063.2	7,611.7	8,298.5	9,033.6
Health and medical services.....	410.5	517.3	803.9	2,504.8	2,561.0	3,947.7	5,809.0	6,481.6	7,030.4	7,649.1	8,316.1
General hospital and medical care.....	216.6	231.8	340.5	354.7	914.5	1,217.3	1,952.2	2,202.8	2,140.3	2,243.3	2,387.8
Defense Department facilities.....	29.2	28.0	99.5	1,631.0	315.6	763.4	815.7	848.6	911.4	894.5	909.4
Medicare.....							69.0	60.8	71.4	73.0	76.2
Veterans' hospital and medical care.....	30.0	56.0	72.1	98.3	585.9	722.6	884.7	953.8	969.0	1,020.3	1,070.9
Public assistance (vendor medical payments).....					51.3	211.9	492.5	588.6	812.4	1,000.7	1,147.0
Workmen's compensation (medical benefits) <sup>3</sup> .....	25.0	65.0	90.0	122.0	193.0	315.0	415.0	450.0	475.0	505.0	540.0
Temporary disability insurance (medical benefits) <sup>4</sup> .....					1.4	6.0	15.6	19.6	21.5	25.7	30.0
Medical vocational rehabilitation.....		.2	.4	1.4	7.4	9.2	17.7	20.4	22.5	26.0	32.0
Maternal and child health services.....	5.0	6.7	13.8	62.1	29.8	92.9	138.8	151.8	173.3	185.4	209.4
School health (educational agencies).....	9.0	9.9	17.9	23.3	30.6	65.9	101.0	115.3	129.6	145.0	160.0
Medical research.....			3.1	17.0	72.9	138.9	471.2	603.9	819.1	963.6	1,134.3
Other public health activities.....	95.7	119.7	166.6	195.0	358.6	404.6	444.6	466.0	485.9	561.6	619.1
Medical-facilities construction.....	99.0	41.2	54.5	66.2	525.0	410.5	567.4	581.6	581.3	649.4	717.5
Veterans Administration.....	4.0	2.9	14.1	16.2	156.2	33.0	57.5	53.7	52.1	62.8	81.4
Defense Department.....	( <sup>5</sup> )	( <sup>5</sup> )	( <sup>5</sup> )	( <sup>5</sup> )	( <sup>5</sup> )	33.0	40.0	44.0	24.0	19.3	32.5
Other.....	95.0	38.3	40.4	50.0	368.8	344.5	469.9	483.9	505.2	560.3	603.6
Total expenditures as percent of gross national product.....	3.6	4.6	4.0	3.7	4.6	4.7	5.4	5.7	5.7	5.8	5.9
Public expenditures as percent of total expenditures.....	14.1	17.8	22.1	32.5	25.4	24.4	23.8	24.4	24.8	25.2	25.5
Personal health care expenditures: <sup>6</sup>											
Total amount.....	\$3,304.8	\$2,957.6	\$3,613.2	\$7,510.7	\$10,605.5	\$15,855.0	\$23,837.2	\$25,543.9	\$26,924.9	\$28,613.9	\$30,566.5
Percent from:											
Private expenditures.....	90.5	86.6	82.4	69.5	79.9	78.5	79.5	78.8	78.7	78.6	78.5
Direct payments.....	87.8	84.5	80.3	64.9	67.4	59.6	56.4	54.5	52.8	51.2	51.1
Insurance benefits.....					8.3	14.9	19.7	20.9	22.7	24.3	24.4
Public expenditures.....	9.5	13.4	17.6	30.5	20.1	21.5	20.5	21.2	21.3	21.4	21.5

<sup>1</sup> Preliminary estimates.

<sup>2</sup> Includes any insurance benefits and expenses for prepayment (insurance premiums less insurance benefits).

<sup>3</sup> Includes medical benefits paid under public law by private insurance carriers and self-insurers.

<sup>4</sup> 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.

<sup>5</sup> Data not available.

<sup>6</sup> 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.



TABLE 6.—National expenditures for performance of medical and health-related research, by source of funds, fiscal years 1959-60 through 1963-64

(In millions)

Source of funds	1959-60	1960-61	1961-62	1962-63	1963-64 <sup>1</sup>
Total.....	\$845	\$1,045	\$1,290	\$1,470	\$1,675
Government.....	471	604	819	969	1,134
Federal.....	448	574	782	924	1,084
State and local.....	23	30	37	45	50
Industry.....	253	312	336	360	395
Private support.....	121	129	135	141	146
Foundations and health agencies.....	76	77	78	79	80
Other private contributions.....	12	15	18	21	23
Endowment.....	19	19	19	19	19
Institutions' own funds.....	14	18	20	22	24

<sup>1</sup> Preliminary estimates.

Source: Resources Analysis Branch, Office of Program Planning, National Institutes of Health.

for the 2 preceding years—medical research and vendor payments for medical care under public assistance—showed increases of 17 percent and 15 percent, respectively.

Expenditures for medical research, as shown in table 5, include amounts spent by all agencies of government—Federal, State, and local—for the conduct and support of medical and health-related research. The expenditures exclude support of such activities as research training or capital outlays for research facilities. The data on Federal medical research expenditures include, beginning with 1949-50, research expenditures that are directly related to health although financed from funds appropriated for other than medical or health objectives.

Public funds amounting to more than \$1.1 billion supported over two-thirds of all medical and health-related research in 1963-64. In the private sector, a part of the expenditures shown for philanthropic purposes is allocated to research. Research expenditures by pharmaceutical, medical supply, and medical electronic industries are excluded from table 5 because they are presumably included in the costs of the products (drugs, supplies, and equipment) and therefore reflected in the direct payments and insurance. Table 6 shows the Nation's expenditures during the past 5 years for all medical and health-related research by source of funds, including amounts spent by industry.

In 1963-64, for the first time since World War II, more than half the public funds expended for health and medical care came from Federal sources. During the war years the Federal share was very high—almost three-fourths of the total—but from the end of the war to 1960-61 it fluctu-

ated between 43 percent and 46 percent (table 7). The increase in the past 3 years has resulted largely from a rise in public assistance vendor payments and in medical research expenditures.

Private health expenditures in 1963-64 are estimated to have been \$26.4 billion, or almost three-fourths of the total spent for health and medical care. Included are direct payments by consumers, insurance benefit expenditures, and the net cost of providing health insurance services, industrial in-plant health services, philanthropic expenditures for health purposes, and private funds invested in the construction of medical facilities. The 1963-64 estimates for most of the private sector are projected on the basis of actual expenditures for the calendar year 1962. These estimates are more subject to change when later data become available than the 1963-64 estimates for public expenditures.

According to present estimates, private expenditures increased 7.0 percent during 1963-64, in comparison with a growth of 6.5 percent in the preceding year. Insurance benefits, after increasing by about 14 percent annually for 5 years, were only 7.5 percent higher in 1963-64 than in 1962-63; they amounted to \$7.5 billion in the later year. Direct payments by consumers for health and medical services reached \$15.6 billion in 1963-64, an increase of 6.6 percent from 1962-63; in 1962-63 they had increased 3.0 percent. The trend toward more financing of private consumer expenditures for health and medical care from insurance benefits appears to have slowed in 1963-64.

TABLE 7.—Public expenditures for health and medical care, by source of funds, selected fiscal years, 1934-35 through 1963-64

Fiscal year	Amount (in millions)			Percent of total	
	Total	Federal	State and local	Federal	State and local
1934-35.....	\$559	\$112	\$446	20.1	79.9
1939-40.....	858	251	607	29.3	70.7
1944-45.....	2,589	1,896	693	73.8	26.2
1949-50.....	3,086	1,341	1,746	43.4	56.6
1954-55.....	4,358	1,972	2,387	45.2	54.8
1959-60.....	6,377	2,934	3,444	46.0	54.0
1960-61.....	7,064	3,264	3,801	46.2	53.8
1961-62.....	7,610	3,706	3,904	48.7	51.3
1962-63.....	8,299	4,127	4,172	49.7	50.3
1963-64 <sup>1</sup> .....	9,034	4,588	4,447	50.8	49.2

<sup>1</sup> Preliminary estimates.

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 amount constitutes expenditures for personal health care. Expenditures for this purpose amounted to \$30.6 billion, or 86.3 percent of total health expenditures in 1963-64. Public funds accounted for 21.5 percent of personal health care expenditures, the highest proportion since the war years; 9.5 percent came from public funds in 1928-29. Health insurance benefits, almost nonexistent in 1928-29, covered 24.4 percent of such expenditures in 1963-64. Direct payments by consumers met slightly more than half of the personal medical care expenditures in 1963-64, compared with 88 percent in the earlier year.

## Education

Total expenditures for education reached \$31.0 billion in 1963-64, and expenditures for current educational purposes amounted to \$26.4 billion. Both figures represent a 9-percent increase from those in 1962-63. As in every year for more than a decade, four-fifths of these expenditures, both total and current, came from public funds.

Although the proportion of all current educational outlays from public funds has been relatively constant, significant changes have occurred during the past decade and a half in the public proportion of current expenditures for "higher and other" education. In 1949-50, public sources accounted for more than three-fourths of all current expenditures for education at the higher level. In the 1960's, they have accounted for only half. The chief reason for the difference is the sharp drop in Federal expenditures for educational assistance to veterans, as the veterans of World War II and the Korean conflict have completed their education. In 1949-50, Federal expenditures for veterans' education made up almost

two-thirds of all current expenditures for higher and other education. By 1959-60 they were less than one-tenth, and in 1963-64 they were less than 1 percent of all such expenditures.

When Federal expenditures for the education of veterans are excluded, it is apparent that the public proportion of current expenditures for higher and other education has increased, although not consistently, since 1949-50. Of the current outlays for higher educational purposes, the proportion from public sources was about 11 percent higher in 1963-64 than in 1949-50 and about 8 percent higher than in 1959-60.

Since 1956-57 the Federal Government has devoted more of its current educational expenditures to higher and other education than to elementary and secondary education. In 1963-64, more than two-thirds of the Federal current expenditures (when expenditures for veterans are excluded) went for higher and other education. Federal current expenditures for higher and other education increased 29 percent from 1962-63 to 1963-64, and State and local current expenditures for this purpose increased only 5 percent. From about 35 percent of total public spending for current educational purposes in institutions of higher learning in 1962-63, Federal current higher and other educational expenditures jumped to 40 percent in 1963-64.

State and local governments, for more than a decade, have split their expenditures for construction of educational facilities in about the same proportion as their current expenditures, with nine-tenths going to elementary and secondary schools. More than half the Federal construction expenditures from the mid-1950's until 1961-62 went to elementary and secondary schools, chiefly under the program for federally affected areas. In 1962-63 and 1963-64, however, new Federal programs for college construction shifted the bal-

TABLE 8.—Public current expenditures for education, by educational level, selected fiscal years, 1949-50 through 1963-64  
[Amounts in millions]

	1949-50		1954-55		1959-60		1962-63		1963-64 <sup>1</sup>	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
Federal Government expenditures.....	\$165	100	\$376	100	\$896	100	\$1,574	100	\$1,938	100
Elementary and secondary education.....	68	41	202	54	427	48	547	35	616	32
Higher and other education.....	97	59	174	46	469	52	1,027	65	1,322	68
State and local government expenditures.....	5,199	100	8,361	100	13,844	100	17,405	100	18,790	100
Elementary and secondary education.....	4,637	89	7,442	89	12,303	89	15,555	89	16,840	90
Higher and other education.....	562	11	919	11	1,541	11	1,850	11	1,950	10

<sup>1</sup> Preliminary estimates.

ance until, in the later year, three-fourths of Federal construction funds went to institutions of higher education. Federal expenditures for construction of higher education facilities were 36 percent of all public spending for that purpose.

In the continuing effort to refine the education data used in the social welfare expenditure series, several changes have been made this year. The following Federal expenditures are included with education for the first time: In higher and other education, training expenses and allowances for trainees under the Manpower Development and Training Act (\$102.8 million in 1963-64), training expenditures under the Area Redevelopment Act (\$4.5 million), and that portion of expenditures—excluding loans—under the Cuban refugee program that is used for education at the higher levels (\$2.9 million). Expenditures for elementary and secondary education now include expenditures for education at those levels under the Cuban refugee program (\$5.2 million in 1963-64).

Other expenditures under these three programs are included elsewhere in the series: Services, research, and administration for manpower development and training activities (\$20.9 million in 1963-64) and for area redevelopment activities (\$3.6 million) are included with unemployment insurance and employment service; health services (\$1.3 million), welfare assistance and services (\$34.6 million), and administrative costs incurred by the Welfare Administration (\$1.0 million) for the Cuban refugee program are included with

public assistance. Resettlement of Cuban refugees (\$2.2 million) is included with other welfare services. These changes have been made for all years in which these programs have been in operation.

The data used in the past for private expenditures for education have included only those expenditures made by privately controlled educational institutions. In the current article, for the first time, student tuition and fees and private gifts for current educational purposes in public institutions are included. The difference is small at the elementary and secondary level, where private tuition and fees and private gifts accounted for \$90 million in 1963-64, but more substantial at the higher level (\$579 million). These additions to private current expenditures for education have been made for all years shown in table 9. Some of the expenditures of privately controlled educational institutions represent the spending of income from public sources. To the extent that these amounts are also included as public expenditures for education, there is an overlap between the public and private expenditures as shown in table 9. Correction for this duplication cannot be made at present.

### Income-Maintenance and Welfare Service Programs

It is not possible to measure aggregate expenditures for income security in the same way that

TABLE 9.—Expenditures for education, selected fiscal years, 1949-50 through 1963-64

[Amounts in millions]

Program	1949-50	1954-55	1959-60	1960-61	1961-62	1962-63	1963-64 <sup>1</sup>
Total amount.....	\$11,116	\$14,598	\$22,783	\$24,439	\$26,354	\$28,629	\$31,022
Public expenditures <sup>2</sup> .....	9,388	11,999	18,409	19,654	21,102	22,865	24,709
Current.....	8,054	9,438	15,145	16,178	17,520	19,077	20,791
Elementary and secondary.....	4,706	7,644	12,730	13,660	14,856	16,102	17,456
Higher education other than veterans' <sup>3</sup> .....	659	1,094	2,010	2,265	2,511	2,877	3,272
Veterans'.....	2,689	700	405	253	153	98	63
Construction.....	1,334	2,561	3,264	3,476	3,582	3,788	3,918
Elementary and secondary.....	1,019	2,362	2,869	3,105	3,172	3,268	3,368
Higher education.....	315	199	395	371	410	520	550
Private expenditures <sup>3</sup> .....	1,728	2,599	4,374	4,785	5,252	5,764	6,313
Current.....	1,446	2,089	3,830	4,197	4,620	5,096	5,610
Elementary and secondary.....	523	839	1,568	1,691	1,850	1,990	2,160
Higher education.....	923	1,250	2,262	2,506	2,790	3,106	3,450
Construction.....	282	510	544	588	632	668	703
Public expenditures as percent of:							
Total expenditures.....	84.5	82.2	80.8	80.4	80.1	79.9	79.6
Current expenditures.....	84.8	81.9	79.8	79.4	79.1	78.9	78.8
Elementary and secondary.....	90.0	90.1	89.0	89.0	89.0	89.0	89.0
Higher education.....	78.4	58.9	51.6	50.1	48.8	48.9	49.2
Other than veterans'.....	41.7	46.7	47.1	47.5	47.4	48.1	48.7
Construction.....	82.5	83.4	85.7	85.5	85.0	85.0	84.8

<sup>1</sup> Preliminary estimates.

<sup>2</sup> For definition, see text above.

<sup>3</sup> Includes expenditures by privately controlled schools and private ex-

penditures in publicly controlled schools for current educational purposes in the form of students' tuition and fees and private gifts.

TABLE 10.—Expenditures from public and private funds for organized income-maintenance and welfare service programs, selected fiscal years, 1949-50 through 1963-64

[Amounts in millions]

Source of funds	1949-50	1954-55	1959-60	1960-61	1961-62	1962-63	1963-64 <sup>1</sup>
Total amount (excluding expenditures for health)	\$12,170	\$18,600	\$32,049	\$36,241	\$39,102	\$41,438	\$43,549
Public expenditures	10,520	15,855	27,416	31,158	33,564	35,407	36,988
Social insurance	4,678	9,518	18,839	21,878	23,662	25,036	26,255
Veterans' programs	2,946	2,908	3,744	4,018	4,189	4,366	4,414
Public assistance and other welfare programs	2,896	3,429	4,833	5,262	5,713	6,005	6,319
Private expenditures	1,650	2,745	4,633	5,083	5,538	6,031	6,561
Employee-benefit plans	965	1,895	3,545	3,920	4,320	4,775	5,265
Philanthropy	685	850	1,088	1,163	1,218	1,256	1,296
Percent of total:							
Public expenditures	86.4	85.2	85.5	86.0	85.8	85.4	84.9
Private expenditures	13.6	14.8	14.5	14.0	14.2	14.6	15.1

<sup>1</sup> Preliminary estimates.

total expenditures for health or education are measured. Retired persons, disabled earners, and widows and orphans have sources of support—such as private savings and investments and help from relatives and friends—that are not identifiable in any statistics of total income flows. The amounts spent under organized income-maintenance and welfare programs, however, can be measured.

In recent years, private employee-benefit plans have developed rapidly. In 1963-64, they paid out cash benefits, excluding health insurance benefits, of about \$5.3 billion. About \$2.6 billion was for pensions for retired workers; \$1.6 billion, group life insurance; \$965 million, temporary sickness benefits or paid sick leave; and \$100 million, supplementary unemployment benefits. In addition, employee-benefit plans financed about three-fourths (\$6.5 billion) of the health insurance costs (benefits plus expenses of prepayment) included above as health expenditures.

Today relatively little of the money spent by private social agencies takes the form of cash payments to recipients; most of it is used to provide services. In 1963-64, private philanthropic contributions used for such welfare services as institutional care, family counseling, day-care services, and emergency relief are estimated to have been about \$1.3 billion.

Table 10 shows the amounts spent from public and private funds for organized income-maintenance and welfare service programs in recent years. More than 85 percent of these expenditures were from public funds in 1963-64, and about three-fourths of the public funds were from the Federal Government. Under those programs with "guaranteed" cash benefits—social insurance, veterans' service-connected pensions, and cash payments under private employee-benefit plans—public sources accounted for 85 percent of total expenditures in 1963-64, compared with 88 percent in 1949-50.