

Social Welfare Expenditures, 1965—66

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A FEW YEARS AGO, as the readers of this annual article may remember, the Office of Research and Statistics announced that a review of the concepts underlying the social welfare expenditures series and a revised set of year-by-year estimates was under way. The delay in completing this task and the monograph that is to present the data reflects both the large amount of detailed work that must go into a thorough reconstruction of annual estimates since 1929 and the special pressures and priorities produced by the health insurance program. Nevertheless, a few months ago, it appeared likely that the new series, for the selected years summarized in the *Bulletin*, could be presented in this year's article. Postponement of the article to the December issue was expected to make the changeover possible.

It became apparent, however, that more time would be needed; the 1965-66 estimates and the historical data are therefore presented here in the same form as previously.

As stated before, the revised series will involve few conceptual changes, and the major trends and relationships will not be affected. There will be some regrouping of items. Under education, for instance, there will be three major categories—(1) elementary and secondary, (2) higher, and (3) vocational and other ("other" includes adult education, training, and basic education outside the elementary and secondary school system). This grouping reflects newer program emphases and should be more useful analytically than the present combination of "higher and other." The detailed work involved in making the split for earlier years—in order to have a consistent series—is more difficult and time-consuming than was at first foreseen.

There will be a few additions of hitherto excluded programs that will affect back years. For example, payments under veterans' life insurance have been excluded in large part because of the difficulty of getting comparable year-to-year figures. This problem has now been overcome and the new series will include for 1966 some \$425 million in veterans' life insurance payments and

another \$17 million in administrative costs not shown in this article.

In the course of reviewing the estimates and spelling out for publication in the monograph exactly how each figure was derived, some roughness in certain of the estimating procedures and some hitherto unrecognized duplication in figures derived from different sources have been uncovered. One fairly important revision that involves no conceptual change has been incorporated in the estimates presented here. It concerns State and local expenditures for institutional care—always one of the shakier estimates in the series. It now appears that a considerable amount of the expenditures hitherto shown in this category should have been subtracted—in the involved process of estimation—as actually being for hospital and medical care. The result of the change in estimating procedures was to reduce the institutional care item—by about \$373 million in 1965, for example.

EXPENDITURES IN 1965-66

The broad sweep of change over the past three decades and in the current year is not affected by the pending revisions of the data. The increasing pace of public and Federal concern with social welfare problems is truly mirrored in the \$10 billion or 13 percent increase in expenditures between 1964-65 and 1965-66 shown here—the largest dollar and the largest percentage increase in recent years.

About one-third of the increase that brought total social welfare expenditures to \$87.6 billion in the fiscal year 1966, was accounted for by the old-age, survivors, disability, and health insurance (OASDHI) program. The continuing expected growth in the beneficiary population and the increases in the level of cash benefits as a result of the 1965 amendments were primarily responsible (health insurance benefits became payable July 1, 1966, and thus are not reflected in the 1965-66 data). Currently, about three-fourths of the population aged 65 and over are receiving OASDI benefits, compared with 64 percent as recently as

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1960. (More than 92 percent of those reaching age 65 are entitled and can draw benefits if they retire.) The 1965 amendments increased cash benefits by 7 percent, on the average. This rise was not quite enough to restore the purchasing power of benefits to the level established by the last previous change, in 1958, and that rise had not been sufficient to restore the purchasing power lost by price increases since 1954. Since September 1965, prices have again increased and more rapidly than for some time. While social insurance benefits have increased fractionally as a percent of the gross national product (table 2), the increase is much less than it would have been had the level of

OASDI benefits kept pace with the rising earnings level of the working population.

Benefits under public employee retirement programs were 14 percent higher in 1965-66 than in the previous year, a rate of increase in dollar outlays about the same as that of the past few years. Since 1963, annuities under the Federal civil-service retirement system have been automatically adjusted to reflect changes in the consumer price index.

Expenditures under workmen's compensation programs increased moderately, but unemployment insurance aggregate payments declined, as they had the previous year.

TABLE 1.—Social welfare expenditures under public programs, selected fiscal years, 1934-35 through 1965-66¹

[In millions; revised estimates]

Program	1934-35	1939-40	1944-45	1949-50	1954-55	1959-60	1961-62	1962-63	1963-64	1964-65	1965-66 ²
	Total expenditures										
Total.....	\$6,417.0	\$8,761.7	\$8,859.0	\$22,972.6	\$32,243.0	\$52,154.4	\$62,230.9	\$66,542.9	\$71,081.7	\$77,505.4	\$87,578.2
Social insurance.....	383.9	1,217.7	1,418.5	4,873.0	9,854.2	19,297.4	24,199.9	25,592.0	26,966.8	28,078.2	31,905.8
Old-age, survivors, and disability insurance ³		28.1	266.8	784.1	4,436.3	11,032.3	13,984.6	15,344.3	16,200.8	16,997.2	20,292.3
Railroad retirement.....		115.7	143.7	304.4	575.6	925.4	1,033.2	1,073.8	1,103.5	1,126.7	1,204.9
Public employee retirement ⁴	210.0	254.5	382.8	743.4	1,388.5	2,569.9	3,189.7	3,569.3	4,056.7	4,520.6	5,150.8
Unemployment insurance and employment service ⁵		553.0	216.7	2,191.9	2,080.8	2,829.6	3,863.8	3,373.0	3,270.2	2,976.3	2,608.0
Railroad unemployment insurance.....		18.9	4.3	119.6	158.6	215.2	163.3	122.8	92.6	76.7	54.4
Railroad temporary disability insurance.....				31.1	54.2	68.6	56.8	52.8	50.1	46.5	43.4
State temporary disability insurance, total ⁶			5.1	72.3	217.5	347.9	407.1	444.2	467.9	486.9	502.0
Hospital and medical benefits ⁷				2.2	20.0	40.3	45.5	48.4	50.4	50.7	56.0
Workmen's compensation, total ⁸	173.9	247.5	399.1	626.2	942.6	1,308.5	1,501.4	1,611.8	1,725.0	1,847.3	2,050.0
Hospital and medical benefits ⁷	65.0	90.0	122.0	193.0	315.0	420.0	475.0	510.0	545.0	585.0	625.0
Public aid.....	2,997.6	3,598.7	1,030.5	2,496.2	3,005.0	4,101.1	4,945.1	5,295.4	5,642.0	6,177.6	6,824.1
Public assistance ⁹	623.9	1,124.3	1,028.8	2,490.2	2,941.1	4,041.7	4,675.0	5,028.7	5,381.3	5,873.8	6,455.9
Vendor medical payments ⁷				51.3	211.9	492.5	812.4	1,000.7	1,147.6	1,367.1	1,620.0
Other ¹⁰	2,373.7	2,474.4	1.7	6.0	61.9	59.4	270.1	266.7	260.7	303.8	368.2
Health and medical programs ¹¹	434.4	681.7	2,331.0	2,087.1	3,054.4	4,454.8	5,225.8	5,608.7	6,010.5	6,429.8	7,179.8
Hospital and medical care.....	259.8	440.0	1,985.7	1,230.1	1,980.7	2,817.0	3,115.1	3,248.8	3,504.7	3,607.1	3,989.6
Civilian programs.....	231.8	340.5	354.7	914.5	1,217.3	1,952.2	2,132.0	2,274.5	2,446.8	2,511.8	2,593.9
Defense Department and Medicare.....	28.0	99.5	1,631.0	315.6	763.4	864.8	983.1	974.3	1,057.9	1,095.3	1,395.7
Maternal and child health services ¹²	6.7	13.8	62.1	29.8	92.9	139.4	174.1	186.2	201.0	222.5	258.2
Medical research ¹³		3.0	15.0	69.2	132.8	448.9	780.5	920.3	1,042.5	1,166.6	1,347.5
School health (educational agencies).....	9.9	17.9	23.3	30.6	65.9	101.0	129.0	128.4	127.7	132.0	135.0
Other public health activities ¹⁴	119.7	166.6	195.0	358.6	404.6	431.6	506.0	576.5	602.3	713.2	843.5
Medical-facilities construction.....	38.3	40.4	50.0	368.8	377.5	516.9	521.1	548.5	532.2	588.4	606.0
Defense Department.....					33.0	40.0	24.0	23.0	42.4	34.8	28.6
Other.....	38.3	40.4	50.0	368.8	344.5	476.9	497.1	525.5	489.8	553.6	577.4
Other welfare services.....	53.0	77.0	159.0	422.7	573.4	1,014.1	1,304.0	1,448.4	1,562.9	1,948.9	2,739.2
Vocational rehabilitation, total.....	2.2	4.1	10.2	30.0	41.4	100.4	135.3	156.6	194.3	222.5	328.2
Medical rehabilitation ⁷			1.4	7.4	9.2	17.7	22.5	26.0	31.2	34.2	54.3
Institutional and other care ¹⁵	24.8	27.9	45.9	96.1	103.3	176.0	306.5	386.9	366.4	398.5	419.5
School lunch ¹⁶			47.4	191.7	293.6	526.2	615.8	636.6	688.7	797.1	752.0
Child welfare ¹⁷	26.0	45.0	55.5	104.9	135.1	211.5	246.4	268.3	313.4	352.4	391.6
Special programs ¹⁸										178.4	858.0
Veterans' programs ¹⁹	449.8	535.1	892.1	6,380.8	4,369.5	5,106.4	5,389.8	5,584.6	5,749.2	5,965.1	6,333.5
Pensions and compensation ²⁰	390.2	447.8	755.9	2,092.8	2,712.5	3,425.7	3,774.8	3,947.4	4,033.1	4,186.1	4,465.1
Health and medical services.....	58.9	86.3	116.5	745.8	761.1	957.1	1,047.0	1,121.7	1,179.4	1,250.6	1,330.8
Hospital and medical care.....	56.0	72.1	98.3	585.9	722.6	884.5	968.0	1,022.0	1,069.9	1,132.8	1,205.4
Hospital construction.....	2.9	14.1	16.2	156.2	33.0	57.5	52.1	69.8	76.4	80.9	83.2
Medical and prosthetic research.....			2.0	3.7	5.5	15.1	26.8	29.9	33.2	36.9	42.2
Education.....			9.7	2,689.1	699.9	404.7	153.3	97.5	66.1	41.4	35.4
Welfare and other ²¹7	1.0	10.0	853.1	196.0	318.7	414.6	418.1	470.6	487.0	502.2
Education.....	2,098.3	2,647.3	3,017.5	6,698.3	11,299.2	18,003.9	20,949.9	22,766.9	24,878.4	28,591.5	32,248.4
Elementary and secondary, total.....	1,890.1	2,360.5	2,656.4	5,724.3	10,006.8	15,598.6	18,028.8	19,369.7	20,805.9	23,105.1	25,805.3
Construction ⁷	157.3	289.0	83.7	1,018.7	2,362.4	2,868.7	3,071.6	3,227.7	3,203.7	3,510.0	3,796.0
Higher and other, total.....	208.2	286.8	361.1	974.0	1,292.4	2,405.4	2,921.2	3,397.2	4,072.5	5,486.4	6,443.1
Construction ⁷	²² 30.0	32.6	²² 9.1	315.5	198.8	395.0	409.8	519.8	550.4	1,158.1	1,392.8
Public housing ²³		4.2	10.4	14.5	89.3	176.7	216.4	246.9	271.9	314.3	347.5

See footnotes at end of table.

The new programs under the Office of Economic Opportunity showed more than a fourfold increase in expenditures from 1964-65 to 1965-66. Outlays in the earlier year were relatively small—and considerably less than the amounts authorized—because of the difficulties inherent in getting new programs under way—and particularly programs involving a large element of local community organization and action.

Public expenditures for education increased almost as much in dollar terms as those for all social insurance and related payments. About 60 percent of the \$3.7 billion increase was in Federal funds and a little more than 60 percent of the Federal

increase went to elementary and secondary education in contrast to the situation the previous year when the major share of the added Federal funds went for higher education.

Federal funds jumped from 50.0 percent to 53.4 percent of total social welfare expenditures, largely as a result of the changes already noted in the social security, education, and special anti-poverty programs (table 1a).

TRENDS IN SOCIAL WELFARE EXPENDITURES

Social welfare expenditures as here defined continued to edge up as a percent of the gross

TABLE 1.—Social welfare expenditures under public programs, selected fiscal years, 1934-35 through 1965-66—Continued

(In millions; revised estimates)

Program	1934-35	1939-40	1944-45	1949-50	1954-55	1959-60	1961-62	1962-63	1963-64	1964-65	1965-66 ¹
	From Federal funds										
Total	\$3,107.2	\$3,466.8	\$4,083.2	\$9,998.1	\$14,230.9	\$24,724.3	\$30,630.4	\$32,967.1	\$35,591.4	\$38,786.9	\$46,804.5
Social insurance	98.9	354.9	759.8	2,028.1	6,404.7	14,298.0	18,295.6	19,395.6	20,638.3	21,778.8	25,608.3
Old-age, survivors, and disability insurance ²		28.1	266.8	784.1	4,436.3	11,032.3	13,984.6	15,344.3	16,200.8	16,997.2	20,292.3
Railroad retirement		115.7	143.7	304.4	575.6	925.4	1,033.2	1,073.8	1,103.5	1,126.7	1,204.9
Public employee retirement ⁴	90.0	107.5	184.8	433.4	808.5	1,519.9	1,903.7	2,145.3	2,486.7	2,780.6	3,225.8
Unemployment insurance and employment service ⁵		70.5	145.5	330.4	321.0	473.5	1,086.2	584.4	628.3	673.5	707.5
Railroad unemployment insurance		18.9	4.3	119.6	158.6	215.2	163.3	122.8	92.6	76.7	54.4
Railroad temporary disability insurance				31.1	54.2	68.6	56.8	52.8	50.1	46.5	43.4
Workmen's compensation total ⁸	8.9	14.2	14.7	25.1	50.5	63.1	67.8	72.2	76.3	77.6	80.0
Hospitalization and medical benefits ⁷	3.0	5.2	4.7	5.2	6.9	9.0	8.4	10.2	10.4	11.3	12.0
Public aid	2,373.7	2,245.9	420.1	1,103.2	1,504.2	2,116.9	2,741.0	2,999.1	3,207.1	3,488.1	3,854.9
Public assistance ⁹		281.1	418.4	1,097.2	1,442.3	2,057.5	2,470.9	2,732.4	2,946.4	3,184.3	3,486.7
Vendor medical payments ⁷					23.3	199.6	394.8	510.0	593.0	703.4	743.0
Other ¹⁰	2,373.7	1,964.8	1.7	6.0	61.9	59.4	270.1	266.7	260.7	303.8	368.2
Health and medical programs ¹¹	50.1	159.9	1,775.6	586.0	1,174.4	1,748.9	2,237.8	2,456.3	2,751.1	2,951.5	3,517.8
Hospital and medical care	39.6	124.4	1,660.6	362.0	829.8	967.9	1,096.1	1,093.8	1,188.7	1,231.1	1,539.6
Civilian programs	11.6	24.9	29.6	46.4	66.4	103.1	113.0	119.5	130.8	135.8	143.9
Defense Department and Medicare	28.0	99.5	1,631.0	315.6	763.4	864.8	983.1	974.3	1,057.9	1,095.3	1,395.7
Maternal and child health services ¹²		7.8	55.2	20.1	23.7	33.3	50.1	50.8	59.1	69.6	82.2
Medical research ⁷					.2	.6	.8	1.0	2.7	4.3	5.8
Medical research ¹³		3.0	15.0	69.2	132.8	425.9	743.5	875.3	992.5	1,111.6	1,286.5
Other public health activities ¹⁴	7.2	24.3	44.8	67.9	70.6	87.9	112.0	176.9	223.6	239.8	293.5
Medical-facilities construction	3.3	.4	(24)	66.8	117.5	233.9	236.1	259.5	287.2	299.4	316.0
Defense Department					33.0	40.0	24.0	23.0	42.4	34.8	28.6
Other	3.3	.4	(24)	66.8	84.5	193.9	212.1	236.5	244.8	264.6	287.4
Other welfare services	1.8	4.5	64.2	166.7	243.4	407.9	509.3	548.2	619.8	876.8	1,519.5
Vocational rehabilitation, total	1.0	2.0	7.5	21.0	26.4	64.3	86.7	100.9	127.1	145.7	231.9
Medical rehabilitation ⁷	.1	.2	.7	3.7	5.7	11.2	14.2	16.1	19.3	21.2	33.7
Medical research ⁷					.3	.6	1.0	12.8	20.3	22.4	29.9
Institutional and other care ¹⁵	.8	.9	7.9	20.3	39.2	24.1	34.0	37.5	44.3	35.8	39.4
School lunch ¹⁶			47.4	121.2	170.7	306.1	370.4	383.2	419.1	504.7	428.0
Child welfare ¹⁷		1.6	1.4	4.2	7.1	13.4	18.2	26.6	29.3	34.4	40.2
Special programs ¹⁸										156.2	780.0
Veterans' program ¹⁹	449.8	535.1	892.1	5,918.8	4,307.9	4,994.3	5,294.6	5,564.6	5,730.3	5,944.7	6,312.5
Pensions and compensation ²⁰	390.2	447.8	755.9	2,092.8	2,712.5	3,425.7	3,774.8	3,947.4	4,033.1	4,186.1	4,465.1
Health and medical services	58.9	86.3	116.5	745.8	761.1	957.1	1,047.0	1,121.7	1,179.4	1,250.6	1,330.8
Hospital and medical care	56.0	72.1	98.3	585.9	722.6	884.5	968.0	1,022.0	1,069.9	1,132.8	1,205.4
Hospital construction	2.9	14.1	16.2	156.2	33.0	57.5	52.1	69.8	76.4	80.9	83.2
Medical and prosthetic research		.1	2.0	3.7	5.5	15.1	26.8	29.9	33.2	36.9	42.2
Education			9.7	2,689.1	699.9	404.7	153.3	97.5	66.1	41.4	35.4
Welfare and other ²¹	.7	1.0	10.0	391.1	134.4	206.8	319.4	398.1	451.7	466.6	481.2
Education ²⁵	132.9	162.3	161.0	180.8	521.6	1,014.8	1,378.9	1,811.9	2,438.4	3,512.6	5,742.3
Elementary and secondary, total	69.2	74.2	48.2	73.1	341.8	507.2	567.8	614.7	665.9	890.6	2,253.3
Construction ⁷	42.0	31.0	7.6	5.2	139.3	79.8	71.6	67.7	23.9	59.4	63.0
Higher education and other, total	63.7	88.1	112.8	107.7	179.8	507.7	821.2	1,197.2	1,772.5	2,632.0	3,489.0
Construction ⁷	30.0	12.0	9.1	10.9	5.4	38.3	59.8	169.8	200.4	678.1	882.8
Public housing ²²		4.2	10.4	14.5	74.7	143.5	173.2	191.4	206.4	234.4	249.3

See footnotes at end of table.

TABLE 1.—Social welfare expenditures under public programs, selected fiscal years, 1934-35 through 1965-66 ¹—Continued

(In millions; revised estimates)

Program	1934-35	1939-40	1944-45	1949-50	1954-55	1959-60	1961-62	1962-63	1963-64	1964-65	1965-66 ²
	From State and local funds ²⁶										
Total	\$3,309.8	\$5,294.9	\$4,775.8	\$12,974.6	\$18,012.1	\$27,429.9	\$31,600.4	\$33,575.8	\$35,490.4	\$38,718.6	\$40,773.7
Social insurance	285.0	862.8	658.7	2,844.9	3,449.5	4,999.4	5,904.3	6,196.3	6,328.5	6,299.4	6,297.5
Public employee retirement ⁴	120.0	147.0	198.0	310.0	580.0	1,050.0	1,286.0	1,424.0	1,570.0	1,740.0	1,925.0
Unemployment insurance and employment service ⁵		482.5	71.2	1,861.5	1,759.9	2,356.1	2,777.6	2,788.5	2,641.9	2,302.8	1,900.5
State temporary disability insurance, total ⁶			5.1	72.3	217.5	347.9	407.1	444.2	467.9	486.9	502.0
Hospital and medical benefits ⁷				2.2	20.0	40.3	45.5	48.4	50.4	50.7	56.0
Workmen's compensation, total ⁸	165.0	233.3	384.4	601.1	892.1	1,245.4	1,433.6	1,539.6	1,648.7	1,769.7	1,970.0
Hospital and medical benefits ⁷	62.0	84.8	117.3	187.8	308.1	411.0	466.6	499.8	534.6	573.7	613.0
Public aid	623.9	1,352.8	610.4	1,393.0	1,498.8	1,984.2	2,204.1	2,296.3	2,434.9	2,689.5	2,969.2
Public assistance ⁹	623.9	843.2	610.4	1,393.0	1,498.8	1,984.2	2,204.1	2,296.3	2,434.9	2,689.5	2,969.2
Vendor medical payments ⁷				51.3	188.6	292.9	417.7	490.7	554.6	663.8	877.0
Other ¹⁰		509.6									
Health and medical programs ¹¹	384.3	521.8	555.4	1,501.1	1,880.0	2,705.9	2,988.0	3,152.4	3,259.4	3,478.3	3,662.0
Hospital and medical care	220.2	315.6	325.1	868.1	1,150.9	1,849.1	2,019.0	2,155.0	2,316.0	2,376.0	2,450.0
Maternal and child health services ¹²	6.7	6.0	6.8	9.7	69.2	106.1	124.0	135.4	142.0	152.9	176.0
Medical research						23.0	37.0	45.0	50.0	55.0	61.0
School health (educational agencies)	9.9	17.9	23.3	30.6	65.9	101.0	129.0	128.4	127.7	132.0	135.0
Other public health activities ¹⁴	112.5	142.3	150.2	290.7	334.0	343.7	394.0	399.6	378.7	473.4	550.0
Medical-facilities construction	35.0	40.0	50.0	302.0	260.0	283.0	285.0	289.0	245.0	289.0	290.0
Other welfare services	51.2	72.5	94.8	256.1	330.0	606.2	794.6	900.3	943.1	1,072.1	1,219.7
Vocational rehabilitation, total	1.2	2.1	2.7	9.0	15.0	36.1	48.6	55.7	67.2	76.8	96.3
Medical rehabilitation ⁷	.1	.2	.7	3.7	3.5	6.5	8.3	9.9	11.9	13.0	20.6
Institutional and other care ¹⁵	24.0	27.0	38.0	75.8	64.1	151.9	272.5	349.4	322.1	362.7	380.0
School lunch ¹⁶				70.6	122.9	220.1	245.4	253.5	269.6	292.4	324.0
Child welfare ¹⁷	26.0	43.4	54.1	100.7	128.0	198.1	228.1	241.7	284.2	318.0	341.4
Special programs ¹⁸										22.2	78.0
Veterans' programs ¹⁹				462.0	61.6	111.9	95.2	20.0	18.9	20.4	21.0
Education	1,965.4	2,485.0	2,856.5	6,517.5	10,777.6	16,989.1	19,571.0	20,955.0	22,440.0	25,078.9	26,506.1
Elementary and secondary, total	1,820.9	2,286.3	2,608.2	5,651.2	9,665.0	15,091.4	17,471.0	18,755.0	20,140.0	22,224.5	23,552.0
Construction ⁷	115.3	258.0	76.1	1,013.5	2,223.1	2,788.9	3,000.0	3,160.0	3,180.0	3,450.6	3,733.0
Higher education and other, total	144.5	198.7	248.3	866.3	1,112.6	1,897.7	2,100.0	2,200.0	2,300.0	2,854.4	2,954.1
Construction ⁷	(²⁷)	20.6	(²⁷)	304.6	193.4	356.7	350.0	350.0	350.0	480.0	510.0
Public housing ²³					14.6	33.2	43.2	55.5	65.6	80.0	98.2

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 Preliminary estimates.

³ Excludes net payments in lieu of benefits (transfers) under the financial interchange with the railroad retirement system to those leaving the service.

⁴ 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.

⁵ Includes unemployment compensation under State programs and programs for Federal employees, for ex-servicemen, and for veterans under the readjustment acts of 1944 and of 1952, payments under the temporary extended unemployment insurance programs and training allowances under the Manpower Development and Training Act and Area Redevelopment Act.

⁶ 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.

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

⁸ 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.

⁹ Includes cash and vendor medical payments under old-age assistance, aid to families with dependent children, aid to the blind, aid to the permanently and totally disabled; medical assistance programs; 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 fund is not available.

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

¹¹ Excludes expenditures (1) for domiciliary care in institutions other than mental or tuberculosis (included under institutional care); (2) for health and medical service 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 Mines, the National Park Service, and the U.S. Civil Service Commission.

¹² Services for crippled children and maternal and child health services.

¹³ Medical research of the U.S. Public Health Service, Food and Drug Administration, Atomic Energy Commission, National Aeronautics and Space Administration, and Department of Defense.

¹⁴ 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.

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

¹⁶ 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 1965-66, parents' payments totaled an estimated \$835 million).

¹⁷ 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.

¹⁸ Programs authorized under the Economic Opportunity Act; excludes programs delegated to or reported with data for the Office of Education and the Welfare Administration.

¹⁹ 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).

²⁰ Includes burial awards.

²¹ Includes vocational rehabilitation, specially adapted homes and automobiles for disabled veterans, counseling, beneficiaries' travel, loan guarantees, and domiciliary care.

²² Federal expenditures only, data for State and local expenditures not available.

²³ Federal and State subsidies (and administrative costs) for low-cost housing.

²⁴ Less than \$50,000.

²⁵ Represents Office of Education administrative costs; training of Federal personnel; and "grants" as reported in the summary table prepared by the Federal Education Program 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 for which data were not available in earlier years.

²⁶ Except as otherwise noted (see footnotes 6 and 8).

²⁷ Data not available.

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

TABLE 1a.—Summary of total social welfare expenditures under public programs and percentage distribution by source of funds, selected fiscal years, 1934–35 through 1965–66

Program	1934-35	1939-40	1944-45	1949-50	1954-55	1959-60	1960-61	1961-62	1962-63	1963-64	1964-65	1965-66 ¹
Federal funds as percent of total expenditures												
Total.....	48.4	39.6	46.1	43.5	44.1	47.4	47.1	49.2	49.5	50.1	50.0	53.4
Social insurance.....	25.8	29.1	53.6	41.6	65.0	74.1	71.4	75.6	75.8	76.5	77.6	80.3
Public aid.....	79.2	62.4	40.8	44.2	50.1	51.6	52.6	55.4	56.6	56.8	56.5	56.5
Health and medical program.....	11.5	23.5	76.2	28.1	38.4	39.3	40.0	42.8	43.8	45.8	45.9	49.0
Other welfare services.....	3.4	5.8	40.4	39.4	42.4	40.2	37.7	39.1	37.8	39.7	45.0	55.5
Veterans' programs.....	100.0	100.0	100.0	92.8	98.6	97.8	98.4	98.2	99.6	99.7	99.7	99.7
Education.....	6.3	6.1	5.3	2.7	4.6	5.6	5.9	6.6	8.0	9.8	12.3	17.8
Elementary and secondary.....	3.7	3.1	1.8	1.3	3.4	3.3	3.0	3.1	3.2	3.2	3.8	8.7
Higher and other.....	30.6	30.7	31.2	11.1	13.9	21.1	24.1	28.1	35.2	43.5	48.0	54.2
Public housing.....		100.0	100.0	100.0	83.7	81.2	81.2	80.0	77.5	75.9	74.5	71.7
State and local funds as percent of total expenditures												
Total.....	51.6	60.4	53.9	56.5	55.9	52.6	52.9	50.8	50.5	49.9	50.0	46.6
Social insurance.....	74.2	70.9	46.4	58.4	35.0	25.9	28.6	24.4	24.2	23.5	22.4	19.7
Public aid.....	20.8	37.6	59.2	55.8	49.9	48.4	47.4	44.6	43.4	43.2	43.5	43.5
Health and medical program.....	88.5	76.5	23.8	71.9	61.6	60.7	60.0	57.2	56.2	54.2	54.1	51.0
Other welfare services.....	96.6	94.2	59.6	60.6	57.6	59.8	62.3	60.9	62.2	60.3	55.0	44.5
Veterans' programs.....				7.2	1.4	2.2	1.6	1.8	.4	.3	.3	.3
Education.....	93.7	93.9	94.7	97.3	95.4	94.4	94.1	93.4	92.0	90.2	87.7	82.2
Elementary and secondary.....	96.3	96.9	98.2	98.7	96.6	96.7	97.0	96.9	96.8	96.8	96.2	91.3
Higher and other.....	69.4	69.3	68.8	88.9	86.1	78.9	75.9	71.9	64.8	56.5	52.0	45.8
Public housing.....					16.3	18.8	18.8	20.0	22.5	24.1	25.5	28.3

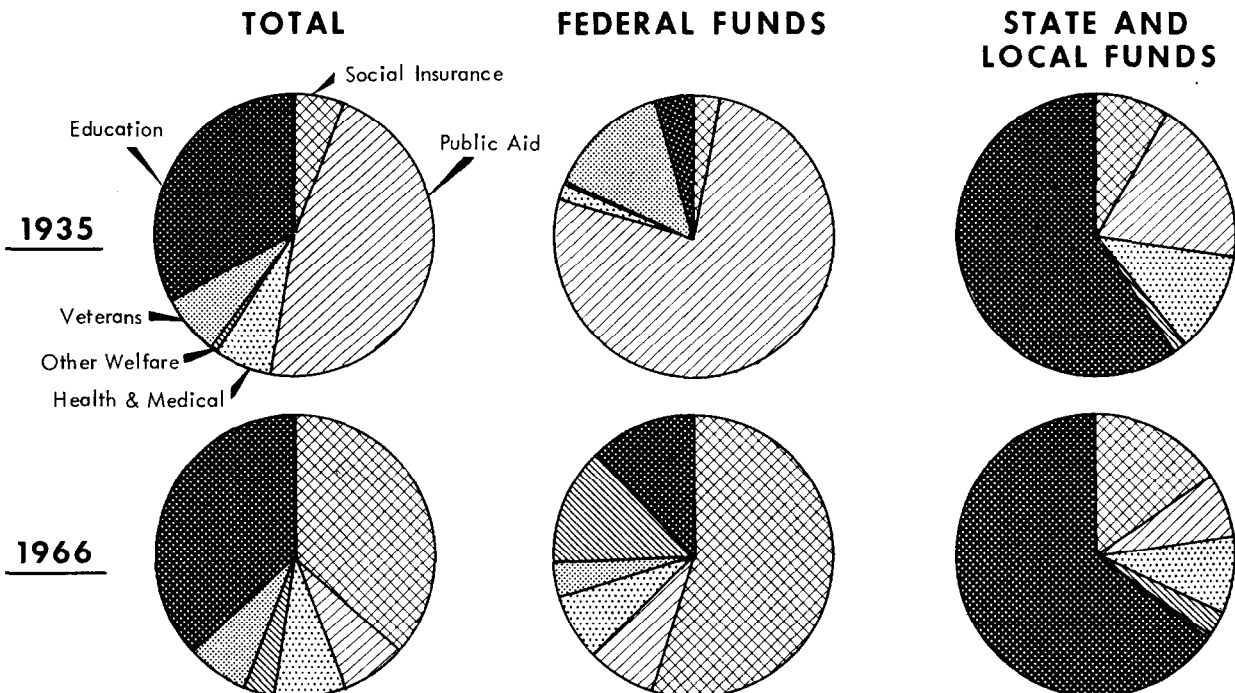
¹ Preliminary estimates.

national product (table 2) and of all governmental expenditures (table 4). The 12.3 percent of the gross national product represented by social welfare expenditures is still considerably below

the allocations from public funds for similar purposes in many other industrialized countries.

The growth in social welfare expenditures since the turn of the century and, more significantly

CHART 1.—Social welfare expenditures under public programs, by program and by source of funds, 1935 and 1966¹



¹ Includes public housing.

TABLE 2.—Social welfare expenditures under public programs as percent of gross national product, selected fiscal years, 1889-90 through 1965-66

Fiscal year	Gross national product (in billions)	Social welfare expenditures as percent of gross national product						Education ²
		Total ¹	Social insurance	Public aid	Health and medical services	Other welfare	Veterans' programs	
1889-90.....	\$13.0	2.4	(³)	4 0.3	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	9.3	.6	4 4	.6	0.1	.7	3.1
1939-40.....	95.1	9.2	1.3	3 8	.7	.1	.6	3.8
1944-45.....	211.1	4.2	.7	.5	1.1	.1	.4	1.4
1949-50.....	263.4	8.7	1.9	.9	.8	.2	2.4	2.5
1954-55.....	379.7	8.5	2.6	.8	.8	.2	1.2	3.0
1959-60.....	495.6	10.5	3.9	.8	.9	.2	1.0	3.6
1960-61.....	506.5	11.4	4.4	.9	1.0	.2	1.0	3.8
1961-62.....	541.7	11.5	4.5	.9	1.0	.2	1.0	3.9
1962-63.....	574.5	11.6	4.5	.9	1.0	.3	1.0	4.0
1963-64.....	611.2	11.6	4.4	.9	1.0	.3	.9	4.1
1964-65.....	654.0	11.9	4.3	.9	1.0	.3	.9	4.4
1965-66 ⁵	711.0	12.3	4.5	1.0	1.0	.4	.9	4.5

¹ Includes public housing, not shown in distribution.
² Beginning 1954-55, 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.
⁵ Preliminary estimates.

for current policy, in the last few decades has resulted partly from the growth in population, partly from higher prices, and partly from an expansion of programs and services. Since 1929, the total population of the United States has risen

from 122 million to 196 million, and the proportion over age 65 or under age 18 has gone from 40 to 45 percent of the total.

Even when corrected for price changes, however, social welfare expenditures per capita in 1965-66 were more than 500 percent greater than in 1929 and more than 100 percent larger than in fiscal 1950 (table 3).

In 1965-66, social welfare expenditures from public funds represented 43 percent of all government expenditures—Federal, State, and local. As previously noted, more than half these expenditures came from Federal funds. Social welfare expenditures accounted for 35 percent of all expenditures of the Federal Government, the highest proportion since the 1930's and early 1940's.

Social insurance benefits, which represent a substantial part of all government expenditures, are paid from trust funds and almost entirely from earmarked taxes. When social welfare expenditures from general revenues alone are considered, it is not surprising that the share of general revenues that goes for social welfare is smaller than the portion of all public funds spent for these purposes, particularly in the case of Federal social welfare expenditures.

Since the State and local governments still bear

TABLE 3.—Per capita social welfare expenditures under public programs in the United States, Territories and possessions, actual and 1965-66 prices, selected fiscal years, 1928-29 through 1965-66

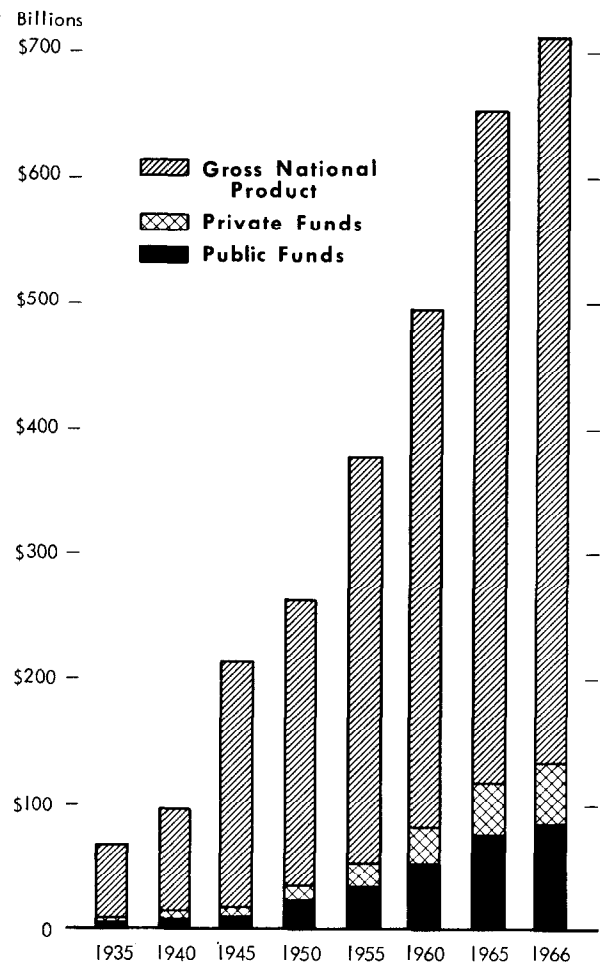
Fiscal year	Per capita social welfare expenditures in actual prices ¹							Constant 1965-66 prices		
	Total ²	Social insurance	Public aid	Health and medical services	Other welfare services	Veterans' programs	Education	Total social welfare expenditures ¹		Implicit price deflators (1965-66=100) ³
								Amount (in millions)	Per capita	
1928-29.....	\$34.72	\$2.76	4 \$4.06	\$3.66	(⁴)	\$4.45	\$19.88	\$8,489.1	\$68.90	50.4
1934-35.....	49.61	2.97	23.21	3.36	\$0.41	3.40	16.25	15,974.3	123.71	40.1
1939-40.....	65.31	9.09	26.86	5.09	0.57	3.91	19.76	21,188.9	158.13	41.3
1944-45.....	62.31	9.99	7.26	16.42	1.12	6.18	21.26	15,092.5	106.33	58.6
1949-50.....	149.10	31.72	16.26	13.59	2.75	41.04	43.63	30,848.4	200.94	74.2
1954-55.....	192.12	58.84	17.98	18.29	3.43	25.51	67.53	38,064.8	227.90	84.3
1959-60.....	285.59	105.65	22.53	24.43	5.57	27.58	98.80	55,768.2	306.42	93.2
1960-61.....	311.44	120.56	24.03	26.61	6.25	28.18	104.75	61,093.6	330.27	94.3
1961-62.....	329.97	128.21	26.30	27.79	6.93	28.29	111.30	65,245.2	346.97	95.1
1962-63.....	347.49	133.49	27.73	29.37	7.59	28.88	119.14	68,970.8	361.22	96.2
1963-64.....	365.84	138.60	29.12	31.03	8.07	29.31	128.31	72,765.5	375.61	97.4
1964-65.....	393.44	142.30	31.45	32.74	9.92	30.01	145.41	78,451.1	399.43	98.5
1965-66 ⁵	439.06	159.65	34.32	36.11	13.78	31.50	161.95	87,292.2	439.06	100.0
Percentage change for 1965-66 expenditures ⁵ (1965-66 prices) from—										
1928-29.....	+537	+2,813	+326	+397	(⁴)	+257	+311	+928	+537	-----
1934-35.....	+255	+2,055	-41	+330	+1,251	+272	+300	+446	+255	-----
1939-40.....	+119	+273	+7	+97	+271	-43	+175	+183	+119	-----
1949-50.....	+43	+41	+42	+38	+130	+6	+53	+57	+43	-----
1964-65.....	+10	+11	+7	+9	+37	+3	+10	+11	+10	-----

¹ Excludes expenditures within foreign countries for education, veterans' payments, and OASDI benefits; see table 1 for data including such expenditures.
² Includes public housing, not shown separately.
³ Deflator for 1965-66 estimated.
⁴ "Other welfare" included with public aid.
⁵ Preliminary estimates.

Sources: Per capita figures based on January 1 data from the Bureau of the Census for total U.S. population, including Armed Forces overseas and the civilian population of Territories and possessions. Deflators based on implicit price deflators for personal consumption expenditures prepared by National Income Division, Office of Business Economic, Department of Commerce.

much the greater part of the expenses of public education, and since the large social security trust funds are part of the Federal system, the propor-

CHART 2.—Social welfare expenditures from private and from public funds in relation to gross national product



tion of State and local expenditures from general revenues for social welfare (56.1 percent) is almost as high as the proportion from State and local public funds as a whole (58.5 percent). Education alone accounts for about 42 percent of the total expenditures from general revenues of the State and local governments.

PRIVATE AND PUBLIC EXPENDITURES

Private expenditures for health, education, and organized income-maintenance and welfare programs came to more than \$46 billion in 1965-66. Small parts of the private expenditures 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. Chart 2 shows gross public and private expenditures not adjusted for duplication. Total public and private expenditures for health, education, and welfare, after adjustment for the overlap, amounted to an estimated \$131 billion in 1965-66.

Health

Preliminary estimates of public and private expenditures for health and medical care in 1965-66 indicate that total expenditures reached \$43 billion or 6 percent of the gross national product. This amount represents an increase of \$3.8 billion

TABLE 4.—Social welfare expenditures¹ in relation to government expenditures for all purposes, selected fiscal years, 1928-29 through 1965-66

Item	1929	1935	1940	1945	1950	1955	1960	1961	1962	1963	1964	1965	1966 ²
All social welfare expenditures from public funds:													
Total, as percent of total government expenditures.....	40.8	48.6	47.3	8.3	36.4	31.8	37.5	39.2	38.9	39.5	39.7	41.7	43.0
Federal, as percent of total Federal Government expenditures.....	22.0	49.6	38.3	4.3	24.4	20.7	26.9	28.4	29.2	29.7	30.3	32.3	35.2
State and local, as percent of total State and local government expenditures ³	48.1	47.9	56.8	55.5	61.1	57.4	59.4	60.6	58.6	59.4	58.7	59.6	58.5
Social welfare expenditures from general revenue:													
Total, as percent of total government expenditures from general revenue.....	41.0	48.1	44.8	7.6	32.2	25.5	29.0	29.8	29.8	30.4	30.9	33.1	34.3
Federal, as percent of total Federal Government expenditures from general revenue:													
All programs.....	22.2	49.0	36.4	3.8	21.3	13.2	15.1	15.8	15.9	16.6	17.4	19.4	21.8
Veterans' programs.....	18.9	7.2	6.0	0.9	14.8	6.8	6.3	6.3	5.9	5.9	5.7	5.9	5.7
State and local, as percent of total State and local government expenditures from general revenue: ³													
All programs.....	47.9	47.0	53.7	55.0	54.8	53.1	55.8	55.6	55.8	56.3	55.9	56.8	56.1
Education.....	31.9	29.9	29.6	37.1	34.6	38.4	41.1	40.8	41.2	41.7	41.7	42.6	41.7

¹ 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.

² Preliminary estimates.

³ Excludes Federal grants-in-aid.

TABLE 5.—Health and medical care: Private expenditures and expenditures under public programs, selected fiscal years, 1928–29 through 1965–66

[In millions; data corrected to Sept. 30, 1966]

Type of expenditure	1928-29	1934-35	1939-40	1944-45	1949-50	1954-55	1959-60	1960-61	1961-62	1962-63	1963-64	1964-65	1965-66 ¹
Total	\$3,621.5	\$3,138.5	\$3,881.4	\$7,906.0	\$12,151.0	\$17,875.2	\$26,385.0	\$28,109.1	\$30,285.1	\$32,667.6	\$35,660.3	\$39,141.1	\$42,966.9
Private expenditures	3,112.0	2,580.0	3,023.0	5,335.0	9,065.0	13,517.0	20,020.0	21,074.0	22,670.0	24,362.0	26,697.0	29,423.0	32,094.0
Health and medical services	3,010.0	2,570.0	2,992.0	5,305.0	8,850.0	13,192.0	19,542.0	20,479.0	21,899.0	23,472.0	25,647.0	28,190.0	30,770.0
Direct payments	2,900.0	2,500.0	2,900.0	4,875.0	7,146.0	9,448.0	13,087.0	13,187.0	13,776.0	14,632.0	16,006.0	17,549.0	19,004.0
Insurance benefits					880.0	2,358.0	4,698.0	5,346.0	6,019.0	6,662.0	7,393.0	8,269.0	9,242.0
Expenses for prepayment					274.0	596.0	792.0	912.0	1,023.0	1,069.0	1,111.0	1,212.0	1,329.0
Industrial in-plant services	30.0	30.0	40.0	90.0	150.0	210.0	265.0	275.0	299.0	309.0	319.0	330.0	345.0
Philanthropy	80.0	40.0	52.0	340.0	400.0	580.0	700.0	759.0	782.0	800.0	818.0	830.0	850.0
Medical facilities construction	102.0	10.0	31.0	30.0	215.0	325.0	478.0	595.0	771.0	890.0	1,050.0	1,233.0	1,324.0
Public expenditures	509.5	558.5	858.4	2,571.0	3,086.0	4,358.2	6,365.0	7,035.1	7,615.1	8,305.6	8,963.3	9,718.1	10,872.9
Health and medical services	410.5	517.3	803.9	2,504.8	2,561.0	3,947.7	5,790.6	6,476.5	7,041.9	7,687.3	8,354.7	9,048.8	10,183.7
General hospital and medical care	216.6	231.8	340.5	354.7	914.5	1,217.3	1,952.2	2,202.8	2,132.0	2,274.5	2,446.8	2,511.8	2,593.9
Defense Department facilities	29.2	28.0	99.5	1,631.0	315.6	763.4	804.7	848.7	909.9	899.3	982.5	1,017.0	1,310.4
Veterans' hospital and medical care	30.0	56.0	72.1	98.3	585.9	722.6	884.5	953.8	968.0	1,022.0	1,069.9	1,132.8	1,205.4
Public assistance (vendor medical payments)					51.3	211.9	492.5	588.6	812.4	1,000.7	1,147.6	1,367.1	1,620.0
Workmen's compensation (medical benefits) ²	25.0	65.0	90.0	122.0	193.0	315.0	420.0	450.0	475.0	510.0	545.0	585.0	625.0
Temporary disability insurance (medical benefits) ³					1.4	6.0	16.3	19.6	21.5	25.7	29.3	29.0	33.0
Medical vocational rehabilitation		.2	.4	1.4	7.4	9.2	17.7	20.4	22.5	26.0	31.2	34.2	54.3
Maternal and child health services	5.0	6.7	13.8	62.1	29.8	92.9	138.8	151.8	173.3	185.2	198.3	218.2	252.4
School health (educational agencies)	9.0	9.9	17.9	23.3	30.6	65.9	101.0	115.0	129.0	128.4	127.7	132.0	135.0
Medical research			3.1	17.0	72.9	138.9	471.2	603.9	819.1	964.0	1,098.7	1,230.2	1,425.4
Other public health activities	95.7	119.7	166.6	195.0	358.6	404.6	431.6	460.9	506.0	576.5	602.3	713.2	843.5
Medical-facilities construction	99.0	41.2	54.5	66.2	525.0	410.5	574.4	558.6	573.2	618.3	608.6	669.3	689.2
Veterans Administration	4.0	2.9	14.1	16.2	156.2	33.0	57.5	53.7	52.1	69.8	76.4	80.9	83.2
Defense Department	(⁵)	(⁵)	(⁵)	(⁵)	(⁵)	33.0	40.0	44.0	24.0	23.0	42.4	34.8	28.6
Other	95.0	38.3	40.4	50.0	368.8	344.5	476.9	460.9	497.1	525.5	489.8	553.6	577.4
Total expenditures as a percent of gross national product	3.6	4.6	4.1	3.7	4.6	4.7	5.3	5.5	5.6	5.7	5.8	6.0	6.0
Public expenditures as a percent of total expenditures	14.1	17.8	22.1	32.5	25.4	24.4	24.1	25.0	25.1	25.4	25.1	24.8	25.3
Personal care expenditures ⁶	\$3,304.8	\$2,957.6	\$3,613.2	\$7,512.8	\$10,605.5	\$15,855.2	\$23,462.8	\$24,788.9	\$26,397.3	\$28,349.8	\$30,985.2	\$33,875.9	\$37,143.3
Private expenditures	2,990.0	2,560.0	2,979.0	5,220.0	8,476.0	12,451.0	18,575.0	19,377.2	20,680.5	22,203.0	24,331.5	26,770.5	29,228.5
Public expenditures	314.8	397.6	634.2	2,292.8	2,129.5	3,404.2	4,887.8	5,411.7	5,716.8	6,146.8	6,653.7	7,105.4	7,914.8
Percent from:													
Private expenditures	90.5	86.6	82.4	69.5	79.9	78.5	79.2	78.2	78.3	78.3	78.5	79.0	78.7
Direct payments	87.8	84.5	80.3	64.9	67.4	59.6	55.8	53.2	52.2	51.6	51.7	51.8	51.2
Insurance benefits					8.3	14.9	20.0	21.6	22.8	23.5	23.9	24.4	24.9
Public expenditures	9.5	13.4	17.6	30.5	20.1	21.5	20.8	21.8	21.7	21.7	21.5	21.0	21.3

¹ Preliminary estimates.

² Includes any insurance benefits and expenses for prepayment (insurance premiums less insurance benefits).

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

⁴ 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.

⁵ Data not available.

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.

from the revised estimates of expenditures for 1963–64.

The basic classification of expenditures in this series is by statutory programs. In order to obtain comprehensive data on expenditures for health and medical care under public programs, the amounts spent under health and medical programs are combined with expenditures for health and medical care under social insurance, welfare, veterans', and school programs. The combined data, with estimated private expenditures for health, are shown in table 5.

Personal health care expenditures accounted for \$37 billion out of the \$43 billion of total health care expenditures in 1966. The remainder went for medical facilities construction (\$2.0 billion), medical research (\$1.4 billion), the net expenses of private insurance (\$1.3 billion) and certain general public health and philanthropic activities (\$1.1 billion).

Personal health care expenditures have been increasing at a somewhat faster rate than total health expenditures. In 1966, direct payments by consumers accounted for just over half of all

TABLE 6.—National expenditures for performance of medical and health-related research, by source of funds, fiscal years, 1959–60 through 1965–66

[In millions]

Source of funds	1960	1961	1962	1963	1964	1965 ¹	1966 ¹
Total.....	\$845	\$1,045	\$1,290	\$1,486	\$1,652	\$1,825	\$2,050
Government.....	471	604	819	964	1,099	1,230	1,425
Federal.....	448	574	782	919	1,049	1,175	1,364
State and local.....	23	30	37	45	50	55	61
Industry.....	253	312	336	375	400	435	460
Private support.....	121	129	135	147	153	160	165
Foundations and health agencies.....	76	77	78	85	88	90	90
Other private contributions.....	12	15	18	21	22	25	28
Endowment.....	19	19	19	19	19	19	19
Institutions' own funds.....	14	18	20	22	24	26	28

¹ Preliminary estimates.

Source: Resources Analysis Branch, Office of Program Planning, National Institutes of Health, Department of Health, Education, and Welfare Appropriations for 1967 *Hearings before House Subcommittee on Appropriations*, 89th Congress, Second Session, part 4, page 179.

personal health care expenditures; private insurance covered one-fourth and public funds a little over one-fifth.

It should be noted that in this series expenditures for medical education are included with educational expenditures, not with those for health.

Vendor medical payments under public assistance and expenditures for medical research have been the fastest growing segments of public expenditures for health and medical care in the past 5 years. Benefits under the new program of health insurance for aged persons were not payable until July 1, 1966, and are therefore not yet reflected in the series. "Tooling up" expenses for the program are, however, included.

Expenditures for medical research from all sources—government, industry, and private philanthropy—are shown in table 6. The research expenditures shown in tables 5 and 6 exclude expenditures for research training and capital outlay. Expenditures for construction of research facilities are included in the medical facilities construction categories shown in table 5.

Public funds for medical and health-related research, mainly from the Federal Government, amounted to \$1.4 billion in 1965–66 and supported more than two-thirds of the total. The balance of the support for research was divided between industry and philanthropy, with industry providing a little less than one-fourth of the total funds. Research expenditures by pharmaceutical, medical supply, and medical electronics industries are excluded from table 5, since those expenditures are presumably included in the cost of products

(drugs, supplies, and equipment) and are therefore reflected in direct payments and insurance payments for medical and health care. Research expenditures from philanthropic sources are included in the estimates of expenditures by philanthropy shown in table 5.

For the third year since World War II, more than half the public funds for health care came from the Federal Government (table 7). The increase in the Federal share resulted largely from growing vendor medical payments under public assistance, research expenditures, maternal and child health activities, and some expansion in public health programs. When the health insurance benefits become effective, this trend will probably accelerate.

Private expenditures for health and medical care in 1965–66 are estimated to have reached \$32 billion or three-fourths of the total spent in that year for health and medical care. Revised figures for private health care expenditures in 1964–65 are about \$1 billion higher than the preliminary estimates shown in last year's article. The upward revision reflects primarily changes in estimates of expenditures for physicians' and dentists' services and for hospital care, based on later information.

The 1965–66 estimates for the private sector are projected on the basis of estimated expenditures for calendar years 1964 and 1965 and are subject to revision when later data are available.

Education

Total expenditures for education reached \$38.5 billion in 1965–66, and expenditures for current

TABLE 7.—Public expenditures for health and medical care, by source of funds, selected fiscal years, 1934–35 through 1965–66

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	252	607	29.3	70.7
1944–45.....	2,571	1,898	673	73.8	26.2
1949–50.....	3,086	1,341	1,745	43.5	56.5
1954–55.....	4,358	1,972	2,386	45.3	54.7
1959–60.....	6,365	2,932	3,433	46.1	53.9
1960–61.....	7,035	3,277	3,758	46.6	53.4
1961–62.....	7,615	3,713	3,902	48.8	51.2
1962–63.....	8,306	4,127	4,179	49.7	50.3
1963–64.....	8,963	4,573	4,390	51.0	49.0
1964–65.....	9,718	4,960	4,758	51.0	49.0
1965–66 ¹	10,873	5,667	5,206	52.1	47.9

¹ Preliminary estimate.

educational purposes amounted to \$32.6 billion. More than 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 proportion of current public expenditures for "higher and other" education. In 1949-50, public sources accounted for 80 percent of all current expenditures for education at the higher level but in 1965-66 for only 60 percent. The downward trend began with the sharp drop in Federal expenditures for educational assistance to veterans, as the veterans of World War II and the Korean conflict completed their education.

When Federal expenditures for the education of veterans are excluded, it appears that the public proportion of current expenditures for higher and other education has increased, although not consistently, since 1949-50. The substantial increase in the proportion of public funds being used for education at the higher levels by 1965-66 resulted from intensified effort by community, State, and Federal governments to improve the public educational facilities at higher levels and to make them available to more persons. This greater effort was made possible by education legislation of 1963, 1964, and 1965, by special provisions of the Economic Opportunity Act, the Manpower Development and Training Act, and the Area Re-development Act, and by the program for educational assistance to Cuban refugees.

Since 1956-57, the Federal Government has devoted more of its current educational expendi-

tures to higher and other education than to elementary and secondary education. In 1965-66, however, the proportion dropped sharply, from 70 percent to 54 percent (table 8) as the support programs under the Elementary and Secondary Education Act of 1965 came into operation.

Included in education are expenditures under a number of special programs: Transfers to schools for supervision and training—aside from direct allowances for trainees—under the Manpower Development and Training Act (\$147 million in 1965-66); expenditures for the "work-study" program (\$64 million) and for the "adult basic education" program (\$20 million) under the Economic Opportunity Act; and that portion of expenditures, excluding loans, under the Cuban refugee program that is used for education at the higher and other levels (\$2 million).

Expenditures for elementary and secondary education now include the expenditures for education at those levels under the Cuban refugee program (\$6 million). There are two programs under the Economic Opportunity Act reported by the Office of Education, but administered by the Office of Economic Opportunity: (1) Project Head Start (aimed at preparing culturally disadvantaged preschool children for elementary school) with expenditures of \$147 million in 1965-66, and (2) Upward Bound (designed to find and redirect children at the secondary level with potential for college who have been handicapped by economic, cultural, and educational deprivation) with expenditures of \$20 million in 1965-66.

State and local governments, for more than a

TABLE 8.—Public current expenditures for education, by educational level, ¹ selected fiscal years, 1949-50 through 1965-66

(Amounts in millions)

Purpose of expenditure	1949-50		1954-55		1959-60		1962-63		1963-64		1964-65		1965-66 ²	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
Federal Government, total	\$165	100	\$377	100	\$897	100	\$1,574	100	\$2,214	100	\$2,775	100	\$4,796	100
Elementary and secondary education	68	41	202	54	427	48	547	35	642	29	821	30	2,190	46
Higher and other education	97	59	174	46	469	52	1,027	65	1,572	71	1,954	70	2,606	54
State and local government, total	5,199	100	8,361	100	13,844	100	17,445	100	18,910	100	21,148	100	22,263	100
Elementary and secondary education	4,637	89	7,442	89	12,303	89	15,595	89	16,960	90	18,774	89	19,819	89
Higher and other education	562	11	919	11	1,541	11	1,850	11	1,950	10	2,374	11	2,444	11

¹ Excludes veterans' education.

² Preliminary estimates.

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. From the mid-1950's until 1961-62, more than half the Federal construction expenditures went to elementary and secondary schools, chiefly under the program for federally affected areas. From 1962-63 onward, however, new Federal programs for college construction shifted the balance until, in 1965-66, 93 percent of Federal construction funds went to institutions of higher education.

The data for private expenditures for education include student tuition and fees and private gifts for current educational purposes in public institutions. The amount is small at the elementary and secondary level, where private tuition and fees and private gifts accounted for \$103 million in 1965-66; it is more substantial at the higher level (\$700 million). 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—now insignificant—between the public and private expenditures shown in table 9. Correction for this minor duplication cannot be made at present. The revised figures for private expenditures shown in table 9 reflect changes made by the Department of Commerce in the national income accounts.

Income Maintenance and Welfare Service Programs

It is impossible to measure aggregate expenditures for income security in the same way that total expenditures for health or education are measured. Retired persons, disabled earners, and widows and orphans have sources of support 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.

Public expenditures for social insurance, public aid and other welfare, and veterans' programs were more than six times as great in 1965-66 as private expenditures for income maintenance under employee-benefit plans and for philanthropic purposes. The social insurance category, the expenditures of which made up 36 percent of all social welfare expenditures in 1965-66, includes various retirement, unemployment, and disability insurance programs, as shown in table 1. The largest of these programs is OASDHI, which accounted for 64 percent of all social insurance expenditures in 1965-66.

Expenditures for unemployment insurance and employment service decreased for the fifth consecutive year, reflecting the general improvement in the employment picture as the economy of the United States continued its rapid growth. The decline in spending under the basic unemployment insurance and employment service program was even steeper than it appears, since some of it was offset by increasing expenditures for special train-

TABLE 9.—Expenditures for education, selected fiscal years, 1949-50 through 1965-66

[Amounts in millions]

Program	1949-50	1954-55	1959-60	1960-61	1961-62	1962-63	1963-64	1964-65	1965-66 ¹
Total amount.....	\$10,936	\$14,338	\$22,079	\$23,712	\$25,584	\$27,745	\$30,262	\$34,424	\$38,525
Public expenditures ²	9,388	11,999	18,409	19,654	21,103	22,865	24,944	28,632	32,283
Current.....	8,054	9,438	15,145	16,314	17,622	19,117	21,190	23,964	27,094
Elementary and secondary education.....	4,706	7,644	12,730	13,796	14,957	16,142	17,602	19,595	22,009
Higher education other than veterans'.....	659	1,094	2,010	2,265	2,511	2,877	3,522	4,328	5,050
Veterans'.....	2,689	700	405	253	153	98	66	41	35
Construction.....	1,334	2,561	3,264	3,340	3,481	3,748	3,754	4,668	5,189
Elementary and secondary education.....	1,019	2,362	2,869	2,968	3,072	3,228	3,204	3,510	3,796
Higher education.....	316	199	395	371	410	520	550	1,158	1,393
Private expenditures ³	1,548	2,339	3,670	4,058	4,481	4,880	5,318	5,792	6,242
Current.....	1,266	1,829	3,126	3,470	3,849	4,218	4,628	5,064	5,466
Elementary and secondary education.....	436	719	1,232	1,348	1,471	1,622	1,770	1,891	2,011
Higher education.....	830	1,110	1,894	2,122	2,378	2,596	2,858	3,173	3,455
Construction.....	282	510	544	588	632	662	690	728	776
Public expenditures as percent of:									
Total expenditures.....	85.8	83.7	83.4	82.9	82.5	82.4	82.4	83.2	85.7
Current expenditures.....	84.8	83.8	82.9	82.5	82.1	81.9	82.1	82.6	85.5
Elementary and secondary education.....	91.5	91.4	91.2	91.1	91.0	90.9	90.9	91.2	91.6
Higher education, total.....	80.1	68.4	56.0	54.3	52.8	53.4	55.7	57.9	59.5
Other than veterans'.....	41.7	56.8	51.5	51.6	51.4	52.6	55.2	57.7	59.4
Construction.....	82.5	83.4	85.7	85.0	84.6	85.0	84.5	86.5	87.0

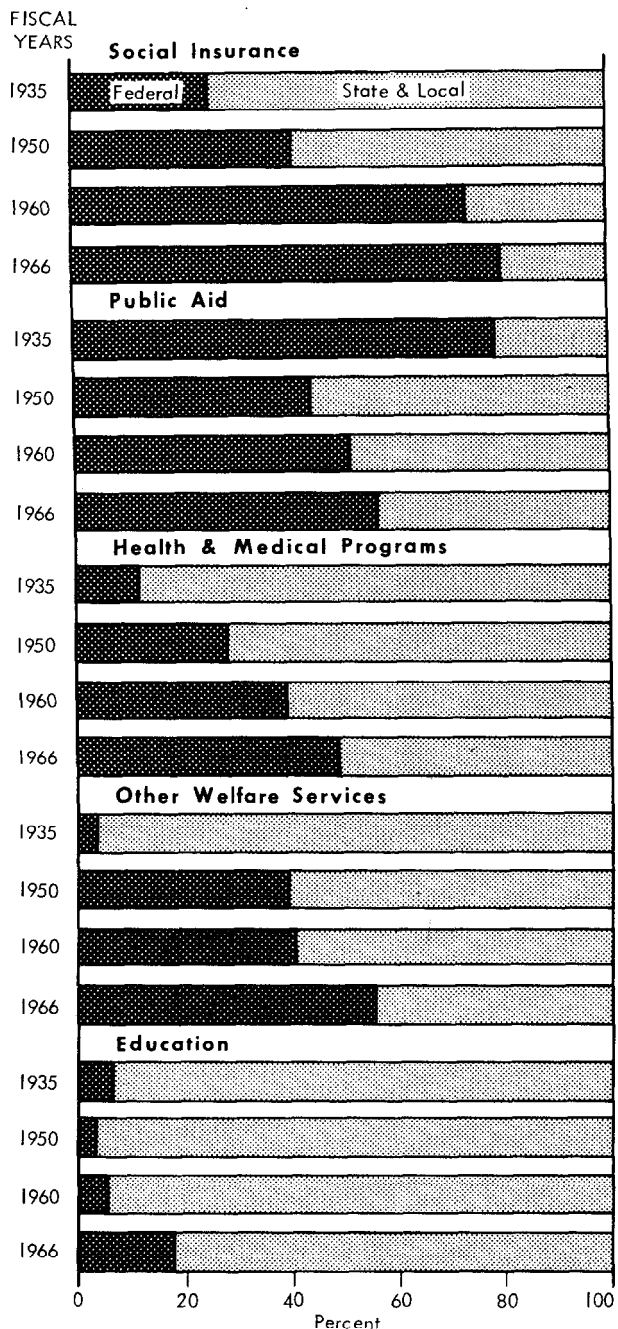
¹ Preliminary estimates.

² For definition, see text.

³ Includes expenditures by privately controlled schools, and private

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

CHART 3.—Percentage distribution of public social welfare expenditures for selected programs, by source of funds, selected fiscal years, 1934-35 through 1965-66



ing programs. Expenditures for training allowances and related assistance to individuals and for services, research, and administration of manpower development and training activities increased from \$81.5 million in 1964-65 to \$135.8 million in 1965-66. They are included with spending for unemployment insurance and employment

service, as are those for services, research, and administration for area redevelopment activities, which was phased out in 1965-66.

Since the passage of the Economic Opportunity Act in August 1964, a number of special social welfare programs have been initiated as part of the "war on poverty." Those programs with specifically educational aspects have been included, as mentioned earlier, under "education."

The work-experience program (with expenditures of \$76 million in 1965-66) under the Economic Opportunity Act provides work and training for the unemployed parents of dependent children and for other needy persons in order to help them become self-supporting. The program, which is administered by the Welfare Administration, is similar in nature to the work-relief programs of the 1930's and is thus included as one of the "other" programs under public aid.

In order to avoid for the present a radical reorganization of tables or a stretching of definitions of terms to accommodate new programs, table 1 had added to it last year a "special programs" subcategory of "other welfare" that includes five major programs under the Economic Opportunity Act, each of which provides a wide range of services: community action, the program for migrant agricultural employees (actually a part of the community action program, the Job Corps, Volunteers in Service to America, and the Neighborhood Youth Corps. Expenditures for these programs and administrative expenditures of the Office of Economic Opportunity amounted to \$858 million in 1965-66.

Four of the programs under the Economic Opportunity Act (the Job Corps, the program for migrant agricultural employees, work experience, and VISTA) are financed wholly by the Federal Government. Others are financed partly by the Federal Government and partly by State and local governments or by institutions. In community action programs, including Project Head Start, the Federal Government provides up to 90 percent of the costs; in the Neighborhood Youth Corps (work training) and work-study programs, it provides 90 percent. State and local expenditures for these programs are now included in the totals (last year such data were not yet available). Private contributions to these programs—primarily in the form of services in kind, use of buildings, such as churches, together with some

TABLE 10.—Expenditures from public and private funds for organized income-maintenance and welfare service programs, selected fiscal years, 1949–50 through 1965–66

[Amounts in millions]

Source of funds	1950	1955	1960	1961	1962	1963	1964	1965	1966 ¹
Total amount (excluding expenditures for health).....	\$12,149	\$18,616	\$31,990	\$36,157	\$39,036	\$41,377	\$43,594	\$46,046	\$51,944
Public expenditures.....	10,499	15,871	27,357	31,084	33,488	35,352	37,152	39,131	44,399
Social insurance.....	4,678	9,519	18,837	21,887	23,679	25,034	26,371	27,442	31,224
Veterans' programs.....	2,946	2,908	3,744	4,018	4,189	4,366	4,504	4,673	4,967
Public aid.....	2,445	2,791	3,609	3,856	4,133	4,295	4,494	4,810	5,204
Other welfare programs ²	430	653	1,167	1,323	1,487	1,657	1,783	2,206	3,004
Private expenditures.....	1,650	2,745	4,633	5,073	5,548	6,026	6,441	6,915	7,545
Employee benefit plans.....	965	1,895	3,545	3,910	4,330	4,770	5,145	5,580	6,045
Philanthropy.....	685	850	1,088	1,163	1,218	1,256	1,296	1,335	1,500
Percent of total:									
Public expenditures.....	86.5	85.2	85.4	85.9	85.7	85.4	85.1	84.9	85.4
Private expenditures.....	13.5	14.8	14.6	14.1	14.3	14.6	14.9	15.1	14.6

¹ Preliminary estimates.

² Includes public housing.

cash contributions—had an estimated value of about \$3 billion in 1965–66.

Private employee-benefit plans paid out cash benefits, excluding health insurance benefits, of about \$6 billion in 1965–66. About \$3.2 billion was for pensions for retired workers; \$1.7 billion for group life insurance; \$1.1 billion for temporary sickness benefits or paid sick leave; and \$75 million for supplementary unemployment benefits. In addition, employee benefit plans financed about three-fourths (\$8.1 billion) of the health insurance costs (benefits plus expenses of prepayment) that are 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 1965–66, 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 \$1.5 billion. These estimates are very rough, since available information in this field is partial and scattered.

Table 10 shows the amounts spent from public and private funds for organized income-maintenance and welfare service programs in recent years. About 85 percent of these expenditures have been from public funds and about three-fourths of the public funds from the Federal Government.