

Social Welfare Expenditures, 1968-69

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Social welfare expenditures under public programs increased \$15 billion or 13 percent between fiscal years 1968 and 1969. Part of this increase was due to inflation and expanding population, but even after adjusting for these factors a real growth of 8 percent is registered. A further reflection of this increase is the rise in the proportion of the Nation's gross national product devoted to social welfare expenditures—13.5 percent in 1968 and 14.1 percent in 1969.

THE SECOND HALF of the 1960's has been characterized by strong upward movement in social welfare expenditures under public programs in the United States. At \$127 billion, in fiscal year 1969 these expenditures continued to display annual increases of about the same magnitude as those in each of the past 4 years—about 13 percent.

Social welfare expenditures include cash benefits, services, and administrative costs of all programs operating under public law that are of direct benefit to individuals and families. These programs include those for income maintenance through social insurance and public assistance, and the public provision of health, education, housing, and other welfare services.

Each of the major social welfare categories contributed to the general expansion, but the largest advances continue to be recorded in the cash benefit and Medicare programs of old-age, survivors, disability, and health insurance (OASDHI), in education, and in the medical assistance program for the medically indigent (Medicaid).

Rising social welfare expenditures are accounting for an ever-larger proportion of the gross national product (GNP): the ratio was more than 14 percent in 1969. They also continue to grow as a proportion of total government expenditures and reached almost 45 percent in 1969. Even after discounting for population growth and for inflation, social welfare programs registered a

real expansion of 8 percent in fiscal year 1969 and of 41 percent since fiscal year 1965.

With private social welfare spending included, the grand total for social welfare expenditures reached \$181.6 billion in fiscal year 1969, and the proportion of GNP devoted to these purposes rose to 20 percent. Public spending accounted for nearly 70 percent of all social welfare expenditures and continued to dominate the areas of education and income maintenance and welfare. The Federal Government continued to be the major source of this spending—supplying 54 percent of all social welfare expenditures from public funds. The latest year in which State and local funds were the dominant source was the fiscal year 1965.

The annual social welfare article published in 1968¹ described the one major departure at that time for the methodology laid out in the social welfare monograph published that year.² It concerned accommodating table 4, which relates social welfare expenditures to total government expenditures, to the unified comprehensive budgetary concept of the U.S. Budget. Since then, two additional changes have been made in the method of compiling Federal data for the social welfare series.

The first change is in the source of data for the Federal "health and medical programs" category. Instead of being developed by the Social Security Administration separately for the various components, these data are now drawn, for the most part, from a single source—the compilation made by the U.S. Bureau of the Budget and published in the *Special Analyses, Budget of the United States* (table L-18 of the 1970 edition).³ Some exclusions from and regrouping of the Bureau of

¹ Ida C. Merriam, Alfred M. Skolnik, Sophie R. Dales, "Social Welfare Expenditures, 1967-68," *Social Security Bulletin*, December 1968.

² Ida C. Merriam and Alfred M. Skolnik, *Social Welfare Expenditures Under Public Programs in the United States, 1929-66* (Research Report No. 25), Office of Research and Statistics, 1968.

³ Data for Federal and State expenditures for maternal and child health programs are still taken from the administrative agency in order to have comparable Federal and State expenditures from a single source.

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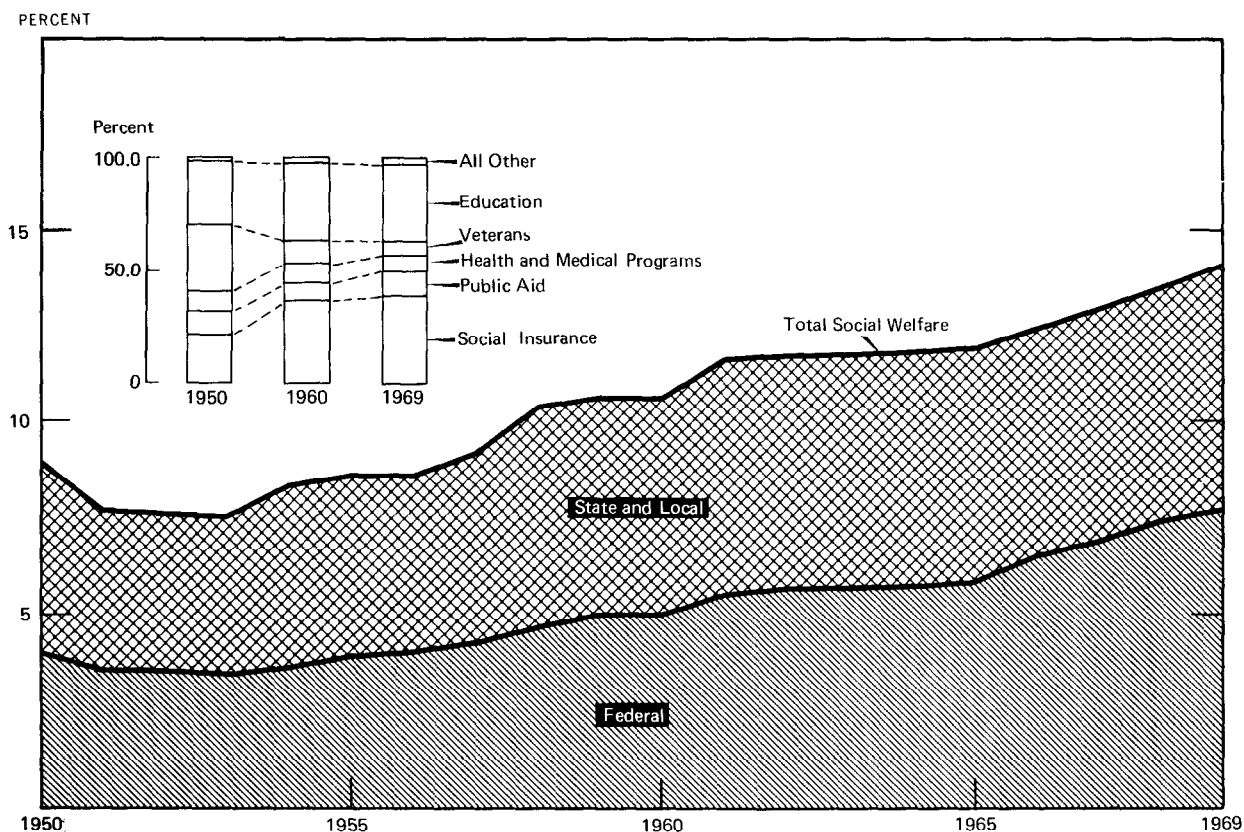
the Budget data are required to conform with the concepts of the social welfare expenditure series. Excluded, for example, are Department of Housing and Urban Development loans for health-facilities construction, expenditures under the Federal employees health benefit plans (included in the social welfare series with private health expenditures), outlays for medical training and education (included mainly with the "education" category), health expenditures in foreign countries under Department of State and Agency for International Development programs, and certain expenditures by the Department of Agriculture for meat and poultry inspection. The new source was employed starting with data for the fiscal year 1967.

Where the detail presented in the Bureau of the Budget compilation referred to above does not permit any regrouping or further subdivision, the use of the data from that compilation automatically entails acceptance of some changes in internal classification. Thus, the social welfare

series now follows the Bureau of the Budget listing of all U.S. Soldiers' Home expenditures as health expenditures. Formerly, the series classified part of these expenditures as institutional care under "other social welfare." The social welfare series also now classifies health research facilities as part of "medical research" as does the Bureau of the Budget; formerly, these expenditures were listed under "construction."

The other change this year deals with the treatment of Veterans Administration unallocated administrative expenses, previously allocated among the several veterans' program groups in the same proportion that allocated administrative expenses were distributed. The attempt to allocate these administrative expenses proved cumbersome and produced unrealistic results. Unallocated expenses are now placed in toto in a new item, "administration not elsewhere classified" in the "welfare and other" group of veterans' programs, and program data have been adjusted back to the fiscal year 1967 for this change. The

CHART 1.—Social welfare expenditures under public programs as a percent of the gross national product, fiscal years 1950-69



resulting figures are more nearly comparable with agency reports and with U.S. Budget figures.

EXPENDITURES UNDER PUBLIC PROGRAMS IN 1968-69

Nearly seven-eighths of the \$15 billion rise in fiscal year 1969 occurred in three social welfare categories: Social insurance, with a \$6.0 billion

increase, accounted for 40 percent of the total growth; education expenditures, which rose \$4.3 billion in fiscal year 1969, provided nearly 30 percent of the total; and public aid—mainly public assistance—which was \$2.4 billion higher, accounted for 16 percent. The remainder was contributed by other groups of social welfare programs in amounts ranging from \$754 million in the “other social welfare” programs to \$128 million for housing.

TABLE 1.—Social welfare expenditures under public programs, selected fiscal years, 1928-29 through 1968-69¹

[In millions]

Program	1928-29	1939-40	1949-50	1954-55	1959-60	1964-65	1965-66	1966-67	1967-68	1968-69 ²
	Total expenditures									
Total.....	\$3,921.2	\$8,795.1	\$23,508.4	\$32,639.9	\$52,293.3	\$77,120.6	\$87,948.7	\$99,693.5	\$112,044.5	\$126,801.7
Social insurance.....	342.4	1,271.8	4,946.6	9,834.9	19,306.7	28,091.1	31,878.6	37,268.1	42,692.9	48,720.0
Old-age, survivors, disability, and health insurance ³		40.4	784.1	4,436.3	11,032.3	16,997.5	20,295.3	24,580.8	28,748.3	33,388.9
Health insurance for the aged ⁴							63.6	3,394.6	5,347.2	6,597.7
Railroad retirement ⁵		116.8	306.4	556.0	934.7	1,128.1	1,211.6	1,278.4	1,416.6	1,547.5
Public employee retirement ⁵	113.1	283.4	817.9	1,388.5	2,569.9	4,528.5	5,145.4	5,902.7	6,582.8	7,479.0
Unemployment insurance and employment service ⁶		553.0	2,190.1	2,080.6	2,829.6	3,002.6	2,662.3	2,752.1	2,928.4	2,953.3
Railroad unemployment insurance.....		18.9	119.6	158.7	215.2	76.7	52.4	38.5	46.2	45.1
Railroad temporary disability insurance.....			31.1	54.2	68.5	46.5	42.6	38.4	36.1	57.7
State temporary disability insurance ⁷			72.1	217.5	347.9	483.5	507.5	529.8	574.1	635.0
Hospital and medical benefits ⁸			2.2	20.0	40.2	50.9	54.3	53.7	54.6	58.0
Workmen's compensation ⁹	229.3	259.2	625.1	943.0	1,308.5	1,827.7	1,961.6	2,147.5	2,360.3	2,613.5
Hospital and medical benefits ⁸	75.0	90.0	193.0	315.0	420.0	580.0	630.0	695.0	765.0	850.0
Public aid.....	60.0	3,597.0	2,496.2	3,003.0	4,101.1	6,283.4	7,301.1	8,811.0	11,091.7	13,442.9
Public assistance ¹⁰	59.9	1,124.3	2,490.2	2,941.1	4,041.7	5,874.9	6,497.0	7,832.4	9,886.6	11,981.1
Vendor medical payments ⁸			51.3	211.9	492.7	1,367.1	1,709.9	2,382.6	3,580.8	4,420.9
Other ¹¹.....	.1	2,472.7	6.0	61.9	59.4	408.5	804.1	978.6	1,205.1	1,461.8
Health and medical programs ¹²	351.1	615.5	2,063.5	3,103.1	4,463.8	6,246.4	6,938.0	7,809.0	8,271.3	8,817.5
Hospital and medical care.....	146.3	343.0	1,222.3	2,042.4	2,853.3	3,452.3	3,827.9	4,254.0	4,543.0	4,793.5
Civilian programs.....	117.1	297.6	886.1	1,297.6	1,973.2	2,515.5	2,721.2	2,822.3	2,894.7	3,027.4
Defense Department ¹³	29.2	45.4	336.2	744.8	880.1	936.8	1,106.7	1,143.7	1,643.3	1,766.1
Maternal and child health programs ¹⁴	6.2	13.8	29.8	92.9	141.3	227.3	263.3	300.9	336.8	382.3
Medical research ⁸.....				.2	.6	4.3	5.3			
Medical research ¹⁵		2.6	69.2	132.8	448.9	1,165.2	1,301.9	1,354.6	1,547.6	1,474.0
School health (educational agencies).....	9.4	16.4	30.6	65.9	101.0	142.2	156.7	177.9	190.4	204.0
Other public health activities ¹⁵	88.8	154.5	350.8	383.7	401.2	671.0	730.6	1,039.8	860.6	1,077.3
Medical-facilities construction.....	100.4	85.2	360.8	385.4	518.1	588.3	657.7	672.8	792.9	886.4
Defense Department.....			1.1	33.0	40.0	31.1	41.3	49.7	26.8	59.2
Other.....	100.4	85.2	359.8	352.4	478.1	557.2	616.4	623.1	766.1	827.2
Veterans' programs.....	657.9	629.0	6,865.7	4,833.5	5,479.2	6,053.8	6,360.4	6,880.5	7,361.6	8,086.5
Pensions and compensation ¹⁶	434.7	443.3	2,092.1	2,689.7	3,402.7	4,156.0	4,423.8	4,486.7	4,715.7	5,040.6
Health and medical programs.....	50.9	75.8	748.0	761.1	954.0	1,230.0	1,301.9	1,346.0	1,464.6	1,585.2
Hospital and medical care.....	46.7	61.5	582.8	721.5	879.4	1,120.9	1,175.2	1,249.5	1,372.3	1,477.9
Hospital construction.....	4.2	14.3	161.5	34.1	59.6	81.2	86.0	49.4	46.0	54.5
Medical and prosthetic research.....			3.7	5.6	15.1	36.9	30.7	47.1	48.3	52.8
Education.....			2,691.6	706.1	409.6	43.4	37.0	296.9	466.1	670.8
Life insurance ¹⁷	136.4	77.0	475.7	490.2	494.1	446.9	455.4	548.4	503.8	503.2
Welfare and other ¹⁵	35.8	32.9	858.3	186.5	218.8	153.6	142.4	202.5	211.4	236.6
Education ^{15 18}	2,433.7	2,561.2	6,674.1	11,157.2	17,626.2	28,077.1	32,820.7	35,667.6	38,756.6	43,033.0
Elementary and secondary.....	2,216.2	2,267.4	5,596.2	9,734.3	15,109.0	22,357.7	25,566.0	27,743.3	30,703.0	34,434.9
Construction ¹⁹	377.0	258.0	1,019.4	2,231.9	2,661.8	3,267.2	3,754.9	3,970.4	4,219.2	4,654.1
Higher.....	182.1	217.6	914.7	1,214.4	2,190.7	4,795.6	6,019.3	6,488.6	6,607.0	7,043.1
Construction ¹⁹.....	.2	20.6	310.3	198.6	357.9	1,115.1	1,521.3	1,610.1	1,473.5	1,530.9
Vocational and adult ¹⁹	34.9	75.4	160.8	204.9	298.0	853.9	1,108.1	1,294.3	1,302.2	1,404.7
Housing ¹⁵		4.2	14.6	89.3	176.8	318.1	334.8	377.8	427.9	555.8
Public housing.....		4.2	14.5	74.7	143.5	234.5	249.2	275.8	312.6	378.1
Other.....			.1	14.6	33.2	83.6	85.6	102.0	115.3	177.7
Other social welfare.....	76.2	116.4	447.7	619.0	1,139.4	2,065.7	2,315.0	2,879.4	3,442.5	4,196.1
Vocational rehabilitation.....	1.6	4.2	30.0	42.4	96.3	210.5	298.7	410.2	469.6	557.7
Medical services ⁸.....	.1	.3	7.4	9.1	17.7	34.2	48.0	67.4	102.0	124.6
Medical research ⁸.....				.3	6.6	22.4	27.9	27.0	21.6	22.6
Institutional care ²⁰	74.7	62.4	145.5	195.3	420.5	789.5	736.7	895.2	1,038.2	1,521.4
School meals ²¹		4.0	160.2	239.6	398.7	617.4	537.4	588.5	705.9	795.4
Child welfare ²²		45.0	104.9	135.1	211.5	354.3	400.6	453.2	503.0	550.4
Special OEO programs ²³						51.7	287.3	451.7	608.1	647.5
Social welfare, not elsewhere classified ²⁴.....		.9	7.1	6.5	12.4	42.3	54.2	80.6	117.5	123.6

See footnotes at end of table.

About \$4.7 billion of the total increase in social insurance expenditures was accounted for by the OASDHI program, a 16-percent rise that was fractionally smaller than the preceding year's increase. The monthly benefits rose by \$3.4 billion as the effects of the 1967 amendments continued to make themselves felt. Expenditures for health insurance for the aged (Medicare) increased 23 percent or \$1.3 billion to a total of \$6.6 billion.

The other social insurances together accounted

for the remaining \$1.3 billion of the group increase, with the bulk (\$896 million) attributable to the public employee retirement system. Expenditures for unemployment insurance and public employment service operations remained nearly stationary at about \$3.0 billion, although the small program for railroad workers declined somewhat. The detail for each of the programs is presented in table 1.

Of the \$4.3 billion expansion in education out-

TABLE 1.—Social welfare expenditures under public programs, selected fiscal years, 1928-29 through 1968-69¹—Continued

Program	[In millions]									
	1928-29	1939-40	1949-50	1954-55	1959-60	1964-65	1965-66	1966-67	1967-68	1968-69 ²
	From Federal funds									
Total.....	\$798.4	\$3,443.1	\$10,541.1	\$14,622.9	\$24,956.7	\$37,719.6	\$45,387.1	\$53,244.1	\$60,547.8	\$68,595.5
Social insurance.....	55.9	393.8	2,103.0	6,385.0	14,307.2	21,806.6	25,663.5	30,544.1	35,390.8	40,823.7
Old-age, survivors, disability, and health insurance ³		40.4	784.1	4,436.3	11,032.3	16,997.5	20,295.3	24,580.8	28,748.3	33,388.9
Health insurance for the aged ⁴							63.6	3,394.6	5,347.2	6,597.7
Railroad retirement ⁵		116.8	306.4	556.0	934.7	1,128.1	1,211.6	1,278.4	1,416.6	1,547.5
Public employee retirement ⁶	51.9	136.3	507.9	808.5	1,519.9	2,780.5	3,220.4	3,724.8	4,116.8	4,739.0
Unemployment insurance and employment service ⁶		67.1	328.6	320.8	473.5	699.8	761.8	789.5	873.4	932.1
Railroad unemployment insurance.....		18.9	119.6	158.7	215.2	76.7	52.4	38.5	46.2	45.1
Railroad temporary disability insurance.....			31.1	54.2	68.5	46.5	42.6	38.4	36.1	57.7
Workmen's compensation ⁹	4.0	14.2	25.1	50.5	63.1	77.6	79.5	93.7	103.3	113.5
Hospital and medical benefits ⁸.....	.6	5.2	5.2	6.9	9.0	11.3	11.8	13.9	15.3	17.0
Public aid.....		2,243.1	1,103.2	1,504.2	2,116.9	3,593.9	4,366.0	5,244.4	6,455.2	7,851.0
Public assistance ¹⁰		280.1	1,097.2	1,442.3	2,057.5	3,185.4	3,501.9	4,265.8	5,250.0	6,589.2
Vendor medical payments ⁸				23.3	199.8	550.0	758.0	1,157.0	1,760.0	2,186.0
Other ¹¹		1,963.1	6.0	61.9	59.4	408.5	804.1	978.6	1,205.1	1,461.8
Health and medical programs ¹²	46.7	96.6	603.5	1,150.3	1,737.1	2,780.6	3,146.3	3,680.6	4,232.8	4,496.6
Hospital and medical care.....	37.7	60.9	382.6	811.5	983.5	1,074.7	1,252.9	1,595.5	1,834.9	1,966.6
Civilian programs.....	8.5	15.5	46.4	66.7	103.4	137.9	146.2	163.8	186.6	200.5
Defense Department ¹³	29.2	45.4	336.2	744.8	880.1	936.8	1,106.7	1,431.7	1,648.3	1,766.1
Maternal and child health programs ¹⁴	1.2	7.8	20.1	23.7	35.3	73.4	102.0	139.0	160.6	192.0
Medical research ⁸.....				.2	.6	4.3	5.3			
Medical research ¹⁵		2.6	69.2	132.8	425.9	1,110.2	1,240.9	1,289.6	1,478.6	1,401.0
Other public health activities ¹⁵	6.9	22.7	63.8	65.0	57.3	222.9	228.8	372.7	426.8	550.6
Medical-facilities construction.....	.9	2.7	67.8	117.4	235.1	299.3	321.7	283.8	331.9	386.4
Defense Department.....			1.1	33.0	40.0	31.1	41.3	49.7	26.8	59.2
Other.....	.9	2.7	66.8	84.4	195.1	268.2	280.4	234.1	305.1	327.2
Veterans' programs.....	657.9	619.8	6,386.2	4,771.9	5,367.3	6,018.4	6,339.1	6,857.4	7,329.0	7,996.5
Pensions and compensation ¹⁶	434.7	443.3	2,092.1	2,689.7	3,402.7	4,156.0	4,423.8	4,486.7	4,715.7	5,040.6
Health and medical programs.....	50.9	75.8	748.0	761.1	954.0	1,239.0	1,301.9	1,346.0	1,464.6	1,585.2
Hospital and medical care.....	46.7	61.5	582.8	721.5	879.4	1,120.9	1,175.2	1,249.5	1,372.3	1,477.9
Hospital construction.....	4.2	14.3	161.5	34.1	59.6	81.2	86.0	49.4	46.0	54.5
Medical and prosthetic research.....			3.7	5.6	15.1	36.9	40.7	47.1	46.3	52.8
Education.....			2,691.6	706.1	409.6	43.4	37.0	296.9	466.1	670.8
Life insurance ¹⁷	130.4	77.0	475.7	490.2	494.1	440.9	455.4	548.4	503.8	503.2
Welfare and other ¹⁵	35.8	23.7	378.8	124.9	106.9	133.2	121.1	179.4	178.8	196.6
Education ¹⁸	36.5	74.7	156.7	485.1	867.9	2,469.8	4,580.5	5,278.8	5,108.4	5,079.0
Elementary and secondary.....	9.6	14.7	47.1	309.2	441.9	776.8	2,037.8	2,496.6	2,637.8	2,471.9
Construction ^{8,19}	(25)	(25)	5.2	139.9	70.6	77.0	46.5	33.4	35.5	34.2
Higher.....	12.1	18.9	48.5	101.8	293.1	1,217.0	1,873.4	2,068.6	1,807.0	1,943.1
Construction ⁸.....	.2	(25)	5.7	5.1	1.2	324.0	662.3	710.1	473.5	430.9
Vocational and adult ¹⁹	14.3	40.4	58.7	70.5	104.5	406.2	542.0	552.3	519.2	513.7
Housing ¹⁵		4.2	14.6	74.7	143.5	238.2	250.8	283.0	325.4	445.8
Public housing.....		4.2	14.5	74.7	143.5	234.5	249.2	275.8	312.6	378.1
Other.....			.1			3.6	1.6	7.2	12.8	67.7
Other social welfare.....	1.4	10.9	174.0	251.7	416.7	812.0	1,040.9	1,355.7	1,706.2	1,903.0
Vocational rehabilitation.....	.7	2.1	21.0	27.1	64.3	143.3	218.1	319.3	363.2	430.7
Medical services ⁸.....	.1	.1	5.1	5.7	11.2	21.2	32.4	50.6	76.5	93.4
Medical research ⁸.....				.3	6.6	22.4	27.9	27.0	21.6	22.6
Institutional care ²⁰.....	.7	2.4	20.5	40.3	20.5	34.5	21.7	15.2	23.2	26.4
School meals ²¹		4.0	121.2	170.7	306.1	503.7	415.4	442.0	543.9	624.3
Child welfare ²²		1.6	4.2	7.1	13.4	36.5	44.0	46.9	50.2	50.4
Special OEO programs ²³						51.7	287.3	451.7	608.1	647.5
Social welfare, not elsewhere classified ²⁴.....		.9	7.1	6.5	12.4	42.3	54.2	80.7	117.5	123.6

See footnotes at end of table.

lays, \$3.7 billion was provided by elementary and secondary schooling, not counting vocational education. The bulk of the \$34 billion spent for elementary and secondary education was furnished by the States and—mainly—the localities,

with the Federal Government's \$2.5 billion representing only 7 percent of the total.

The \$2.4 billion growth in public aid expenditures in 1969 was accounted for very largely by the 21-percent rise in public assistance payments,

TABLE 1.—Social welfare expenditures under public programs, selected fiscal years, 1928–29 through 1968–69¹—Continued

(In millions)

Program	1928-29	1939-40	1949-50	1954-55	1959-60	1964-65	1965-66	1966-67	1967-68	1968-69 ²
	From State and local funds ²⁶									
Total	\$3,122.8	\$5,351.0	\$12,967.3	\$18,017.1	\$27,336.6	\$39,401.0	\$42,561.6	\$46,449.5	\$51,496.7	\$58,206.2
Social insurance	286.5	878.0	2,843.6	3,449.9	4,999.4	6,284.5	6,215.2	6,724.0	7,302.1	7,896.3
Public employee retirement ⁵	61.2	147.1	310.0	580.0	1,050.0	1,748.0	1,925.0	2,177.9	2,416.0	2,740.0
Unemployment insurance and employment service ⁴		485.9	1,861.5	1,759.9	2,356.1	2,302.8	1,900.5	1,962.6	2,055.0	2,021.3
State temporary disability insurance ⁷			72.1	217.5	347.9	483.5	507.5	529.8	574.1	635.0
Hospital and medical benefits ⁸			2.2	20.0	40.2	50.9	54.3	53.7	54.6	58.0
Workmen's compensation ⁹	225.3	245.0	600.0	892.5	1,245.4	1,750.1	1,882.2	2,053.8	2,257.0	2,500.0
Hospital and medical benefits ⁸	74.4	84.8	187.8	308.1	411.0	568.7	618.2	681.1	749.7	833.0
Public aid	60.0	1,352.8	1,393.0	1,498.8	1,984.2	2,689.5	2,935.1	3,566.6	4,636.5	5,592.0
Public assistance ¹⁰	59.9	843.2	1,393.0	1,498.8	1,984.2	2,689.5	2,935.1	3,566.6	4,636.5	5,592.0
Vendor medical payments ⁸			51.3	188.6	292.9	812.1	951.9	1,225.6	1,820.8	2,234.9
Other ¹¹	.1	509.6								
Health and medical programs ¹²	304.4	518.9	1,460.0	1,952.8	2,726.8	3,465.8	3,791.7	4,128.4	4,038.5	4,320.9
Hospital and medical care	108.6	282.1	839.7	1,230.9	1,869.8	2,377.6	2,575.0	2,658.5	2,708.1	2,826.9
Maternal and child health programs	5.0	6.0	9.7	69.2	106.1	153.9	161.2	170.9	176.2	190.3
Medical research					23.0	55.0	61.0	65.0	69.0	72.0
School health (educational agencies)	9.4	16.4	30.6	65.9	101.0	142.2	156.7	177.9	190.4	204.0
Other public health activities ¹³	81.9	131.9	287.0	318.8	343.9	448.1	501.8	667.1	433.8	526.7
Medical-facilities construction	99.5	82.5	293.0	268.0	283.0	289.0	336.0	389.0	461.0	500.0
Veterans' programs		9.2	479.5	61.6	111.9	20.4	21.3	23.1	32.5	40.0
Education ¹⁵	2,397.2	2,486.6	6,517.5	10,672.1	16,758.3	25,607.3	28,240.2	30,388.7	33,648.2	37,954.0
Elementary and secondary	2,206.6	2,252.8	5,549.1	9,425.1	14,667.1	21,580.9	23,528.2	25,246.7	28,065.2	31,963.0
Construction ¹⁶	377.0	258.0	1,014.2	2,091.9	2,591.2	3,190.0	3,708.4	3,987.0	4,188.7	4,619.9
Higher	170.0	198.7	896.3	1,112.6	1,879.7	3,378.6	4,145.9	4,400.0	4,800.0	5,100.0
Construction ¹⁶	(28)	20.6	304.6	193.4	356.7	791.1	859.0	900.0	1,000.0	1,100.0
Vocational and adult ¹⁹	20.6	35.1	102.1	134.4	193.5	447.7	566.1	742.1	783.0	891.0
Housing ¹⁵				14.6	33.2	80.0	84.1	94.8	102.5	110.0
Other social welfare	74.8	105.5	273.7	367.3	722.8	1,253.6	1,274.1	1,523.8	1,736.3	2,293.1
Vocational rehabilitation	.8	2.1	9.0	15.3	32.1	67.1	80.5	90.9	106.4	127.0
Medical services ⁸	.1	.1	2.3	3.5	6.6	13.0	15.5	16.9	25.5	31.1
Institutional care	74.0	60.0	125.0	155.0	400.0	755.0	715.0	880.0	1,015.0	1,495.0
School meals ²¹			39.0	69.0	92.6	113.7	122.0	146.5	162.0	171.1
Child welfare ²²		43.4	100.7	128.0	198.1	317.8	356.5	406.4	452.9	500.0

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.

² Preliminary estimates.

³ Excludes financial interchange transactions between OASDHI and railroad retirement.

⁴ Hospital insurance and supplementary medical insurance included in total shown directly above. Benefits began July 1, 1966; 1965-66 data represent administrative expenses only.

⁵ Excludes refunds of employee contributions; includes payments to retired military personnel and survivors. Administrative expenses for Federal noncontributory retirement not available.

⁶ Includes unemployment compensation under State programs, programs for Federal employees and ex-servicemen, and trade adjustment and cash training allowances.

⁷ Cash and medical benefits in the 4 States with programs. Includes private plans where applicable and State costs of administering State plans and supervising private plans. Administrative expenses of private plans not available.

⁸ Included in total shown directly above; excludes administrative expenses, not available separately but included for entire program in preceding line.

⁹ Cash and medical benefits paid under Federal laws and under State laws, by private insurance carriers, State funds, and self-insurers. Includes Alaska and Hawaii beginning 1959-60. Administrative costs of private carriers and self-insurers not available.

¹⁰ Represents payments under the Social Security Act and (from State and local funds) general assistance. Data for 1939-40 include \$1.0 million in administrative costs for which distribution by source of funds is not available.

¹¹ Work relief, other emergency aid, surplus food for the needy, food stamps, repatriate and refugee assistance, and Job Corps, Neighborhood Youth Corps, and work-experience and training programs under the Economic Opportunity Act. See footnote 23.

¹² Excludes State and local expenditures for domiciliary care in institutions other than mental or tuberculosis and services in connection with OASDHI, State temporary disability insurance, workmen's compensation, public assistance, vocational rehabilitation, and veterans' and antipoverty programs (included in total expenditures for these programs).

¹³ Includes medical care for military dependent families.

¹⁴ Includes services for crippled children.

¹⁵ For detailed description of this item, see *Social Welfare Expenditures Under Public Programs in the United States, 1929-66*. (Research Report No. 25).

¹⁶ Includes burial awards.

¹⁷ Excludes servicemen's group life insurance.

¹⁸ Federal expenditures for administrative costs (Office of Education) and research not shown separately but included in total.

¹⁹ Construction costs of vocational and adult education programs included under elementary-secondary construction expenditures.

²⁰ Represents primarily surplus food for institutions.

²¹ Surplus food for schools and programs under National School Lunch and Child Nutrition Acts. State and local funds represent direct appropriations.

²² Federal expenditures represent primarily child welfare services under title V of the Social Security Act.

²³ Includes community action, migrant workers, and VISTA program and all administrative expenses of the Office of Economic Opportunity. Other OEO programs listed in appropriate subsections under public aid and education.

²⁴ Includes administrative expenses of the Secretary of Health, Education, and Welfare; Indian welfare and guidance; aging activities; certain manpower activities; and other items.

²⁵ Not available.

²⁶ Except as otherwise noted (see footnotes 7 and 9).

Source: Data taken or estimated from Treasury reports, Federal budgets, *Census of Governments*, and available reports of Federal administrative agencies. For single-year historical data, see *Social Welfare Expenditures Under Public Programs in the United States, 1929-66* (Research Report No. 25).

TABLE 2.—Social welfare expenditures under public programs: Federal funds as percent of total, selected fiscal years, 1928–29 through 1968–69

Program	1928-29	1939-40	1949-50	1954-55	1959-60	1964-65	1965-66	1966-67	1967-68	1968-69 ¹
Total.....	20.4	39.1	44.8	44.8	47.7	48.9	51.6	53.4	54.0	54.1
Social insurance.....	16.3	31.0	42.5	64.9	74.1	77.6	80.5	82.0	82.9	83.8
Public aid.....		62.4	44.2	50.1	51.6	57.2	59.8	59.5	58.2	58.4
Health and medical programs.....	13.3	15.7	29.2	37.1	38.9	44.5	45.3	47.1	51.2	51.0
Veterans' programs.....	100.0	98.5	93.0	98.7	98.0	99.7	99.7	99.7	99.6	99.5
Education.....	1.5	2.9	2.3	4.3	4.9	8.8	14.0	14.8	13.2	11.8
Housing.....		100.0	100.0	83.7	81.2	74.9	74.9	74.9	76.0	80.2
Other social welfare.....	1.8	9.4	38.9	40.7	36.6	39.3	45.0	47.1	49.6	45.3
All health and medical care ²	20.6	22.7	44.4	44.1	45.6	48.6	49.8	61.5	66.1	66.9

¹ Preliminary estimates.

² Combines "health and medical programs" with medical services pro-

vided in connection with social insurance, public aid, veterans', vocational rehabilitation, and antipoverty programs.

services, and administration. More than two-fifths of the public assistance increase, in turn, resulted from increased spending for the Medicaid program for the medically indigent. The "other public aid" programs increased at exactly the 21-percent rate of the public assistance programs, to \$1.5 billion. These "other" programs include the job-training programs of the Economic Opportunity Act, food stamps, surplus food, and repatriate and refugee assistance.

Growth in each of the other four social welfare expenditure categories, totaling \$2.1 billion, made up the remaining portion of the annual increase of \$15 billion. Relatively, the largest of these increases, although it totaled only \$128 million, was the 30-percent rise in the annual rate of public spending for housing that carried the housing total for the year to well above the half-billion mark.

A 22-percent rise in the miscellany of "other social welfare" programs took that group to a \$4.2 billion total. About two-thirds of the increase is attributable to the \$483 million growth in institutional care, almost exclusively at the State and local level.

Veterans' program expenditures increased 9 percent in the fiscal year 1969 to a new high of more than \$8 billion. About half of the increase was caused by a raise in veterans' pensions and compensation, with a somewhat smaller rise in expenditures under the education programs for veterans and their children. Although the education benefits rose by but \$205 million, the increase represented a 44-percent growth of the education program from 1968 and a 126-percent increase from 1967, as returning Viet Nam veterans begin to take up their education benefit options.

The smallest increase, 7 percent, was registered by those health and medical programs concerned

exclusively with health. (Health services that are part of other social welfare programs are reported with those programs, although later in this article all public expenditures for health are drawn together.) Health expenditures in fiscal year 1969 totaled \$8.8 billion. Increases of varying proportion were made in all aspects of health and medical care except for medical research where the \$1.5 billion spent in fiscal year 1969 represented a 5-percent drop from the 1968 total.

In the fiscal year 1969, for the first time in several years, State and local social welfare expenditures increased at the same pace as Federal social welfare expenditures—about 13 percent. In 1966 Federal expenditures had risen 20 percent, while State and local expenditures rose only 8 percent. Since then the rate of increase in Federal expenditures has been fluctuating between 13 and 17 percent and that of State and local expenditures has been steadily accelerating: 9 percent in 1967, 11 percent in 1968, and 13 percent in 1969. A major factor in this acceleration has been the growth in expenditure for public assistance and education.

As a result of this trend, the proportion of Federal spending has remained about the same during each of the last two completed fiscal years for most of the seven social welfare categories and, in the case of education, has even dropped (table 2). From an all-time high of 14.8 percent of all education expenditures in fiscal year 1967, the Federal proportion has dropped to 13.2 percent in 1968 and to 11.8 percent in 1969.

MEASURES OF GROWTH

Since 1960, public social welfare expenditures have increased by \$75 billion. About one-third of this increase took place in the first 5 years of

TABLE 3.—Social welfare expenditures under public programs as percent of gross national product, selected fiscal years, 1889–90 through 1968–69

Fiscal year	Gross national product (in billions)	Social welfare expenditures as percent of gross national product							Total health and medical expenditures as percent of GNP ²
		Total ¹	Social insurance	Public aid	Health and medical programs	Veterans' programs	Education	Other social welfare	
1889–90.....	\$13.0	2.4	(³)	4 0.3	0.1	0.9	1.1	(⁴)	(⁵)
1912–13.....	39.9	2.5	(³)	4 .3	.4	.5	1.3	(⁴)	(⁵)
1928–29.....	101.0	3.9	0.3	.1	.3	.7	2.4	0.1	0.5
1939–40.....	95.1	9.2	1.3	3.8	.6	.7	2.7	.1	.8
1949–50.....	263.4	8.9	1.9	.9	.8	2.6	2.5	.2	1.2
1954–55.....	379.7	8.6	2.6	.8	.8	1.3	2.9	.2	1.2
1959–60.....	495.6	10.6	3.9	.8	.9	1.1	3.6	.2	1.3
1964–65.....	655.6	11.8	4.3	1.0	1.0	.9	4.3	.3	1.5
1965–66.....	718.5	12.2	4.4	1.0	1.0	.9	4.6	.3	1.5
1966–67.....	771.1	12.9	4.8	1.1	1.0	.9	4.6	.4	2.1
1967–68.....	827.6	13.5	5.2	1.3	1.0	.9	4.7	.4	2.4
1968–69 ⁶	900.6	14.1	5.4	1.5	1.0	.9	4.8	.5	2.5

¹ Includes housing, not shown separately.

² Combines "health and medical programs" with medical services provided in connection with social insurance, public aid, veterans', vocational rehabilitation, and antipoverty programs.

³ Less than 0.05 percent.

⁴ "Other social welfare" included with "public aid."

⁵ Not available.

⁶ Preliminary estimates.

the decade; two-thirds in the past 4 years. This acceleration of the national commitment to social welfare is further highlighted by a comparison of expenditures with some of the more important economic indicators. In fiscal year 1969 the American people devoted 14.1 percent of the GNP to public programs of social welfare. From 1961 to 1965 the proportion of the GNP spent for social welfare rose only 0.3 percentage points (11.5 percent of the 1961 GNP to 11.8 percent in 1965),

but the next 4 years produced an increase of 2.3 percentage points to the 1969 level (chart 1). Table 3 indicates that all but two of the social welfare expenditure categories played a role in this growth. Health and medical programs have remained at a static 1 percent of the GNP since 1965 and the veterans' programs have stayed at 0.9 percent for the same period.

To determine what part, if any of the relatively sizable increases in social welfare expendi-

TABLE 4.—Per capita social welfare expenditures under public programs in the United States, Territories and possessions, in actual and 1967–68 prices, selected fiscal years, 1928–29 through 1968–69

Fiscal year	Per capita social welfare expenditures in current prices ¹							Constant 1968–69 prices		
	Total ²	Social insurance	Public aid	Health and medical programs	Veterans' programs	Education	Other social welfare	Total social welfare expenditures ¹		Implicit price deflators (1968–69=100)
								Amount (in millions)	Per capita	
1928–29.....	\$31.80	\$2.78	\$0.49	\$2.85	\$5.31	\$19.75	\$0.62	\$8,572.6	\$69.58	45.7
1939–40.....	65.56	9.49	26.84	4.59	4.61	19.11	.87	23,425.1	174.83	37.5
1949–50.....	152.59	32.20	16.26	13.44	44.20	43.47	2.92	34,807.3	226.73	67.3
1954–55.....	194.50	58.72	17.98	18.58	28.29	66.68	3.71	42,464.7	254.25	76.5
1959–60.....	286.46	105.74	22.54	24.54	29.64	96.76	6.26	61,674.4	339.01	84.5
1964–65.....	391.60	142.42	32.00	31.82	30.40	142.82	10.52	86,000.0	438.03	89.4
1965–66.....	441.06	159.59	36.73	34.91	31.64	164.85	11.65	96,338.7	484.68	91.0
1966–67.....	494.37	184.55	43.82	38.84	33.81	177.16	14.32	106,318.3	528.73	93.5
1967–68.....	549.78	209.21	54.57	40.70	35.78	180.48	16.94	116,034.4	570.90	96.3
1968–69.....	616.01	236.33	65.48	42.95	38.67	209.43	20.44	126,465.0	616.01	100.0
Percentage change for 1968–69 expenditures ³ (1968–69 prices) from--										
1928–29.....	+785	+3,787	+5,120	+588	+233	+385	+1,403	+1,375	+785	.....
1939–40.....	+252	+834	—9	+251	+215	+311	+781	+440	+252	.....
1949–50.....	+172	+394	+171	+115	—41	+224	+371	+263	+172	.....
1959–60.....	+82	+89	+146	+48	+10	+83	+176	+105	+82	.....
1964–65.....	+41	+48	+183	+21	+14	+31	+74	+47	+41	.....
1965–66.....	+27	+35	+62	+12	+11	+16	+60	+31	+27	.....
1966–67.....	+17	+20	+40	+3	+7	+11	+33	+19	+17	.....
1967–68.....	+8	+9	+16	+2	+4	+6	+16	+9	+8	.....

¹ Excludes expenditures within foreign countries for education, veterans' payments, and OASDHI benefits; see table 1 for data including such expenditures.

² Includes housing, not shown separately.

³ Preliminary estimates.

Source: 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 Economics, Department of Commerce.

tures is the result of genuine program expansion, one must remove the effects of population growth and of the progressive erosion of purchasing power. Elimination of the effect of these two factors will show the "real" development of program expenditures. For example, the 13-percent hike in the current-dollar social welfare expenditures during fiscal year 1969 is reduced to 8 percent when adjusted for population growth and price changes. Similarly, the 64-percent rise in total social welfare spending that occurred from fiscal year 1965 to 1969 is reduced to 41-percent increase. Table 4 shows social welfare expenditures for each part of the public series in terms of the amount spent per person and thus clears out all effects of population change. The table also presents the data for these expenditures in terms of constant value (1968-69 dollars) and thereby discounts the effect of upward or downward movement of purchasing power.

Another indicator of the importance with which social welfare is viewed in our economy is the proportion of government expenditures that is allocated for these programs (chart 2). In fiscal year 1969, social welfare spending accounted for almost 45 percent of the outlays of governments at all levels; it represented 38 percent of all Federal spending and 57 percent of all State and local expenditures. The overall proportion devoted to social welfare purposes has been growing in small steps during the sixties with fractional annual fluctuations, but the increase has not been shared equally by all levels of government. The proportion of all Federal spending that went for social welfare was 28 percent in fiscal year 1960; by 1969 it had reached 38 percent. State and local spending for social welfare rose from 58 percent of total expenditures in 1960 to 62 percent in 1965 but declined each year since then—to 57 percent in 1969.

CHART 2.—Social welfare expenditures in relation to government spending for all purposes, fiscal years 1950-69

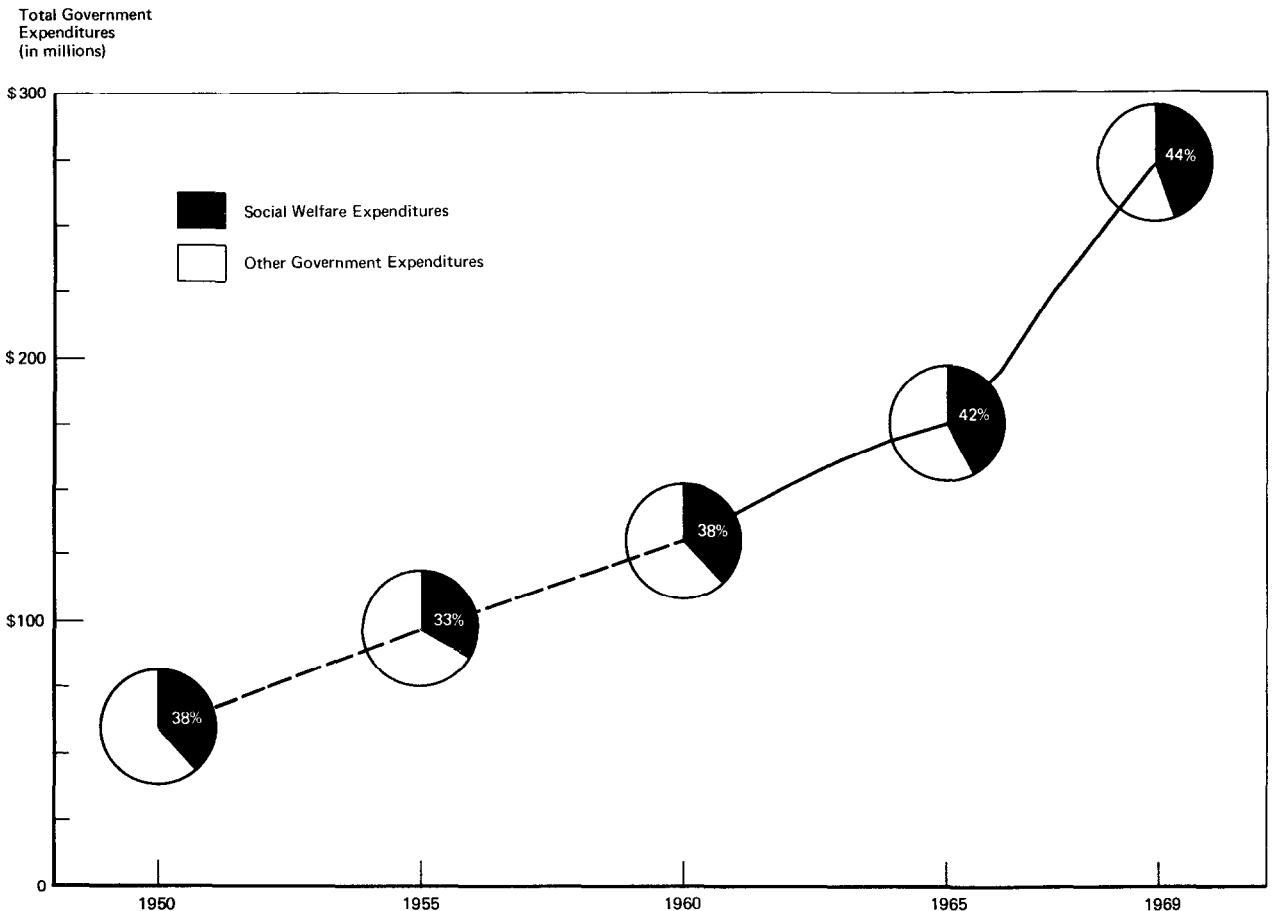


TABLE 5.—Social welfare expenditures,¹ in relation to government expenditures for all purposes, selected fiscal years, 1928–29 through 1968–69

Item	1929	1940	1950	1955	1960	1965	1966	1967	1968	1969 ²
All social welfare expenditures from public funds:										
Total, as percent of all government expenditures.....	36.3	49.0	37.6	32.7	38.0	42.4	43.4	42.6	42.5	44.5
Federal, as percent of all Federal Government expenditures.....	30.9	40.4	26.2	22.3	28.1	32.6	34.9	35.0	35.2	37.8
State and local, as percent of all State and local government expenditures ³	38.2	57.3	60.1	55.3	58.3	61.5	60.2	58.4	57.7	57.4
Social welfare trust-fund expenditures:										
Total, as percent of total government expenditures.....	2.3	5.7	6.8	9.1	13.1	14.4	14.7	15.0	15.3	16.1
Federal, as percent of all Federal Government expenditures.....	1.2	3.5	4.5	9.1	15.2	17.8	18.6	19.0	19.5	21.3
State and local, as percent of all State and local government expenditures ³	2.6	7.9	11.3	8.9	8.8	7.9	7.0	6.8	6.6	6.0
Social welfare non-trust-fund expenditures:										
Total, as percent of total non-trust-fund expenditures.....	34.9	46.2	35.0	26.2	29.6	33.6	34.5	33.2	32.8	34.4
Federal, as percent of Federal Government non-trust-fund expenditures:										
All programs.....	30.2	38.7	24.7	14.7	16.0	18.9	20.9	20.4	20.2	21.6
Veterans' programs.....	25.2	7.0	17.0	7.4	6.9	6.2	5.9	5.4	5.1	5.4
State and local, as percent of State and local government non-trust-fund expenditures: ³										
All programs.....	36.5	53.7	55.0	50.9	54.3	58.2	57.1	55.3	54.8	54.7
Education.....	32.4	30.5	36.1	38.9	42.6	47.0	46.3	44.4	43.8	43.3

¹ Excluding that part of workmen's compensation and temporary disability insurance payments made through private carriers and self-insurers.

² Preliminary estimates.

³ Excludes Federal grants-in-aid.

As with all government outlays, social welfare expenditures from public funds can be divided into two groups—those from trust-fund and non-trust-fund sources. Trust funds generally represent fixed obligations; as their popular designation implies, “earmarked” money can be spent only for the purpose for which a trust fund was established. Non-trust-fund expenditures, therefore, demark areas of greatest “discretionary” authority in legislative budget-making.

Since fiscal year 1965 there has been relatively little change in the ratio of non-trust-fund social welfare outlays to all non-trust-fund government expenditures: about 34 percent. But here, too, the proportion for social welfare has been increasing at the Federal level (from 19 percent in 1965 to 22 percent currently) and declining at State and local level (from 58 percent in 1965 to 55 percent in 1969, about the 1960 level of expenditure). Nevertheless, as table 5 shows, discretionary spending of State and local governments for social welfare purposes continues to claim a far larger proportion of their total annual non-trust-fund expenditures than such spending by the Federal Government with its continuing national defense commitments.

At both the Federal and the State-local levels, virtually all trust fund expenditures are social welfare expenditures, and virtually all of those are for the social insurances. In fiscal year 1969, 16 percent of government expenditures for all purposes were expended from social welfare trust funds—an increase of 2–3 percentage points since

the early 1960's. Federal trust fund expenditures for social welfare rose from 15 percent of all Federal expenditures in fiscal year 1960 to 18 percent in 1965. By fiscal year 1969 these trust funds, with expenditures of \$38 billion, were financing more than 21 percent of Federal spending, chiefly because of expansion in the OASDHI program. State and local trust fund expenditures have remained at the \$4–6 billion level all during the sixties. Consequently, as a proportion of total State and local government spending, these expenditures have fallen from 9 percent in 1960 to 6 percent in 1969. Their pinnacle was reached in 1950 when they provided nearly one-eighth of all State and local expenditures for all purposes.

PRIVATE AND PUBLIC EXPENDITURES

When public and private expenditures for social welfare are combined, their differing roles in each of the main areas—health, education, welfare—come into sharp focus. For many years private spending has provided approximately a third of combined public and private spending for these purposes. Despite major increases in public expenditures for health, private spending continues to dominate this field; five-eighths of the Nation's health bill was met through private resources in 1969. Private expenditures for education and for welfare play a far smaller role—only about one-sixth to one-fifth of the total outlay in these areas through most of the last two decades.

Private expenditures, as used here, represent direct consumer expenditures for medical care and education, expenditures of private employee-benefit plans (including group health and life insurance for government employees), industrial in-plant health services, private health insurance benefits and the cost of providing this protection, and philanthropic spending for health and welfare.

Health

Continuation of the 1968 accelerated rate of increase (12 percent) during fiscal year 1969

brought this Nation's public and private health bill to \$60.3 billion, or 6.7 percent of the gross national product. Health outlays are currently more than one and one-half times the expenditures of 1965 and nearly five times those of 1950.

This growth can be observed from table 6, which combines expenditures from programs devoted exclusively to health and expenditures for health under such other programs as social insurance, public assistance, and veterans' benefits to encompass all health expenditures of the public sector of the economy. These programs in the second group have become increasingly important in the public sector: in fiscal year 1960, as an adjunct to their primary function of income main-

TABLE 6.—Health and medical care: Private expenditures and expenditures under public programs, selected fiscal years, 1928–29 through 1968–69

[Amounts in millions]

Type of expenditure	1928–29	1939–40	1949–50	1954–55	1959–60	1964–65	1965–66	1966–67	1967–68	1968–69 ¹
Total.....	\$3,589.1	\$3,804.6	\$12,129.5	\$17,923.6	\$26,366.7	\$38,911.6	\$42,286.2	\$48,193.3	\$53,868.6	\$60,311.9
Private expenditures.....	3,112.0	3,023.0	9,064.0	13,503.0	19,971.5	29,366.0	31,464.5	32,315.0	34,158.0	37,701.0
Health and medical services.....	3,010.0	2,992.0	8,812.0	13,123.0	19,326.5	28,036.0	30,136.5	30,932.0	32,653.0	35,981.0
Direct payments.....	2,900.0	2,900.0	7,146.0	9,448.0	13,087.0	17,590.5	18,856.0	19,046.0	19,554.0	21,315.0
Insurance benefits.....			879.0	2,344.0	4,697.5	8,280.5	8,935.0	9,343.5	10,427.0	11,728.5
Expenses for prepayment.....			274.0	596.0	792.0	1,211.5	1,347.5	1,491.5	1,556.0	1,749.5
Industrial in-plant services.....	30.0	40.0	150.0	210.0	265.0	330.0	345.0	360.0	380.0	400.0
Philanthropy.....	80.0	52.0	363.0	525.0	485.0	623.5	653.0	691.0	736.0	790.0
Medical research.....			37.0	55.0	121.0	162.0	169.0	175.0	180.0	185.0
Medical-facilities construction.....	102.0	31.0	215.0	325.0	524.0	1,168.0	1,159.0	1,208.0	1,325.0	1,535.0
Public expenditures.....	477.1	781.6	3,065.3	4,420.6	6,395.2	9,545.6	10,821.7	15,878.3	19,710.6	22,610.9
Health and medical services.....	372.5	679.5	2,470.2	3,862.3	5,346.3	7,647.3	8,702.2	13,727.4	17,256.3	20,120.6
OASDHI (health insurance for the aged).....							63.6	3,394.6	5,347.2	6,597.7
Temporary disability insurance (medical benefits) ²			2.2	20.0	40.2	50.9	54.3	53.7	54.6	58.0
Workmen's compensation (medical benefits) ³	75.0	90.0	193.0	315.0	420.0	580.0	630.0	695.0	765.0	850.0
Public assistance (vendor medical payments).....			51.3	211.9	492.7	1,367.1	1,709.9	2,382.6	3,580.8	4,420.9
General hospital and medical care.....	117.1	297.6	886.1	1,297.6	1,973.2	2,515.5	2,721.2	2,822.3	2,894.7	3,027.4
Defense Department hospital and medical care (Armed Forces).....	29.2	45.4	336.2	744.8	820.1	858.5	1,030.5	1,323.0	1,485.9	1,597.2
Military dependents' medical care.....					60.1	78.3	76.2	108.7	162.4	168.9
Maternal and child health programs.....	6.2	13.8	29.8	92.7	140.7	223.0	258.0	309.9	336.8	382.3
School health (educational agencies).....	9.4	16.4	30.6	65.9	101.0	142.2	156.7	177.9	190.4	204.0
Other public health activities.....	88.8	154.5	350.8	383.7	401.2	671.0	730.6	1,039.8	860.6	1,077.3
Veterans' hospital and medical care.....	46.7	61.5	582.8	721.5	879.4	1,120.9	1,175.2	1,249.5	1,372.3	1,477.9
Medical vocational rehabilitation.....	.1	.3	7.4	9.1	17.7	34.2	48.0	67.4	102.0	124.6
OEO health and medical care.....						5.6	48.2	103.0	103.5	134.5
Medical research.....		2.6	72.9	138.9	471.2	1,228.8	1,375.8	1,428.7	1,615.5	1,549.4
Medical-facilities construction.....	104.7	99.6	522.3	419.4	577.7	669.5	743.7	722.2	838.9	940.9
Defense Department.....	(4)	(4)	1.1	33.0	40.0	31.1	41.3	49.7	26.8	59.2
Veterans Administration.....	4.2	14.3	161.5	34.1	59.6	81.2	86.0	49.4	46.0	54.5
Other.....	100.4	85.2	359.8	352.4	478.1	557.2	616.4	623.1	766.1	827.2
Total expenditures as a percent of gross national product.....	3.6	4.0	4.6	4.7	5.3	5.9	5.9	6.2	6.5	6.7
Public expenditures as a percent of total expenditures.....	13.3	20.5	25.3	24.7	24.3	24.5	25.6	32.9	36.6	37.5
Personal care expenditures ⁵	3,272.2	3,501.7	10,549.4	15,865.0	23,236.2	33,505.4	36,397.7	41,594.0	46,916.9	52,564.3
Private expenditures.....	2,990.0	2,979.0	8,447.0	12,396.0	18,306.5	26,551.0	28,511.5	29,143.0	30,756.0	33,835.0
Public expenditures.....	282.2	522.7	2,102.4	3,469.0	4,929.7	6,954.4	7,886.2	12,451.0	16,160.9	18,729.3
Percent from:										
Private expenditures.....	91.4	85.1	80.1	78.1	78.8	79.2	78.3	70.1	65.6	64.4
Direct payments.....	88.6	82.8	67.7	59.6	56.3	52.5	51.8	45.8	41.7	40.6
Insurance benefits.....			8.3	14.8	20.2	24.7	24.5	22.5	22.2	22.3
Public expenditures.....	8.6	14.9	19.9	21.9	21.2	20.8	21.7	29.9	34.4	35.6

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 Data not available.

⁵ Includes all items shown under "health and medical services" except (1) "expenses for prepayment;" (2) expenditures of private voluntary agencies under "philanthropy;" (3) "other public health activities;" and (4) administrative expenses for: "health insurance for the aged," "maternal and child health programs," and "veterans' hospital and medical care."

tenance, they provided three-tenths of the public spending for health purposes; by fiscal year 1969 they accounted for six-tenths of this spending.

The main spurt occurred in fiscal year 1967 when a \$5.9 billion increase effected a 14-percent rise in total health expenditures. Playing no small role was the introduction of Medicare benefits, which accounted for \$3.3 billion or 56 percent of the increase, and growth of medical vendor payments under public assistance, which contributed \$0.7 billion to the increase; together they provided two-thirds of the 1967 increase in total public and private health expenditures.

It should be pointed out that there is a small amount of duplication in the amounts designated for Medicare and Medicaid. Medical vendor expenditures under the public assistance programs include the premiums paid to Medicare's supplementary medical insurance trust fund for medical

insurance coverage for their aged assistance recipients. To the extent that these premium payments are also reflected later in disbursements made by the supplementary medical insurance trust fund—they are counted again. The amount of premiums paid by States to "buy-in" coverage for their aged recipients since the beginning of the Medicare program is as follows:

<i>Fiscal year</i>	<i>Amount (in millions)</i>
1967 -----	\$32.1
1968 -----	53.0
1969 -----	75.8

In the perspective of overall economic growth, 4.0 percent of the 1940 GNP was spent for health purposes. Two decades later the ratio had increased by only 1.3 percentage points. It took just 9 years to add another 1.4 percentage points

TABLE 7.—Health and medical care: Expenditures under public programs, by source of funds, selected fiscal years, 1928–29 through 1968–69

[In millions]

Type of expenditure	1928-29	1939-40	1949-50	1954-55	1959-60	1964-65	1965-66	1966-67	1967-68	1968-69 ¹
Federal expenditures										
Total.....	\$98.3	\$177.7	\$1,361.8	\$1,947.6	\$2,917.6	\$4,635.1	\$5,390.0	\$9,772.7	\$13,021.5	\$15,133.0
Health and medical services.....	93.1	158.1	1,059.6	1,657.3	2,174.8	3,080.8	3,667.6	8,075.8	11,097.2	13,215.7
OASDHI (health insurance for the aged).....							63.6	3,394.6	5,347.2	6,597.7
Workmen's compensation (medical benefits).....	.6	5.2	5.2	6.9	9.0	11.3	11.8	13.9	15.3	17.0
Public assistance (vendor medical payments).....				23.3	199.8	555.0	758.0	1,157.0	1,760.0	2,186.0
General hospital and medical care.....	8.5	15.5	46.4	66.7	103.4	137.9	146.2	163.8	186.6	200.5
Defense Department hospital and medical care (Armed Forces).....	29.2	45.4	336.2	744.8	820.1	858.5	1,030.5	1,323.0	1,485.9	1,597.2
Military dependents' medical care.....					60.0	78.3	76.2	108.7	162.4	168.9
Maternal and child health services.....	1.2	7.8	20.1	23.5	34.7	69.1	96.7	139.0	160.6	192.0
Other public health activities.....	6.9	22.7	63.8	65.0	57.3	222.9	228.8	372.7	426.8	550.6
Veterans' hospital and medical care.....	46.7	61.5	582.8	721.5	879.4	1,120.9	1,175.2	1,249.5	1,372.3	1,477.9
Medical vocational rehabilitation.....	.1	.1	5.1	5.7	11.2	21.2	32.4	50.6	76.5	93.4
OEO health and medical care.....						5.6	48.2	103.0	103.5	134.5
Medical research.....		2.6	72.9	138.9	448.2	1,173.8	1,314.8	1,363.7	1,546.5	1,476.4
Medical-facilities construction.....	5.2	17.1	229.3	151.4	294.0	380.5	407.7	333.2	377.9	440.9
Defense Department.....	(²)	(²)	1.1	33.0	40.7	31.1	41.3	49.7	26.8	59.2
Veterans Administration.....	4.2	14.3	161.5	34.1	59.6	81.2	85.0	49.4	46.0	54.5
Other.....	.9	2.7	66.8	84.4	195.1	268.2	280.4	234.1	305.1	327.2
State and local expenditures										
Total.....	\$378.8	\$603.8	\$1,703.6	\$2,472.9	\$3,477.5	\$4,910.5	\$5,431.6	\$6,105.7	\$6,689.1	\$7,477.9
Health and medical services.....	279.3	521.3	1,410.6	2,204.9	3,171.5	4,566.5	5,034.6	5,651.7	6,159.1	6,904.9
Temporary disability insurance (medical benefits) ²			2.2	20.0	40.2	50.9	54.3	53.7	54.6	58.0
Workmen's compensation (medical benefits) ²	74.4	84.8	187.8	308.1	411.0	568.7	618.2	681.1	749.7	833.0
Public assistance (vendor medical payments).....			51.3	188.6	292.9	812.1	951.9	1,225.6	1,820.8	2,234.9
General hospital and medical care.....	108.6	282.1	839.7	1,230.9	1,869.8	2,377.6	2,575.0	2,658.5	2,708.1	2,826.9
Maternal and child health services.....	5.0	6.0	9.7	69.2	106.1	153.9	161.2	170.9	176.2	190.3
School health (educational activities).....	9.4	16.4	30.6	65.9	101.0	142.2	156.7	177.9	190.4	204.0
Other public health activities.....	81.9	131.9	287.0	318.8	343.9	448.1	501.8	667.1	433.8	526.7
Medical vocational rehabilitation.....	.1	.1	2.3	3.5	6.6	13.0	15.5	16.9	25.5	31.1
Medical research.....					23.0	55.0	61.0	65.0	69.0	73.0
Medical-facilities construction.....	99.5	82.5	293.0	268.0	283.0	289.0	336.0	389.0	461.0	500.0

¹ Preliminary estimates.

² Data not available.

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

to bring the proportion of the Nation's output devoted to health purposes to 6.7 percent.

Part of this growth in the proportion of the GNP stems from a higher rise in prices for medical care than for all other items. The Bureau of Labor Statistics consumer price index (CPI) for all items rose 21.3 percent from the fiscal year 1960 to the fiscal year 1969. During these 9 years the index of medical care prices rose 41.0 percent, about double the rise for all items. In fiscal year 1969 the all-item CPI increased 4.8 percent, the medical component 6.5 percent.

Along with the increased spending for health care and the rising costs of this care has come a shift in the sector of the economy footing the bill. Through the fifties and the sixties to the end of fiscal year 1966, about three-fourths of all health expenditures came from the private sector, with public funds financing only one-fourth. In fiscal year 1967 the swing began, as public expenditures for health rose to one-third (\$15.9 billion) of the year's total health costs and private expenditures dropped to two-thirds (\$32.3 billion). By 1969, public funds amounting to \$22.6 billion provided 37.5 percent of all health care, and \$37.7 billion in private money provided 62.5 percent.

In less than two decades, 1950-69, public spending for health grew to seven and one-half times the amount spent at the beginning of the period. More than four-fifths of the increase took place in the sixties, notably from 1966 on. A doubling of public spending for health over the entire fifties was matched by the doubling of expenditures in just the last 3 years of this decade, which saw annual increases of 47 percent, 24 percent, and 15 percent, respectively.

Until the middle sixties the States and localities had traditionally been the providers of the bulk of public expenditures for health and medical care. Federal health expenditures had been increasing steadily even before Medicare, however, and by fiscal year 1966 they were providing exactly one-half of the total (\$10.8 billion) spent in the public sector for health. By 1969, the ratio had risen to two-thirds of the \$22.6 billion total (table 7).

Private expenditures still dominate the Nation's health outlays, however, and they are continuing to rise. The pace of the rise has again picked up after a noticeable deceleration in fiscal year 1967. Private health spending stood at \$29.4 billion in

fiscal year 1965. The next year the increase was 7 percent, then a dip to 3 percent in 1967 was followed by successive increases of 6 percent and 10 percent to the 1969 level of \$37.7 billion.

A large proportion—about seven-eighths—of all public and private health and medical care expenditures are for personal health care. Through 1966, public expenditures had financed only about one-fifth of all personal health care. This ratio had been stable for at least 15 years. In 1967 the ratio of public financing jumped to 30 percent of all personal health care expenditures, and in 1969 it went to 36 percent.

The major factor, as might be expected, was the introduction of the Medicare and Medicaid programs.⁴ The Medicare program, itself, has raised the proportion of personal health care expenditures in the public sector that are financed according to insurance principles from less than one-tenth in both 1960 and 1965 to almost two-fifths in 1969.

In the private sector, the role of insurance benefits has also been growing. These benefits provided about one-fourth of all private personal care expenditures in 1960, compared with more than one-third in 1969. Because of the impact of Medicare and Medicaid, however, the proportion of total personal health care expenditures being met through private insurance has dropped from one-fourth in 1965 and 1966 to 22 percent in each of the succeeding years. Combining private insurance benefits with public outlays for personal health care and other third-party payments currently leaves only 41 percent of the Nation's personal health bill to be paid by the consumer directly. In 1965, the out-of-pocket costs by the consumer came to more than half (52.5 percent) of total personal health care expenditures.

Education

At \$52 billion, the 1969 education bill met from combined public and private sources is about one and one-half times larger than the 1960 costs

⁴ In these calculations all expenditures of the supplementary medical insurance program under Medicare, including those financed through the premium payments by aged persons voluntarily enrolled, are classified as public outlays.

CHART 3.—Distribution of public and private social welfare expenditures, by the major functions of health, education, and income maintenance and welfare, fiscal years 1950, 1960, and 1969

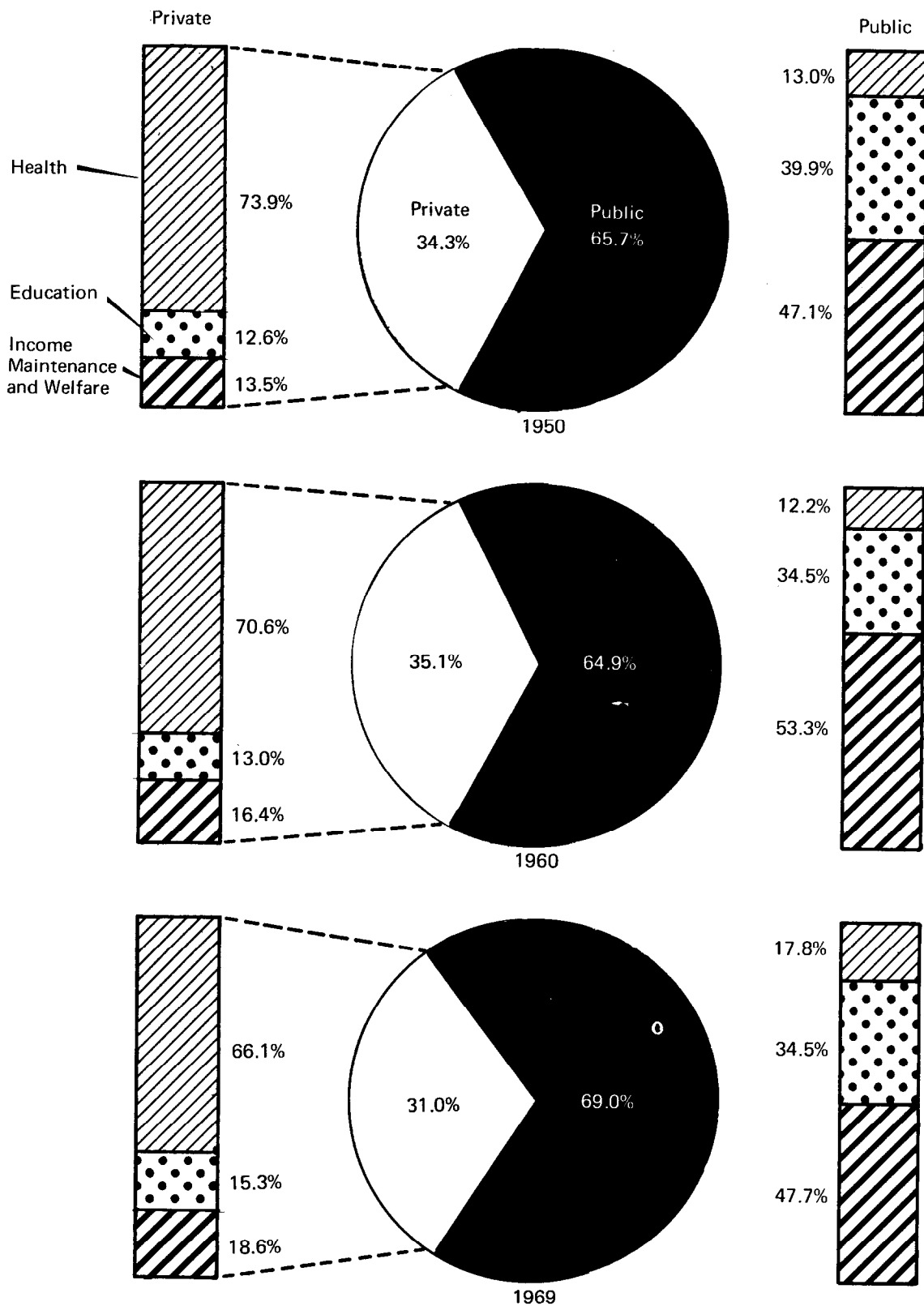


TABLE 8.—Expenditures from public and private funds for education, selected fiscal years, 1949–50 through 1968–69

[Amounts in millions]

Program	1949-50	1954-55	1959-60	1964-65	1965-66	1966-67	1967-68	1968-69 ¹
Total amount.....	\$10,914	\$14,202	\$21,706	\$34,005	\$39,506	\$43,420	\$47,337	\$52,444
Public expenditures for education.....	9,366	11,863	18,036	28,121	32,858	35,964	39,223	43,704
Current operations ²	8,036	9,433	15,016	23,738	27,581	30,384	33,530	37,519
Elementary and secondary.....	4,577	7,502	12,447	19,091	21,811	23,773	26,484	29,781
Higher.....	604	1,016	1,833	3,680	4,498	4,878	5,133	5,512
Veterans.....	2,692	706	410	43	37	297	466	671
Vocational and adult.....	161	205	298	854	1,108	1,294	1,302	1,405
Construction.....	1,330	2,431	3,020	4,382	5,276	5,580	5,693	6,185
Elementary and secondary.....	1,019	2,232	2,662	3,267	3,755	3,970	4,219	4,654
Higher.....	310	199	358	1,115	1,521	1,610	1,474	1,531
Private expenditures for education ³	1,548	2,339	3,670	5,884	6,648	7,456	8,114	8,740
Current operations.....	1,266	1,829	3,126	5,168	5,805	6,464	7,106	7,710
Elementary and secondary.....	436	719	1,232	1,870	1,971	2,078	2,169	2,250
Higher.....	830	1,110	1,894	3,298	3,834	4,386	4,937	5,460
Construction.....	282	510	544	716	843	992	1,008	1,030
Public expenditures for education as percent of:								
Total.....	85.8	83.5	83.1	82.7	83.2	82.8	82.9	83.3
Current operations.....	86.4	83.8	82.8	82.1	82.6	82.5	82.5	83.0
Elementary and secondary.....	91.3	91.3	91.0	91.1	91.7	92.0	92.4	93.0
Other.....	80.6	63.5	57.3	58.1	59.5	59.6	58.3	58.2
Higher.....	42.1	47.8	49.2	52.7	54.0	52.7	51.0	50.2
Construction.....	82.5	82.7	84.7	86.0	86.2	84.9	85.0	85.7

¹ Preliminary estimates.

² Includes expenditures for administration (U.S. Office of Education) and research, not shown separately below.

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.

of education, and nearly four times larger than they were in 1950 (table 8). Since the early fifties the public has provided 83 percent of all education expenditures. Part of the steady rise in the rate of public spending in recent years is undoubtedly attributable to the intensification of Federal aid to education in the late 1960's. The new Federal programs more than made up for the decline in Federal veterans' education benefits. State and local governments continue to bear most of the burden of educational costs, however. Their education bill has increased nearly fivefold from 1950 to 1969 and at an accelerating pace in the past several years.

Since State and, particularly, local governments have been very largely the paymasters for elementary and secondary education in this country for most of the twentieth century, private spend-

ing for education has had its biggest impact at the level of higher education. With burgeoning college attendance and rapidly rising costs of such attendance, private expenditures—both personal and philanthropic—rose from \$0.8 billion in 1950 to \$5.5 billion in 1969. In 1969 expenditures for private provision of higher education were 11 percent higher than they were in 1968, although private spending for all education increased only 8 percent. Combined private and public education expenditures—and total public education expenditures as well—rose 11 percent during 1969.

Income-Maintenance Programs

The public sector continued in fiscal year 1969 to account for all but about 15 percent of income-

TABLE 9.—Expenditures from public and private funds for cash transfer payments (excluding administration), selected fiscal years, 1949–50 through 1968–69

[Amounts in millions]

Source of funds	1949-50	1954-55	1959-60	1964-65	1965-66	1966-67	1967-68	1968-69 ¹
Total cash transfer payments.....	\$10,112	\$16,609	\$28,723	\$40,515	\$45,230	\$48,646	\$53,457	\$60,109
Public.....	9,147	14,714	25,173	34,855	38,850	41,486	45,537	51,374
Social insurance ²	4,447	9,118	18,151	26,420	29,973	31,904	35,097	39,676
Veterans' programs ³	2,423	3,094	3,810	4,518	4,790	4,983	5,154	5,475
Public assistance.....	2,277	2,502	3,212	3,918	4,087	4,599	5,285	6,223
Private employee benefits ⁴	965	1,895	3,550	5,660	6,380	7,160	7,920	8,735
Public as percent of total.....	90.5	88.6	87.7	86.0	85.9	85.3	85.2	85.5

¹ Preliminary estimates.

² Includes cash benefits paid under workmen's compensation and temporary disability insurance laws by private insurance carriers and self-insurers.

³ Veterans' pension and compensation, burial awards, and life insurance.

⁴ Under private pension plans; group life (including government employee programs), accidental death and dismemberment, and voluntary sickness insurance; paid sick leave; and supplemental unemployment benefit plans. Temporary disability insurance benefits under State legislation excluded here and included under social insurance above.

maintenance payments to the non-self-sustaining part of the population, as it has through most of the sixties (table 9). In fiscal year 1969, cash payments under public programs of social insurance, public assistance, and veterans' benefits provided \$51 billion and private employee-benefit plans almost \$9 billion for a total that was 12 percent higher than 1968 expenditures. During 1969 the public programs paid out 13 percent more than they paid in 1968, but the private plans just about maintained their relative proportion of all income-maintenance programs with a 10-percent increase in payments.

The social insurance programs have led the expansion in the public sector. These programs were paying out \$35.2 billion more in 1969 than in 1950—an eightfold rise. All other public income-maintenance programs increased their benefit expenditures one and one-half times during this period. Paralleling the popularity in the public sector of the insurance principle to provide cash transfer payments, private employee-benefit plans also enjoyed a tremendous growth. By 1969, payments for private pensions, life insurance, and cash sickness and accident insurance had also shown an eightfold rise over their 1950 levels.

Some small part of philanthropic expenditures for welfare purposes, estimated at about \$1.9 billion in fiscal year 1969, goes for cash payments to needy persons. The estimate itself is so rough that a break-out of an amount for cash transfers has not been attempted. The major part of philanthropic welfare expenditures in recent years has been for institutional care, family counseling, day care, and other social services.

Combining Expenditures for Major Areas

Combining the dollar figures shown in tables 6, 8, and 9 (and adding the welfare services and administrative expenses that are left out of the cash-only data of table 9) produces a total figure on private and public expenditures for social welfare, distributed by the three major functions—health, education, and income maintenance and welfare. The total figure thus obtained is adjusted to eliminate the overlap that occurs because small parts of private expenditures for health and education represent the spending of cash benefits received under public programs and, to a lesser extent, under private employee-benefit plans.

TABLE 10.—Public and private expenditures for social welfare purposes, selected fiscal years, 1949–50 through 1968–69

Type of expenditure	1949-50	1954-55	1959-60	1964-65	1965-66	1966-67	1967-68	1968-69 ¹
All expenditures (in millions)								
Total, net ²	\$35,439	\$50,547	\$79,194	\$117,316	\$131,605	\$146,432	\$162,004	\$181,637
Public.....	23,508	32,640	52,293	77,121	87,949	99,694	112,044	126,802
Private.....	12,262	18,587	23,280	42,245	45,992	48,531	51,942	57,076
Health.....	12,129	17,924	26,367	38,912	42,286	48,193	53,869	60,312
Public.....	3,065	4,421	6,395	9,546	10,822	15,878	19,711	22,611
Private.....	9,064	13,503	19,972	29,366	31,464	32,315	34,158	37,701
Education.....	10,914	14,202	21,706	34,005	39,506	43,420	47,337	52,444
Public.....	9,366	11,863	18,036	28,121	32,858	35,964	39,223	43,704
Private.....	1,548	2,339	3,670	5,884	6,648	7,456	8,114	8,740
Income-maintenance and welfare ³	12,727	19,101	32,500	46,449	52,149	56,611	62,781	71,122
Public.....	11,077	16,356	27,862	39,454	44,269	47,851	53,111	60,487
Private.....	1,650	2,745	4,638	6,995	7,880	8,760	9,670	10,635
Public expenditures as percent of total expenditures								
Total ⁴	65.7	63.7	64.9	64.6	65.7	67.3	68.3	69.0
Health.....	25.3	24.7	24.3	24.5	25.6	32.9	36.6	37.5
Education.....	85.8	83.5	83.1	82.7	83.2	82.8	82.9	83.3
Income-maintenance and welfare ³	87.0	85.6	85.7	84.9	84.9	84.5	84.6	85.0
All expenditures as percent of gross national product								
Total, net ²	13.5	13.3	16.0	17.9	18.3	19.0	19.6	20.2
Health.....	4.6	4.7	5.3	5.9	5.9	6.2	6.5	6.7
Education.....	4.1	3.7	4.4	5.2	5.5	5.6	5.7	5.8
Income-maintenance and welfare ³	4.8	5.0	6.6	7.1	7.3	7.3	7.6	7.9

¹ Preliminary data.

² Total expenditures adjusted to eliminate duplication resulting from use of cash payments received under public and private social welfare programs to purchase medical care and educational services.

³ Excludes cost of medical services provided in conjunction with social insurance, public assistance, and many welfare programs. These medical services are included under "Health."

⁴ Before adjustment for elimination of duplication.

Total unduplicated expenditures for health, education, and income maintenance and welfare in the public and the private sectors of the economy amounted to \$181.6 billion in fiscal year 1969, as shown in table 10. This sum represents an annual increase of \$19.6 billion, and a \$50.0 billion increase since 1966. With the 1969 increase the proportion of the gross national product represented by all social welfare expenditures passed the 20-percent mark, from which it has been separated only fractionally for the 2 preceding years.

Public social welfare expenditures continue to dominate the total, as well as the education and income-maintenance and welfare groups. For the past two decades the public sector has provided about two-thirds of the total, and the proportion now verges on seven-tenths. Public spending has provided about 85 percent of all education and

income-maintenance and welfare programs during this period. In the health field, the proportion provided through public funds was one-fourth in 1950 and by 1969 was approaching two-fifths.

Despite the decreasing proportion of total health expenditures provided through private means, the largest share of private spending is still for health—66 percent in fiscal year 1969 (chart 3). Education accounted for 15 percent of all private social welfare expenditures and income maintenance and welfare for 19 percent. In fiscal year 1960, the respective shares were 71, 13, and 16 percent.

This distribution may be contrasted with the 1969 distribution in the public sector, where health expenditures accounted for only 18 percent of the total. Income-maintenance and welfare programs had the greatest share with 48 percent, and education had 34 percent of the total.