

Social Welfare Expenditures, 1971-72

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The annual review of public expenditures for social welfare purposes reveals that the acceleration typical of the series since 1965 abated only slightly in fiscal year 1972. The \$193 billion spent in that year was \$21 billion higher than the total in fiscal year 1971; after adjustment for population and price changes, a real growth of 8 percent was registered. The average annual increase in real terms was 9 percent between 1965 and 1971 and 5 percent between 1960 and 1965.

Several indicators point up the increasing role of the public sector in performing social welfare functions. Government sources now account for 71 percent of combined public and private spending for social welfare purposes; in fiscal year 1965 the proportion was 64 percent. Federal, State, and local governments now allocate 53 percent of their total budgets for social welfare activities, compared with 42 percent in 1965. The proportion of the gross national product that is directed to social welfare expenditures under public programs has gone from 11.8 percent in 1965 to 17.6 percent in 1972.

SOCIAL WELFARE expenditures under public programs have been increasing at an annual rate of 12-14 percent since 1965. Fiscal year 1971, with its 17.5-percent increase, was an exception, but 1972 expenditures resumed the "normal" pattern by rising 12.4 percent over those of fiscal year 1971. The wage and price freeze that went into effect in the first months of the fiscal year accounted in part for the slower 1972 rise in expenditures.

When the real increase in social welfare expenditures is measured by adjusting for price and population changes, the 1972 rise in per capita expenditures in constant dollars is reduced to 8.1 percent—smaller than the advance in 1971 but larger than that reported for 1969 and 1970. The significance of this growth is further demonstrated by comparing social welfare expenditures with the gross national product (GNP). In fiscal year 1972, the \$193 billion spent for social welfare represented 17.6 percent of the Nation's output of goods and services, a rise of 0.6 of a percentage point from the year before. In fiscal year 1970, 15.3 percent of GNP was used for

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public expenditures for social welfare purposes.

The growing importance attached to social welfare programs may be seen by the fact that governments (Federal, State, and local, taken together) are now spending more than half their income for these purposes. The proportion of government spending for social welfare activities rose from 38 percent in fiscal year 1960 to 42 percent in 1965, to 48 percent in 1970, and to 53 percent in 1972.

Despite the amounts in the Federal budget allocated for military and defense purposes, social welfare, which has been absorbing an ever-increasing share of Federal expenditures, reached 46 percent of the total in fiscal year 1972. Only a short time before—in fiscal year 1965—the ratio was 33 percent. The change has been a direct result of the fact that since 1966 the Federal Government has been the main supplier of funds for social welfare purposes. In fiscal year 1972, the Federal Government financed 55 percent of all public funds spent for social welfare and the State and local governments 45 percent.

With private social welfare spending included, the grand total of social welfare expenditures reached \$268 billion in fiscal year 1972 and the proportion of GNP devoted to these purposes rose to nearly 25 percent. Public spending accounted for 71 percent of all social welfare outlays and continued to dominate the areas of education, welfare, and income maintenance—where it provided about 85 percent of each.

Public social welfare expenditures, as defined in this series, refer to cash benefits, services, and administrative costs of all programs operating under public law that are of direct benefit to individuals and families. The programs included are those for income maintenance through the social insurances and public assistance and the public provision of health, education, housing, and other welfare services.

Private social welfare expenditures, as defined 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, pri-

vate health insurance benefits and the cost of providing this protection, and philanthropic spending.

One major change has been made in presenting the data for this year's article. For public assistance, the amounts provided for social services under the Federal-State matching program have been designated as a separate subcomponent. Previously commingled with administrative expenses, these amounts are now being identified separately because of their growing significance. In fiscal year 1972, expenditures for social services alone totaled an estimated \$1.8 billion; the remaining administrative expenses (including training) amounted to \$1.4 billion.

EXPENDITURES IN FISCAL YEAR 1972

Of the \$21.2 billion increase in public social welfare expenditures in fiscal year 1972, \$8.7 billion or 41 percent was in the social insurance category. Education and public aid were higher by \$4.6 billion and \$4.3 billion, respectively; together they accounted for another two-fifths of the 1972 growth (table 1).

Except for housing, which represents less than 1 percent of all social welfare expenditures, the public aid category showed the greatest growth rate (20 percent) from fiscal year 1971 to fiscal year 1972. Housing outlays registered a 39-percent increase, primarily as the result of rapid expansion of the relatively new programs of rent supplements and home-ownership and rental housing assistance.

(As defined here, housing expenditures exclude loan and credit programs. The difficulty of determining on a recurring basis the amount of subsidy involved in such programs has been a major obstacle in including them in the series. According to a recent study of the Joint Economic Committee staff,¹ Federal housing subsidies, which mainly take the form of below-market-interest-rate loans and loan guarantees combined with partial debt-service payments, amounted to an estimated \$1.5 billion in fiscal year 1970. The fact that the social welfare expenditure series, as now constituted, included

¹ *The Economics of Federal Subsidy Programs*, a staff study prepared for the use of the Joint Economic Committee, Congress of the United States, January 11, 1972, pages 147-165.

only \$577 million in Federal expenditures for housing in 1970 indicates the extent to which the series gives an incomplete picture of the full impact of government housing programs in relation to social welfare.)

Public assistance expenditures expanded from \$18.1 billion to \$21.4 billion in 1972, with medical assistance (Medicare) registering a higher percentage increase than did cash assistance. Part of the Medicaid increase was due to the classification (starting January 1, 1972, in accordance with Public Law 92-223) of care and services provided in intermediate-care facilities as vendor medical payments. These services had previously been classified as cash assistance payments.

But the greatest percentage increase among the components of the public assistance program took place in the social services provided not only to assistance recipients but also—in a small but growing number of States—to persons formerly on the welfare rolls or likely to become dependent on welfare payments. In fiscal year 1972, these services amounted to an estimated \$1.8 billion, almost double the 1971 total of \$950 million. The programs of aid to families with dependent children and aid to the permanently and totally disabled each had increases of 18 percent in 1972. The 1971 rise had been larger in aid to families with dependent children (34 percent) but smaller in the program for the disabled (15 percent).

With an increase of 29 percent, expenditures for the "other public aid" subgroup grew at even a faster pace than public assistance, mounting from \$3.2 billion in fiscal year 1971 to \$4.2 billion in 1972. The major factor in this increase was the Emergency Employment Act of 1971, which provides for Federal financing of the costs of transitional State and local government employment for the unemployed, as well as training and supportive services. The program goes into effect countrywide when the national unemployment rate equals or exceeds 4.5 percent, in local areas when the local rate equals or exceeds 6 percent. Estimated expenditures under this program for the fiscal year 1972 came to \$660,000, including administrative expenses. Other programs in the "other public aid" category, such as surplus commodities for the needy and the massive economic opportunity and manpower programs, showed about the same level of ex-

penditures in fiscal year 1972 as in fiscal year 1971. The food stamp program continued to expand, although not as fast as in the previous year.

For the first time since 1963, health and medical programs showed an annual rate of increase (14 percent) that about matched that of the social insurance group. Almost half the \$1.5 billion rise that brought the 1972 total to \$12.4 billion was attributable to a rise in civilian and military

hospital and medical services financed from Federal, State, and local sources. These figures do not include medical programs associated with social insurance, public assistance, and other welfare categories. A little more than a fourth of the increase took place in expenditures for "other public health activities," which showed the greatest percentage rise of all the components—24 percent.

TABLE 1.—Social welfare expenditures under public programs, selected fiscal years, 1928–29 through 1971–72¹

[In millions]

Program	1928-29	1949-50	1954-55	1959-60	1964-65	1967-68	1968-69	1969-70	1970-71	1971-72 ²
Total expenditures										
Total.....	\$3,921 2	\$23,508 4	\$32,639 9	\$52,293 3	\$77,175 3	\$113,840 2	\$127,740 7	\$145,965 0	\$171,540 6	\$192,740 0
Social insurance.....	342 4	4,046 6	9,834 9	19,306 7	28,122 8	42,740 3	48,772 0	54,755 9	66,317 3	75,062 5
Old-age, survivors, disability, and health insurance ³		784 1	4,463 3	11,032 3	16,997 5	28,748 4	33,388 7	36,835 4	43,122 8	48,258 7
Health insurance for the aged ⁴						5,347 2	6,597 7	7,149 2	7,875 0	8,819 2
Railroad retirement ⁵		306 4	556 0	934 7	1,128 1	1,416 6	1,550 7	1,609 5	1,928 3	2,141 0
Public employee retirement ⁶	113 1	817 9	1,388 5	2,569 9	4,528 5	6,581 9	7,493 8	8,658 6	10,225 6	12,246 7
Unemployment insurance and employment service ⁷		2,190 1	2,080 6	2,829 6	3,002 6	2,928 5	2,947 1	3,819 1	6,604 3	7,519 5
Railroad unemployment insurance.....		119 6	158 7	215 2	76 7	46 2	45 0	39 5	50 1	86 2
Railroad temporary disability insurance.....		31 1	54 2	68 5	46 5	36 1	57 7	60 0	51 5	41 9
State temporary disability insurance ⁷		72 1	217 5	347 9	483 5	574 3	648 1	717 7	773 3	821 0
Hospital and medical benefits ⁸		2 2	20 0	40 2	50 9	54 6	57 7	62 6	68 4	74 2
Workmen's compensation ⁹	229 3	625 1	943 0	1,308 5	1,859 4	2,408 6	2,640 9	3,015 9	3,560 4	3,947 6
Hospital and medical benefits ⁸	75 0	193 0	315 0	420 0	580 0	790 0	875 0	985 0	1,100 0	1,200 0
Public aid.....	60 0	2,496 2	3,003 0	4,101 1	6,283 4	11,091 7	13,439 0	16,487 7	21,300 0	25,606 3
Public assistance ¹⁰	59 9	2,490 2	2,941 1	4,041 7	5,874 9	9,886 6	11,925 9	14,433 5	18,075 0	21,445 8
Vendor medical payments ¹¹		51 3	211 9	492 7	1,367 1	3,723 2	4,595 6	5,212 8	6,272 5	7,602 7
Social services ⁴						547 3	554 5	712 6	950 4	1,761 8
Other ¹²	1	6 0	61 9	59 4	408 5	1,205 1	1,513 1	2,054 2	3,225 0	4,160 5
Health and medical programs ¹³	351 1	2,063 5	3,103 1	4,463 8	6,246 4	8,458 6	9,003 9	9,750 3	10,878 3	12,361 5
Hospital and medical care.....	146 3	1,222 3	2,042 4	2,853 3	3,452 3	4,578 0	4,759 2	5,141 9	5,694 3	6,423 2
Civilian programs.....	117 1	886 1	1,297 6	1,973 2	2,515 5	2,927 7	3,009 7	3,382 3	3,737 7	4,285 4
Defense Department ¹⁴	29 2	336 2	744 8	880 1	936 8	1,648 3	1,749 5	1,759 6	1,956 6	2,187 8
Maternal and child health program ¹⁵	6 2	29 8	92 9	141 3	227 3	336 8	411 5	431 4	403 3	499 2
Medical research ⁹			2	6	4 3					
Medical research.....		69 2	132 8	448 9	1,165 2	1,547 6	1,518 5	1,561 4	1,574 7	1,756 1
School health (educational agencies).....	9 4	30 6	65 9	101 0	142 2	204 6	225 0	246 6	270 0	295 0
Other public health activities.....	88 8	350 8	383 7	401 2	671 0	1,000 6	1,194 7	1,437 0	1,698 4	2,099 7
Medical-facilities construction.....	100 4	360 8	385 4	518 1	588 3	792 9	895 0	932 1	1,237 5	1,288 3
Defense Department.....		1 1	30 0	40 0	31 1	26 8	71 8	52 5	74 1	88 5
Other.....	100 4	359 8	352 4	478 1	557 2	766 1	823 2	879 6	1,163 4	1,199 8
Veterans' programs.....	657 9	6,865 7	4,833 5	5,479 2	6,031 0	7,246 8	7,933 6	9,018 3	10,395 7	11,502 5
Pensions and compensation ¹⁶	434 7	2,092 1	2,689 7	3,407 7	4,141 4	4,644 1	4,987 0	5,393 8	5,877 5	6,212 3
Health and medical programs.....	50 9	748 0	761 1	954 0	1,228 7	1,438 7	1,530 9	1,748 0	2,026 9	2,443 2
Hospital and medical care.....	46 7	582 8	721 5	879 4	1,114 8	1,342 5	1,430 8	1,651 4	1,873 9	2,255 6
Hospital construction.....	4 2	161 5	34 1	59 6	77 0	49 9	47 9	70 9	85 1	109 9
Medical and prosthetic research.....		3 7	5 6	15 1	36 9	46 3	52 2	61 8	67 9	77 7
Education.....		2,691 6	706 1	409 6	40 9	465 7	679 4	1,018 5	1,622 4	1,924 6
Life insurance ¹⁷	136 4	475 7	490 2	494 1	434 3	503 8	492 9	502 3	526 6	523 6
Welfare and other.....	35 8	858 3	186 5	218 8	185 8	194 4	243 4	319 7	342 2	398 8
Education ¹⁸	2,433 7	6,674 1	11,157 2	17,626 2	28,107 9	40,589 7	44,283 0	50,844 7	56,491 2	61,093 0
Elementary and secondary.....	2,216 2	5,596 2	9,734 3	15,109 0	22,357 7	31,675 4	34,277 4	38,637 5	42,057 1	44,921 5
Construction ¹⁹	377 0	1,019 4	2,231 9	2,661 8	3,267 0	4,255 8	4,654 1	4,873 7	5,061 4	4,884 0
Higher.....	182 2	914 7	1,214 4	2,190 7	4,826 4	7,327 7	8,211 8	9,905 3	11,119 1	12,354 1
Construction ⁹		310 3	198 6	357 9	1,081 4	1,323 1	1,447 0	1,661 8	1,837 7	1,956 9
Vocational and adult ¹⁹	34 9	160 8	204 9	298 0	853 9	1,435 2	1,648 3	2,145 4	3,127 1	3,598 9
Housing.....		14 6	89 3	176 8	318 1	427 7	517 5	696 8	1,043 4	1,448 0
Public housing.....		14 5	74 7	143 5	234 5	293 7	360 1	459 9	608 2	743 9
Other.....		1	14 6	33 2	83 6	134 0	157 4	236 9	435 2	704 1
Other social welfare.....	76 2	447 7	619 0	1,139 4	2,065 7	3,285 4	3,791 6	4,411 4	5,114 8	5,666 1
Vocational rehabilitation.....	1 6	30 0	42 4	96 3	210 5	466 0	553 1	703 8	800 9	853 6
Medical services ²⁰	1	7 4	9 1	17 7	34 2	102 0	118 4	133 8	162 8	179 1
Medical research ²¹			3	6 6	22 4	21 6	29 0	29 6		
Institutional care ²¹	74 7	145 5	195 3	420 5	789 5	888 2	1,115 4	1,352 5	1,484 5	1,720 0
Child nutrition program ²²		160 2	239 6	398 7	617 4	705 9	743 1	896 0	1,272 3	1,510 0
Child welfare ²³		104 9	135 1	211 5	354 3	505 6	565 7	563 0	511 0	484 0
Special OEO programs ²⁴					51 7	608 1	663 3	752 8	784 9	778 1
Social welfare, not elsewhere classified ²⁵		7 1	6 5	12 4	42 3	111 6	121 0	163 4	261 0	320 4

See footnotes at end of table.

One reason why social insurance expenditures increased at a lower rate (13 percent) in fiscal year 1972 than in 1971 (21 percent) may be found in the improved economic situation. Although those programs directly concerned with unemployment showed dollar increases in expenditures in 1972, the increases were not of the same magnitude, either absolutely or relatively, as those in the preceding year. The Federal-State unemployment insurance and employment service program, for example, increased cash outlays to

unemployed workers by \$900 million during fiscal year 1972, compared with a \$2.7 billion increase during 1971. Even the passage of emergency unemployment legislation in December 1971, extending still further the duration of benefits for those who exhaust both regular and extended duration benefits, did not offset the slowdown in spending under other programs concerned with unemployment.

Expenditures under the old-age, survivors, disability, and health insurance (OASDHI) pro-

TABLE 1.—Social welfare expenditures under public programs, selected fiscal years, 1928–29 through 1971–72¹—Continued

[In millions]

Program	1928-29	1949-50	1954-55	1959-60	1964-65	1967-68	1968-69	1969-70	1970-71	1971-72 ¹
	From Federal funds									
Total.....	\$798 4	\$10,541 1	\$14,622 9	\$24,956 7	\$37,711 7	\$60,314 3	\$68,338 2	\$77,328 7	\$92,594 4	\$106,057 9
Social insurance.....	55 9	2,103 0	6,385 0	14,307 2	21,806 6	35,390 0	40,847 3	45,244 7	53,810 4	61,366 6
Old-age, survivors, disability, and health insurance ²		784 1	4,436 3	11,032 3	16,997 5	28,748 4	33,388 7	36,835 4	43,122 8	48,258 7
Health insurance for the aged ³						5,347 2	6,597 7	7,149 2	7,785 0	8,819 2
Railroad retirement ⁴		306 4	556 0	934 7	1,128 1	1,416 6	1,550 7	1,609 5	1,928 3	2,141 0
Public employee retirement ⁵	51 9	507 9	808 5	1,519 9	2,780 5	4,165 9	4,762 8	5,516 6	6,581 6	7,908 7
Unemployment insurance and employment service ⁶		328 6	320 8	473 5	699 8	873 6	925 8	1,035 7	1,616 6	2,308 4
Railroad unemployment insurance.....		119 6	158 7	215 2	76 7	46 2	45 0	39 5	50 1	86 2
Railroad temporary disability insurance.....		31 1	54 2	68 5	46 5	36 1	57 7	60 0	52 5	41 9
Workmen's compensation ⁷	4 0	25 1	50 5	63 1	77 6	103 2	116 6	147 9	488 5	621 7
Hospital and medical benefits ⁸	6	5 2	6 9	9 0	11 3	15 3	16 7	20 7	25 1	30 0
Public aid.....		1,103 2	1,504 2	2,116 9	3,593 9	6,455 2	7,828 9	9,648 5	13,028 3	15,953 6
Public assistance ¹⁰		1,097 2	1,442 3	2,057 5	3,185 4	5,250 0	6,315 8	7,593 3	9,803 3	11,793 1
Vendor medical payments ¹¹			23 3	199 8	555 0	1,833 6	2,297 8	2,607 1	3,373 9	4,089 9
Social services ⁴						346 7	354 5	522 0	692 4	1,295 6
Other ¹²		6 0	61 9	59 4	408 5	1,205 1	1,513 1	2,054 2	3,225 0	4,160 5
Health and medical programs ¹³	46 7	603 5	1,150 3	1,737 1	2,780 6	4,232 8	4,540 4	4,772 7	5,145 4	5,857 3
Hospital and medical care.....	37 7	382 6	811 5	983 5	1,074 7	1,834 9	1,942 7	2,042 9	2,367 4	2,634 1
Civilian programs.....	8 5	46 4	66 7	103 4	137 9	186 6	193 2	283 3	410 8	446 3
Defense Department ¹⁴	29 2	336 2	744 8	880 1	936 8	1,648 3	1,749 5	1,759 6	1,956 6	2,187 8
Maternal and child health programs ¹⁵	1 2	20 1	23 7	35 3	73 4	160 6	192 5	196 0	148 2	234 7
Medical research ⁸			2	6	4 3					
Medical research.....		69 2	132 8	425 9	1,110 2	1,478 6	1,446 5	1,485 4	1,496 7	1,677 1
Other public health activities.....	6 9	63 8	65 0	57 3	222 9	426 8	524 7	590 3	677 6	823 2
Medical facilities construction.....	9	67 8	117 4	235 1	299 3	331 9	434 0	458 1	455 5	488 3
Defense Department.....		1 1	33 0	40 0	31 1	26 8	71 8	52 5	74 1	88 5
Other.....	9	66 8	84 4	195 1	268 2	305 1	362 2	405 6	381 4	399 8
Veterans' programs.....	657 9	6,386 2	4,771 9	5,367 3	6,010 6	7,214 2	7,883 0	8,951 5	10,331 1	11,437 5
Pensions and compensation ¹⁶	434 7	2,092 1	2,689 7	3,402 7	4,141 4	4,644 1	4,987 0	5,393 8	5,877 5	6,212 3
Health and medical programs.....	50 9	748 0	761 1	954 0	1,228 7	1,438 7	1,530 9	1,784 0	2,026 9	2,443 2
Health and medical care.....	46 7	582 8	721 5	879 4	1,114 8	1,342 5	1,430 8	1,651 4	1,873 9	2,255 6
Hospital construction.....	4 2	161 5	34 1	59 6	77 0	49 9	47 9	70 9	85 1	109 9
Medical and prosthetic research.....		3 7	5 6	15 1	36 9	46 3	52 2	61 8	67 9	77 7
Education.....		2,691 6	706 1	409 6	40 9	465 7	679 4	1,018 5	1,622 4	1,924 6
Life insurance ¹⁷	136 4	475 7	490 2	494 1	434 3	503 8	492 9	502 3	526 6	523 6
Welfare and other.....	35 8	378 8	124 9	106 9	165 4	161 9	192 8	252 9	277 6	333 8
Education ¹⁸	36 5	156 7	485 1	867 9	2,469 8	5,000 3	4,924 2	5,871 0	6,566 2	7,041 7
Elementary and secondary.....	9 6	47 1	309 2	441 9	776 8	2,639 8	2,584 5	2,963 9	3,385 1	3,570 2
Construction ¹⁹		5 2	139 9	70 6	77 0	35 5	23 0	35 9	20 2	22 0
Higher.....	12 1	48 5	101 8	293 1	1,217 0	1,704 4	1,685 9	2,147 1	2,219 1	2,354 1
Construction ²	2	5 7	5 1	1 2	324 0	423 1	397 0	466 3	437 7	356 9
Vocational and adult ¹⁹	14 3	58 7	70 5	104 5	406 2	504 8	508 2	603 6	774 1	898 9
Housing.....		14 6	74 7	143 5	238 2	325 2	410 7	577 2	868 3	1,248 0
Public housing.....		14 5	74 7	143 5	234 5	293 7	360 1	459 9	608 2	743 9
Other.....		1			3 6	31 4	50 6	117 3	260 1	504 1
Other social welfare.....	1 4	174 0	251 7	416 7	812 0	1,696 6	1,903 6	2,263 0	2,814 8	3,153 1
Vocational rehabilitation.....	7	21 0	27 1	64 3	143 3	359 6	456 4	567 4	642 3	698 6
Medical services ²⁰	1	5 1	5 7	11 2	21 2	76 5	88 8	107 0	130 2	143 3
Medical research ²⁰			3	6 6	22 4	21 6	29 0	29 6		
Institutional care ²¹	7	20 5	40 3	23 5	34 5	23 2	25 4	22 5	24 5	25 0
Child nutrition programs ²²		121 2	170 7	306 1	503 7	543 9	588 1	710 9	1,056 0	1,285 0
Child welfare ²³		4 2	7 1	13 4	36 5	50 2	49 4	46 0	46 0	46 0
Special OEO programs ²⁴					51 7	608 1	663 3	752 8	784 9	778 1
Social welfare, not elsewhere classified ²⁵		7 1	6 5	12 4	42 3	111 6	121 0	163 4	261 1	320 4

See footnotes at end of table

gram rose 12 percent in fiscal year 1972, compared with 17 percent in 1971. This slower growth is mainly attributable to the fact that the 1971 increase for monthly cash benefits, which

was applicable for all of fiscal year 1972, was 10 percent and, the benefit increase of the previous year had amounted to 15 percent. Because of the magnitude of the program, however,

TABLE 1.—Social welfare expenditures under public programs, selected fiscal years, 1928–29 through 1971–72 ¹—Continued

[In millions]

Program	1928–29	1949–50	1954–55	1959–60	1964–65	1967–68	1968–69	1969–70	1970–71	1971–72 ²
	From State and local funds ²⁷									
Total.....	\$3,122 8	\$12,967 3	\$18,017 1	\$27,336 6	\$39,463 5	\$53,525 8	\$59,402 4	\$68,636 3	\$78,946 2	\$86,682 1
Social insurance.....	286 5	2,843 6	3,449 9	4,999 4	6,316 2	7,350 3	7,924 7	9,511 2	12,476 9	13,695 9
Public employee retirement ³	61 2	310 0	580 0	1,050 0	1,748 0	2,416 0	2,731 0	3,142 0	3,844 0	4,338 0
Unemployment insurance and employment service ⁴		1,861 5	1,759 9	2,356 1	2,302 8	2,055 0	2,021 3	2,783 4	4,987 7	5,211 1
State temporary disability insurance ⁵		72 1	217 5	347 9	483 5	574 3	648 1	717 7	773 3	821 0
Hospital and medical benefits ⁶		2 2	20 0	40 2	60 9	54 6	57 7	62 6	68 4	74 2
Workmen's compensation ⁷	255 3	600 0	892 5	1,245 4	1,781 8	2,305 1	2,524 3	2,868 0	3,071 9	3,325 8
Hospital and medical benefits ⁸	74 4	187 8	308 1	411 0	568 7	774 7	858 3	964 3	1,074 9	1,170 0
Public aid.....	60 0	1,393 0	1,498 8	1,984 2	2,689 5	4,636 5	5,610 1	6,839 2	8,271 7	9,652 8
Public assistance ⁹	59 9	1,393 0	1,498 8	1,984 2	2,689 5	4,636 5	5,610 1	6,839 2	8,271 7	9,652 8
Vendor medical payments ¹⁰		51 3	188 6	292 9	812 1	1,889 6	2,297 8	2,605 6	2,903 6	3,512 9
Social services ¹¹						200 6	200 0	190 6	257 8	466 2
Other ¹²	1									
Health and medical programs ¹³	304 4	1,460 0	1,952 8	2,726 8	3,465 8	4,225 7	4,463 5	4,977 6	5,732 9	6,504 1
Hospital and medical care.....	108 6	839 7	1,230 9	1,869 8	2,377 6	2,741 1	2,816 5	3,099 0	3,326 9	3,789 1
Maternal and child health programs.....	5 0	9 7	69 2	106 1	153 9	176 2	219 0	235 3	255 2	264 5
Medical research.....				23 0	55 0	69 0	72 0	76 0	78 0	79 0
School health (educational agencies).....	9 4	30 6	65 9	101 0	142 2	204 6	225 0	246 6	270 0	295 0
Other public health activities.....	81 9	287 0	318 8	343 9	448 1	573 8	670 0	846 7	1,020 8	1,276 5
Medical-facilities construction.....	99 5	293 0	268 0	283 0	289 0	461 0	461 0	474 0	782 0	800 0
Veterans' programs.....		479 5	61 6	111 9	20 4	32 5	50 6	66 8	64 6	65 0
Education.....	2,397 2	6,517 5	10,672 1	16,758 3	25,638 1	35,589 4	39,358 8	44,973 6	49,925 0	54,051 3
Elementary and secondary.....	2,206 6	5,549 1	9,425 1	14,667 1	21,580 9	29,035 6	31,692 9	35,673 6	38,672 6	41,351 3
Construction ¹⁴	377 0	1,014 2	2,091 9	2,591 2	3,190 0	4,220 3	4,631 1	4,837 8	5,041 2	4,842 0
Higher.....	170 0	866 3	1,112 6	1,879 7	3,609 4	5,623 3	6,525 9	7,758 2	8,900 0	10,000 0
Construction ¹⁵	(26)	304 6	193 4	356 7	757 4	900 0	1,050 0	1,195 5	1,400 0	1,600 0
Vocational and adult ¹⁶	20 6	102 1	134 4	193 5	447 7	930 5	1,140 1	1,541 8	2,353 0	2,700 0
Housing.....			14 6	33 2	80 0	102 5	106 8	119 6	175 1	200 0
Other social welfare.....	74 8	273 7	367 3	722 8	1,253 6	1,588 8	1,887 9	2,148 4	2,300 0	2,513 0
Vocational rehabilitation.....	8	9 0	15 3	32 1	67 1	106 4	126 7	136 3	158 6	155 0
Medical services ¹⁷	1	2 3	3 5	6 6	13 0	25 5	29 6	26 8	32 6	35 8
Institutional care ¹⁸	74 0	125 0	155 0	400 0	775 0	865 0	1,090 0	1,310 0	1,460 0	1,695 0
Child nutrition programs ¹⁹		39 0	69 0	92 6	113 7	162 0	155 0	185 1	216 4	225 0
Child welfare ²⁰		100 7	128 0	198 1	317 8	455 4	516 3	517 0	465 0	438 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 payments abroad. Fiscal years ended June 30 for Federal Government, most States, and some localities

² Preliminary estimates

³ Excludes financial interchange between OASDHI and railroad retirement.

⁴ Included in total above

⁵ Excludes refunds of employee contributions, includes payments to retired military and survivors Administrative expenses for Federal non-contributory retirement not available

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

⁷ Cash and medical benefits in 5 areas 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 directly above, excludes administrative expenses, not available separately but included for entire program in preceding line

⁹ Cash and medical benefits paid under Federal and State laws by private insurance carriers, State funds, and self-insurers Includes Alaska and Hawaii beginning 1959–60 Administrative cost of private carriers and self-insurers not available Starting 1969–70, Federal expenditures include "black lung" benefits

¹⁰ Represents payments under the Social Security Act and (from State and local funds) general assistance Starting 1968–69, includes work incentive activities

¹¹ Included in total directly above, includes administrative expenses of medical assistance (Medicaid) program

¹² 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 training programs under the Economic Opportunity Act and related laws See footnote 24.

¹³ 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)

¹⁴ Includes medical care for military dependent families

¹⁵ Includes services for crippled children Starting 1970–71, excludes administrative expenses

¹⁶ Includes burial awards Starting 1964–65, includes subsistence payments to disabled veterans undergoing training and special allowances for survivors of veterans who did not qualify under OASDHI

¹⁷ Excludes the Servicemen's Group Life Insurance program

¹⁸ Federal expenditures for administrative costs (Office of Education) and research included in total only.

¹⁹ Construction for vocational and adult education included with elementary-secondary construction.

²⁰ Medical services and research included in total, excludes administrative expenses

²¹ Federal expenditures represent primarily surplus food for institutions. State and local expenditures include some amounts for antipoverty programs, foster care, legal assistance to the needy, and care of transients

²² Surplus food for schools and programs under National School Lunch and Child Nutrition Acts State and local funds represent direct appropriations

²³ Represents primarily child welfare services under the Social Security Act Starting 1968–69, excludes administrative expenses

²⁴ Includes community action, migrant workers, and VISTA program and all administrative expenses of the Office of Economic Opportunity Other OEO programs listed in appropriate subsection under public aid and education

²⁵ Includes administrative and related expenses of the Secretary of Health, Education, and Welfare and of the Social and Rehabilitation Service, Indian welfare and guidance, aging and juvenile delinquency activities, and certain manpower activities

²⁶ Not available

²⁷ Except as otherwise noted (see footnotes 7 and 9)

Source: Data taken or estimated from Treasury reports, Federal Budgets, Census of Governments, and reports of Federal and State administrative agencies For detailed description of programs and for single-year historical data, see *Social Welfare Expenditures Under Public Programs in the United States, 1929–1968* (Research Report No. 25).

TABLE 2.—Social welfare expenditures under public programs: Federal funds as percent of total, selected fiscal years, 1928–29 through 1971–72

Program	1928-29	1949-50	1954-55	1959-60	1964-65	1967-68	1968-69	1969-70	1970-71	1971-72 ¹
Total.....	20 4	44 8	44 8	47 7	48 9	53 0	53 5	53 0	54 0	55 0
Social insurance.....	16 3	42 5	64 9	74 1	77 5	82 8	83 8	82 6	81 2	81 8
Public aid.....	-----	44 2	50 1	51 6	57 2	58 2	58 3	58 5	61 2	62 3
Health and medical programs.....	13 3	29 2	37 1	38 9	44 5	50 0	50 4	48 9	47 3	47 4
Veterans' programs.....	100 0	93 0	98 7	98 0	99 7	99 6	99 4	99 3	99 4	99 4
Education.....	1 5	2 3	4 3	4 9	8 8	12 3	11 1	11 5	11 6	11 5
Housing.....	-----	100 0	83 7	81 2	74 9	76 0	79 4	82 8	83 2	86 2
Other social welfare.....	1 8	38 9	40 7	36 6	39 3	51 6	50 2	51 3	55 0	55 6
All health and medical care ²	20 6	44 4	44 1	45 6	48 5	65 2	66 4	65 8	65 7	65 6

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

the 12-percent rise in expenditures represented almost three-fifths (\$5.1 billion) of the total increase of \$8.7 billion in the social insurance category.

The expenditures of all other major social insurance programs, except public employee retirement systems, also showed slackening rates of increase. Despite the fact that spending for the "black lung" benefit program reached \$418,000 (31 percent more than the 1971 amount), workmen's compensation expenditures in fiscal year 1972 rose 11 percent in comparison with the 18-percent increase for the year before. Public employee retirement systems (Federal, State, and local) increased their payments 20 percent in 1972 (to \$12.2 billion), compared with rises of 18 percent and 16 percent, respectively, during the two earlier fiscal years.

Altogether, expenditures for social insurance programs—the largest single component of the series in 1972—amounted to \$75.1 billion. They continued to account for almost two-fifths of all social welfare expenditures.

Expenditures for education, which accounted for the second largest component of the social welfare series, had the smallest growth of all the categories—8 percent in fiscal year 1972. The year-to-year increase in fiscal year 1971 was 11 percent, and in fiscal year 1970 it was 15 percent. Outlays for elementary and secondary schools, reflecting the steady drop over the past 4 years in the rate of increase in enrollments, advanced only 7 percent in 1972, compared with 9 percent in 1971. Enrollments in institutions of higher learning, however, have not shown the same deceleration. As a result, expenditures for higher education went up 11 percent—almost as much as the previous year's advance of 12 percent.

Both the veterans' and the "other social wel-

fare" programs registered increases of just under 11 percent. The major component of veterans' programs, pensions and compensation—which accounted for \$6.2 billion of the \$11.5 billion expended for veterans in fiscal year 1972—experienced only a 6-percent increase during the year. This lower-than-average rate of growth was offset by large increases in outlays for health and medical programs (21 percent) and for education benefits for returning Viet Nam veterans (19 percent).

Expenditures for the major components of the "other social welfare" category—child nutrition programs and institutional and related care—showed substantial increases of 16–19 percent in fiscal year 1972. These two sets of programs, which provided 57 percent of the \$5.7 billion spent for "other social welfare" in fiscal year 1972, accounted for 86 percent of the increase in that year.

The role of the Federal Government in funding social welfare programs continued to grow slightly in fiscal year 1972. As a result of the 15-percent rise in Federal spending for this purpose, the Federal share of total public social welfare expenditures in 1972 amounted to 55 percent; it was 54 percent in 1971 and 53 percent in 1970 (table 2). Increases in the proportion of social welfare expenditures funded from Federal sources were registered for practically all categories.

TRENDS IN EXPENDITURES

The increase in social welfare expenditures over the years has resulted partly from the extension of services to a larger population, partly from higher prices, but mainly from a rise in the level and scope of services and programs.

Since 1960 the total population of the United States has increased by 16 percent and prices, as measured by the implicit price deflator for personal consumption expenditures, have advanced 33 percent. In contrast, social welfare expenditures under public programs have risen 268 percent during this period—from \$52.3 billion to \$192.7 billion.

When the latter amounts are converted into constant dollars to allow for population changes and inflation, the per capita increase from 1960 becomes 140 percent—a rise of 7.6 percent at an average annual rate (table 3). Chart 1 shows for each year since 1960 how this measure of the real increase in publicly financed social welfare cash and service benefits compares with the growth in aggregate social welfare expenditures before adjustment for population and price changes.

The years since 1960 logically fall into two periods. During the period 1960 to 1965, annual increases were of a moderate nature, but much higher rates of increase were registered starting with 1966. This pattern is apparent whether one refers to aggregate expenditures or to price-adjusted per capita expenditures. Thus, the average annual growth rate in aggregate expenditures

in the first half of the 1960's was 8.1 percent, compared with the rate of 14.0 percent in the 7 years since 1965. Similarly, the average annual rate of increase of per capita expenditures in constant dollars was 5.3 percent during the 1960-65 period and 9.2 percent thereafter.

Despite the accelerated inflationary tempo of the post-1965 period, the gap between the real increase and the increase in aggregate expenditures—that is, the effect of population and price changes—has been the same for both periods in relative terms. In other words, the combination of population growth and price changes accounted for about 42-43 percent of the increase in aggregate expenditures when averaged separately for each of the two periods.

That the real growth rate in social welfare expenditures entered a new phase starting with 1966 may also be seen by relating such expenditures to the Nation's gross national product. From 1965 to 1972, social welfare outlays as a percentage of GNP rose from 11.8 percent to 17.6 percent, an average annual increase of 0.9 percentage points. In the preceding period (1960-65), the average annual increase was only 0.2 percentage points.

All the major categories have shared in this

TABLE 3—Per capita social welfare expenditures under public programs in the United States, in actual and 1971-72 prices selected fiscal years, 1928-29 through 1971-72

Fiscal year	Per capita social welfare expenditures in current prices ¹								Constant 1971-72 prices		
	Total ²	Social insurance	Publicaid	Health and medical programs	Veterans' programs	Education	Other social welfare	All health and medical care ³	Total social welfare expenditures ¹		Implicit price deflators (1971-72=100)
									Amount (in millions)	Per capita	
1928-29.....	\$31 80	\$2 78	\$0 049	\$2 85	\$5 31	\$19 75	\$ 62	\$3 87	\$9,625 7	\$78 13	40 7
1949-50.....	152 58	32 19	16 26	13 44	44 18	43 47	2 92	19 97	39,099 9	254 69	59 9
1954-55.....	194 66	58 71	17 98	18 58	28 46	66 68	3 71	26 47	47,741 2	285 84	68 1
1959-60.....	285 42	105 35	22 46	24 45	29 52	98 43	6 24	35 03	69,198 2	379 04	75 3
1964-65.....	391 28	142 33	31 96	31 77	30 31	142 77	10 51	48 50	96,644 0	491 56	79 6
1967-68.....	558 44	209 34	54 56	41 61	35 20	199 47	16 16	98 53	132,617 9	652 38	85 6
1968-69.....	620 62	236 55	65 47	43 87	38 19	215 55	18 47	111 73	143,618 2	699 68	88 7
1969-70.....	702 04	262 87	79 50	47 02	43 00	245 02	21 27	121 68	156,215 9	753 26	93 2
1970-71.....	816 47	315 02	101 65	51 91	49 08	269 42	24 41	136 37	176,016 8	839 99	97 2
1971-72.....	908 36	353 05	120 99	58 41	53 80	288 50	26 77	155 25	192,239 1	908 36	100 0
Percentage change for 1971-72 expenditures (1971-72 prices) from.											
1949-50.....	+257	+557	+346	+160	-27	+298	+450	+366	+392	+257	-----
1954-55.....	+218	+310	+358	+114	+29	+195	+391	+299	+303	+218	-----
1959-60.....	+140	+152	+306	+80	+37	+125	+223	+234	+178	+140	-----
1964-65.....	+85	+97	+201	+46	+41	+61	+103	+155	+99	+85	-----
1969-70.....	+21	+25	+42	+16	+17	+10	+17	+19	+23	+21	-----
1970-71.....	+8	+9	+16	+9	+7	+4	+7	+11	+9	+8	-----

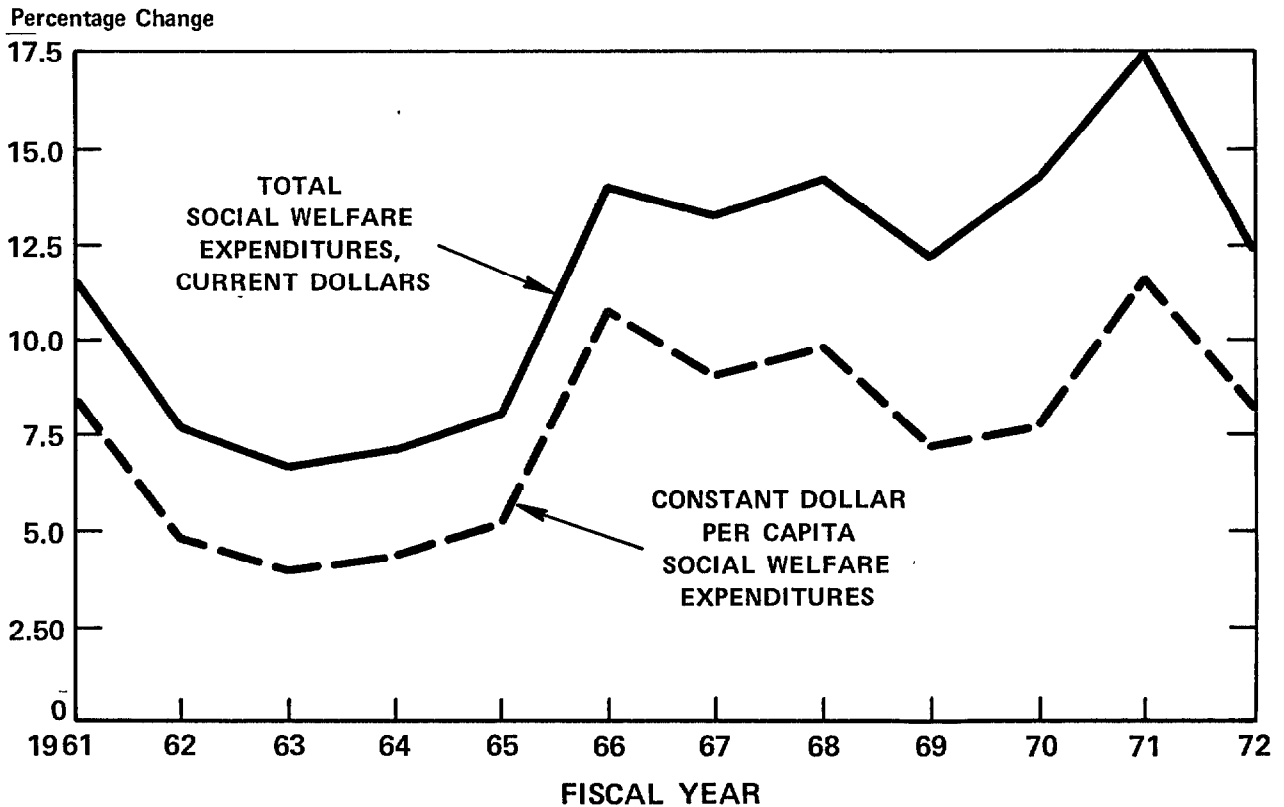
¹ Excludes expenditures within foreign countries for education, veterans' payments, and OASDHI and civil service retirement benefits, see table 1 for data including such expenditures

² Includes housing, not shown separately.

³ Combines "health and medical programs" with medical services provided in connection with social insurance, public aid, veterans', vocational rehabilitation, and antipoverty programs.

Source: Per capita figures based on January 1 data from the Bureau of the Census for total U.S. population, including Armed Forces overseas, dependents of Federal military and civilian employees, 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.

CHART 1.—Annual percentage change in total public social welfare expenditures in current dollars and in per capita public social welfare expenditures in constant dollars, fiscal years, 1960–61 through 1971–72



growth since 1965, but the greatest advances have taken place in social insurance and public aid (table 4). The proportion of the national output that went for social insurance rose from 4.3 percent in 1965 to 6.8 percent in 1972. For public aid the relative increase was even greater—from 1.0 percent of the gross national product to more than double that proportion—2.3 percent. Education programs also showed substantial growth in terms of the gross national product.

The other categories had more moderate increases in their share of the national output. It should be noted, however, that when the health and medical expenditures under public programs are regrouped to include services provided in connection with other programs, they are shown to have consumed 3 percent of the GNP in fiscal year 1972—twice the 1965 ratio.

The period since 1960 has seen a marked increase in the proportion of total government appropriations for social welfare activities (table 5). Throughout the fifties, social welfare expenditures barely maintained their own in

competition with government funds for such purposes as national defense, highways, economic development, and international aid. As a result, social welfare never accounted for as much as 40 percent of all public expenditures during the decade from 1950 to 1960. With 1960, however, the proportion began to rise; it was 38 percent in that year, rose to 42 percent in 1965, and by 1972 it had reached 53 percent. At the Federal level, the progression was persistent and steady, rising from 28 percent of all Federal expenditures in 1960 to 46 percent in 1972. At the State and local level, despite some small annual fluctuation, the upward trend has also been clear, with the share of spending devoted to social welfare rising from 58 percent in 1960 to 66 percent in 1972.

A little over a third of all social welfare outlays are made from trust funds accumulated through earmarked taxes or contributions. As a result of the broad expansion of OASDHI trust fund expenditures during the fifties, the ratio of trust fund expenditures to total social welfare expenditures rose from 18 percent to 34

TABLE 4—Social welfare expenditures under public programs as percent of gross national product, selected fiscal years, 1889–90 through 1971–72

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 ¹
		Total ¹	Social insurance	Public aid	Health and medical programs	Veterans' programs	Education	Other social welfare	
1889-90.....	\$13 0	2 4	(²)	4 0 3	0 1	0 9	1 1	(³)	(⁴)
1912-13.....	39 9	2 5	(⁵)	4 3	4	.5	1 3	(⁶)	(⁶)
1923-29.....	101 0	3 9	0 3	1	3	7	2 4	0 1	0 5
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
1967-68.....	827 0	13 8	5 2	1 3	1 0	9	4 9	4	2 4
1968-69.....	899 0	14 2	5 4	1 5	1 0	9	4 9	4	2 6
1969-70.....	955 1	15 3	5 7	1 7	1 0	9	5 3	4	2 6
1970-71.....	1,010 6	17 0	6 6	2 1	1 1	1 0	5 6	5	2 8
1971-72 ⁶	1,095 9	17 6	6 8	2 3	1 1	1 0	5 6	5	3 0

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

percent between 1950 and 1960. Since 1960 the ratio has remained stable. The growth of public aid and education expenditures, which are of a non-trust-fund nature, has been a major influence in offsetting the advance in OASDHI and other trust fund expenditures under social insurance.

Trust fund expenditures are to a large degree predetermined—at least for the short term. Perhaps, then, a more realistic measure of the Nation's commitment to social welfare is the proportion of "discretionary" expenditures, represented by non-trust-fund expenditures, that are being used for social welfare. Here, the trend has been definitely upward, rising from 30 percent in fiscal year 1960 to 34 percent by fiscal year 1965 and to 43 percent by fiscal year 1972. At the Federal level, the Government was devot-

ing 30 percent of its "discretionary" funds for social welfare in 1972, compared with 19 percent in 1965 and 16 percent in 1960. The trend at the State and local level was not that sharply delineated but still showed a pronounced rise from 54 percent in 1960 to 63 percent in 1972, attributable primarily to the growing share of State and local public spending devoted to education.

PRIVATE AND PUBLIC EXPENDITURES

Private social welfare expenditures continue to represent a declining share of total social welfare spending under public and private programs (chart 2). In fiscal year 1972, with private expenditures increasing by only 8.6 percent—the smallest rise in 4 years—the proportion

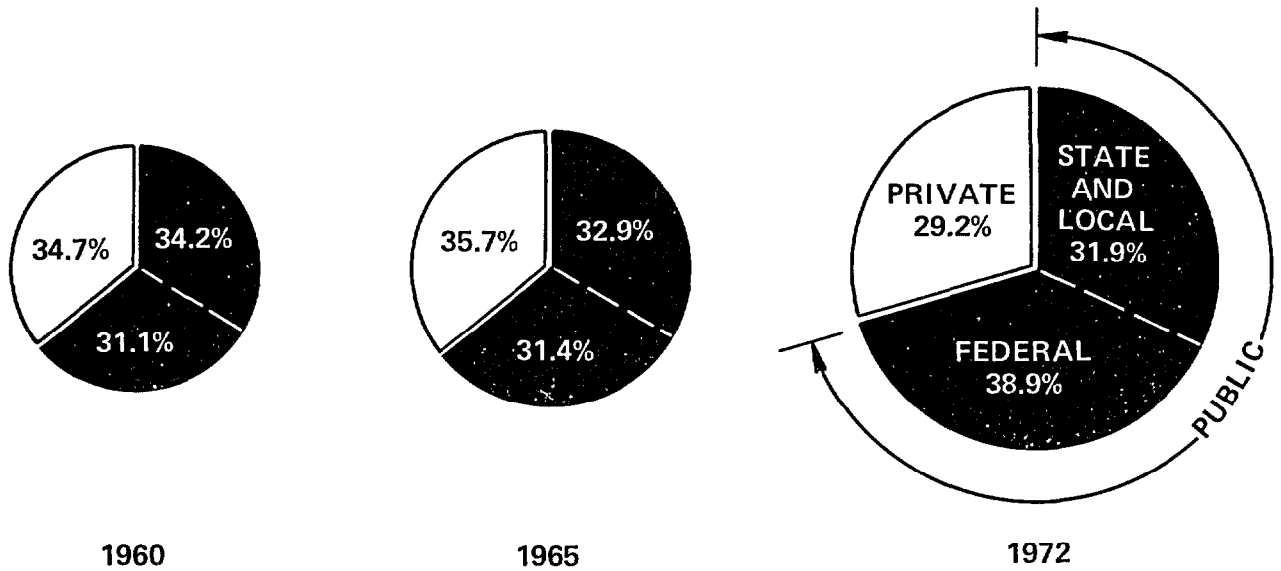
TABLE 5—Social welfare expenditures from public funds,¹ in relation to government expenditures for all purposes, by type of funds, selected fiscal years, 1928-29 through 1971-72

Item	1929	1950	1955	1960	1965	1968	1969	1970	1971	1972 ²
All social welfare expenditures from public funds										
Total, as percent of all government expenditures.....	36 3	37 6	32 7	38 0	42 4	43 2	44 9	47 9	51 9	52 9
Federal, as percent of all Federal Government expenditures.....	30 9	26 2	22 3	28 1	32 6	35 1	37 5	40 1	44 9	46 0
State and local, as percent of all State and local government expenditures ³	38 2	60 1	55 3	58 3	61 7	60 0	59 5	62 7	64 6	66 1
Social welfare trust-fund expenditures										
Total, as percent of total government expenditures.....	2 3	6 8	9 1	13 1	14 4	15 3	16 1	16 8	18 6	18 9
Federal, as percent of all Federal Government expenditures.....	1 2	4 5	9 1	15 2	17 7	19 5	21 2	22 0	24 1	24 1
State and local, as percent of all State and local government expenditures ³	2 6	11 3	8 9	8 8	7 9	6 6	6 2	7 0	8 7	8 9
Social welfare non-trust-fund expenditures										
Total, as percent of total non-trust-fund expenditures.....	34 9	35 0	26 2	29 5	33 7	33 6	34 9	38 0	41 7	42 9
Federal, as percent of Federal Government non-trust-fund expenditures										
All programs.....	30 2	24 7	14 7	15 9	18 9	20 0	21 4	23 9	28 3	29 8
Veterans' programs.....	25 2	17 0	7 4	6 9	6 2	5 0	5 3	5 8	6 5	6 5
State and local, as percent of State and local government non-trust-fund expenditures ³										
All programs.....	36 5	55 0	50 9	54 3	58 3	57 2	56 8	59 9	61 2	62 8
Education.....	32 4	36 1	38 9	42 6	47 0	46 5	45 8	48 0	48 4	49 1

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

CHART 2.—Per capita public and private social welfare expenditures in constant dollars, selected fiscal years, 1959-60 through 1971-72



of total social welfare expenditures provided through private arrangements was less than 30 percent. The corresponding ratio in 1965 was 36 percent. Taking up this slack, in effect, Federal Government spending rose from 31 percent of total social welfare expenditures in 1965 to 39 percent in 1972. As chart 2 shows, the changes between 1960 and 1965 were not as pronounced, although the diminishing role of State and local government spending for social welfare was evident throughout the 12-year period.

Health

Public and private health expenditures together amounted to an estimated \$83.4 billion in fiscal year 1972, a rise of 10.3 percent during the year. This increase was the lowest registered since 1966 (the fiscal year before Medicare benefits began) but remained in the same general magnitude of the year-to-year rises (10-14 percent) during this period. Private health expenditures, which amounted to \$50.6 billion in 1972, rose at just half the rate increase of 15 percent registered for health expenditures in the public sector. As a result, the latter is now responsible for 39 percent of the Nation's health bill, up by almost two percentage points from fiscal year 1971.

Some of the 10.3-percent increase in health expenditures is obviously due to price increases

for medical care. The rise in the medical care component of the consumer price index was only 4.7 percent in fiscal year 1972, however, compared with an average annual increase of 6.5 percent in the previous 5 years. As a result, the 1972 increase in health spending—which is reduced to 5.4 percent when converted to dollars of constant purchasing power—turns out to be the highest annual gain in recent years (except for 1970), instead of being one of the lowest.

With the gross national product also experiencing a certain amount of buoyancy as the result of the upturn in the economy, health expenditures represented only a slightly greater proportion of the GNP in 1972 than they did in 1971. The 7.6-percent ratio of health expenditures to GNP, however, is significantly greater than the 5.9-percent ratio calculated for 1965.

To encompass all health expenditures of the public sector of the economy, table 6 combines expenditures from programs devoted exclusively to health with expenditures for health purposes under such programs as social insurance, public assistance, and veterans' benefits. Table 7 shows the distribution of these dollars between Federal and State and local sources.

It should be noted 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 into Medicare's sup-

TABLE 6.—Health and medical care: Private expenditures and expenditures under public programs, selected fiscal years, 1928–29 through 1971–72

[Amounts in millions]

Type of expenditure	1928-29	1949-50	1954-55	1959-60	1964-65	1967-68	1968-69	1969-70	1970-71	1971-72 ¹
Total.....	\$3,589 1	\$12,027 3	\$17,329 6	\$25,856 2	\$38,892 3	\$53,562 4	\$59,975 1	\$68,057 6	\$75,624 1	\$83,416 8
Private expenditures.....	3,112 0	8,962 0	12,909 0	19,461 0	29,357 0	33,523 0	37,041 0	42,823 0	47,048 0	50,560 0
Health and medical services.....	3,010 0	8,710 0	12,529 0	18,816 0	28,023 0	32,017 0	35,294 0	40,464 0	44,571 0	47,665 0
Direct payments.....	* 2,900 0	7,107 0	9,006 0	12,576 0	17,577 0	18,899 0	20,316 0	23,253 0	24,674 0	25,070 0
Insurance benefits.....		879 0	2,344 0	4,698 0	8,280 0	10,444 0	12,206 0	14,406 0	16,817 0	19,000 0
Expenses for prepayment.....		274 0	596 0	792 0	1,212 0	1,558 0	1,572 0	1,515 0	1,685 0	2,100 0
Other ²	110 0	450 0	583 0	750 0	954 0	1,116 0	1,200 0	1,290 0	1,395 0	1,495 0
Medical research.....		37 0	55 0	121 0	162 0	185 0	190 0	193 0	195 0	195 0
Medical-facilities construction.....	102 0	215 0	325 0	524 0	1,172 0	1,321 0	1,557 0	2,166 0	2,282 0	2,700 0
Public expenditures.....	477 1	3,065 3	4,420 6	6,395 2	9,535 3	20,039 4	22,934 1	25,234 6	28,576 1	32,856 8
Health and medical services.....	372 5	2,470 2	3,862 3	5,346 3	7,641 2	17,581 1	20,391 5	22,578 9	25,610 9	29,624 8
OASDHI (health insurance for the aged).....						5,347 2	6,597 7	7,149 2	7,875 0	8,819 2
Temporary disability insurance (medical benefits) ³		2 2	20 0	40 2	50 9	54 6	57 7	62 6	68 4	74 2
Workmen's compensation (medical benefits) ⁴	75 0	193 0	315 0	420 0	580 0	790 0	875 0	985 0	1,100 0	1,200 0
Public assistance (vendor medical payments).....		51 3	211 9	492 7	1,367 1	3,723 2	4,595 6	5,212 8	6,277 5	7,602 7
General hospital and medical care.....	117 1	886 1	1,297 6	1,973 2	2,515 5	2,927 7	3,009 7	3,382 3	3,737 7	4,235 4
Defense Department hospital and medical care (Armed Forces).....	29 2	336 2	744 8	820 1	858 5	1,482 9	1,531 1	1,495 9	1,606 1	1,784 8
Military dependents' medical care.....				60 1	78 3	165 4	218 4	263 7	350 5	403 0
Maternal and child health programs.....	6 2	29 8	92 7	140 7	223 0	336 8	411 5	431 4	403 3	499 2
School health (educational agencies).....	9 4	30 6	65 9	101 0	142 2	204 6	225 0	246 6	270 0	295 0
Other public health activities.....	88 8	350 8	383 7	401 2	671 0	1,000 6	1,194 7	1,437 0	1,698 4	2,099 7
Veterans' hospital and medical care.....	46 7	582 8	721 5	879 4	1,114 8	1,342 5	1,430 8	1,651 4	1,873 9	2,255 6
Medical vocational rehabilitation.....	1	7 4	9 1	17 7	34 2	102 0	118 4	133 8	162 8	179 1
OEO health and medical care.....				5 6	103 5	126 0	127 3	187 2	187 2	176 9
Medical research.....		72 9	138 9	471 2	1,228 8	1,615 5	1,599 7	1,652 8	1,642 6	1,833 8
Medical-facilities construction.....	104 7	522 3	419 4	577 7	665 3	842 8	942 9	1,003 0	1,322 6	1,398 2
Defense Department.....	(⁵)	1 1	33 0	40 0	31 1	26 8	71 8	52 5	74 1	88 5
Veterans Administration.....	4 2	161 5	34 1	59 6	77 0	49 9	47 9	70 9	85 1	109 9
Other.....	100 4	359 8	352 4	478 1	557 2	766 1	823 2	879 6	1,163 4	1,199 8
Total expenditures as a percent of gross national product.....	3 6	4 6	4 6	5 2	5 9	6 5	6 7	7 1	7 5	7 6
Public expenditures as a percent of total expenditures.....	13 3	25 5	25 5	24 7	24 5	37 4	38 2	37 1	37 8	39 4
Personal care expenditures ⁶	3,272 2	10,400 4	15,231 0	22,728 7	33,498 3	46,323 3	52,657 3	59,101 2	65,669 6	71,862 4
Private expenditures.....	2,990 0	8,298 0	11,762 0	17,799 0	26,540 0	30,118 0	33,346 0	38,549 0	42,455 0	45,105 0
Public expenditures.....	282 2	2,102 4	3,469 0	4,929 7	6,958 3	16,205 3	18,711 3	20,552 2	23,214 6	26,757 4
Percent from.....										
Private expenditures.....	91 4	79 8	77 2	78 3	79 2	65 0	64 1	65 2	64 6	62 8
Direct payments.....	88 6	68 3	59 1	55 3	52 5	40 8	39 0	39 3	37 6	34 9
Insurance benefits.....		8 5	15 1	20 7	24 7	22 5	23 4	24 4	25 6	26 4
Public expenditures.....	8 6	20 2	22 8	21 7	20 8	35 0	35 9	34 8	35 4	37 2

¹ Preliminary estimates

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

³ Industrial in-plant services and philanthropy.

⁴ Includes medical benefits paid under public law by private insurance carriers and self-insurers

⁵ Data not available

⁶ Includes all items shown under "health and medical services" except (1) "expenses for prepayment," (2) expenditures of private philanthropic agencies under "other health and medical services," (3) "other public health activities," and (4) administrative expenses for "health insurance for the aged," "public assistance," "maternal and child health programs," and "veterans' hospital and medical care"

plementary medical insurance trust fund for medical insurance coverage for old-age assistance recipients. To the extent that these premium payments are also subsequently reflected in disbursements from the supplementary medical insurance trust fund, they are counted again. The amount of premiums paid by States to "buy in" to Medicare to obtain coverage for their aged assistance recipients since Medicare began is as follows:

Fiscal year	Amount (in millions)
1967.....	\$32.1
1968.....	53.0
1969.....	75.8
1970.....	97.2
1971.....	131.5
1972.....	137.9

Despite the slackening rate of growth in total private health expenditures, health insurance benefits paid under individual and group insurance and prepayment plans continued to expand, although here, too, at a diminished rate. In relative terms, the 1972 increase in private health insurance benefits—13 percent—was one percentage point greater than that recorded for Medicare. Also contributing to the 1972 rise in private health expenditures was an 18-percent increase in spending for medical-facilities construction.

With the steady growth of private health insurance benefits and other third-party payments, the proportion of the Nation's personal health care bill left for the consumer to meet directly has been steadily declining. In the fiscal year 1960, more than 55 percent of all expenditures for

TABLE 7.—Health and medical care: Expenditures under public programs, by source of funds, selected fiscal years, 1928-29 through 1971-72

(In millions)

Type of expenditure	1928-29	1949-50	1954-55	1959-60	1964-65	1967-68	1968-69	1969-70	1970-71	1971-72 ¹
Federal expenditures										
Total.....	\$98 3	\$1,361 8	\$1,947 6	\$2,917 6	\$4,624 7	\$13,069 3	\$15,227 1	\$16,597 7	\$18,763 7	\$21,559 8
Health and medical services.....	93 1	1,059 6	1,657.3	2,174 8	3,074 6	11,141 0	13,217 6	14,492 0	16,658 5	19,206 8
OASDHI (health insurance for the aged).....						5,347 2	6,697 7	7,149 2	7,875 0	8,819 3
Workmen's compensation (medical benefits).....	6	5 2	6 9	9 0	11 3	15 3	16 7	20 7	25 9	30 0
Public assistance (vendor medical payments).....			23 3	199 8	555 0	1,833 6	2,297 8	2,607 1	3,373 9	4,089 9
General hospital and medical care.....	8 5	46 4	66 7	103 4	137 9	186 6	193 2	283 3	410 8	446 3
Defense Department hospital and medical care (Armed Forces).....	29 2	336 2	744 8	820 1	858 5	1,482 9	1,531 1	1,495 9	1,606 1	1,784 8
Military dependents' medical care.....				60 0	78 3	165 3	218 4	263 7	350 5	403 3
Maternal and child health services.....	1 2	20 1	23 5	34 7	69 1	160 6	192 5	196 0	148 2	234 7
Other public health activities.....	6 9	63 8	65 0	57 3	222 9	426 8	524 7	590 3	677 6	823 2
Veterans' hospital and medical care.....	46 7	582 8	721 5	879 4	1,114 8	1,342 5	1,430 8	1,651 4	1,873 9	2,255 6
Medical vocational rehabilitation.....	1	5 1	5 7	11 2	21 2	76 5	88 8	107 0	130 2	143 3
OEO health and medical care.....					5 6	103 5	126 0	127 3	187 2	176 9
Medical research.....		72 9	138 9	448 2	1,173 8	1,546 5	1,527 7	1,576 8	1,564 6	1,754 8
Medical-facilities construction.....	5 2	229 3	151 4	294 7	376 3	381 8	481 9	529 0	540 6	598 2
Defense Department.....	(²)	1 1	33 0	40 0	31 1	26 8	71 8	52 5	74 1	88 5
Veterans Administration.....	4 2	161 5	34 1	59 6	77 0	49 9	47 9	70 9	85 1	109 9
Other.....	9	66 8	84 4	195 1	268 2	305 1	362 2	405 6	381 4	399 8
State and local expenditures										
Total.....	\$378 8	\$1,703 6	\$2,472 9	\$3,477 5	\$4,910 5	\$6,970 1	\$7,706 9	\$8,636 9	\$9,812 4	\$11,297 0
Health and medical services.....	279 3	1,410 6	2,204 9	3,171 5	4,566 5	6,440 1	7,173 9	8,086 9	8,952 4	10,418 0
Temporary disability insurance (medical benefits) ²		2 2	20 0	40 2	50 9	54 6	57 7	62 6	68 4	74 2
Workmen's compensation (medical benefits) ³	74 4	187 8	308 1	411 0	568 7	774 7	858 3	964 3	1,074 9	1,170 0
Public assistance (vendor medical payments).....		51 3	188 6	292 9	812 1	1,889 6	2,297 8	2,605 6	2,903 6	3,512 9
General hospital and medical care.....	106 6	839 7	1,230 9	1,869 8	2,377 6	2,741 0	2,816 5	3,099 0	3,326 9	3,789 1
Maternal and child health services.....	5 0	9 7	69 2	106 1	153 9	176 2	219 0	235 3	255 2	264 5
School health (educational agencies).....	9 4	30 6	65 9	101 0	142 2	204 6	225 0	246 6	270 0	295 0
Other public health activities.....	81 9	287 0	318 8	343 9	448 1	573 8	670 0	846 7	1,020 8	1,276 5
Medical vocational rehabilitation.....	1	2 3	3 5	6 6	13 0	25 5	29 6	26 8	32 6	35 8
Medical research.....				23 0	55 0	69 0	72 0	76 0	78 0	79 0
Medical-facilities construction.....	99 5	293 0	268 0	283 0	289 0	461 0	461 0	474 0	782 0	800 0

¹ Preliminary estimates
² Data not available

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

personal health care took the form of direct payments to doctors and other providers of service by the patients themselves. By 1965, this ratio had dropped to 53 percent, and then, with the introduction and growth of Medicare and Medicaid spending, the ratio fell still further—to 35 percent by fiscal year 1972. Private health insurance benefits alone met 26 percent of all personal health care expenditures in 1972 and 42 percent of consumer (private) expenditures for personal health care. The corresponding ratios in 1960 were 21 percent and 26 percent, respectively.

Personal health care expenditures, as defined here, exclude expenditures for medical-facilities construction, medical research, and general public health activities and for the administration of private insurance, public programs, and philanthropic agencies. In fiscal year 1972, personal health care expenditures of \$71.9 billion represented a 9.4-percent increase over that of fiscal year 1971—the lowest percentage increase in 5 years. The share of personal health care expendi-

tures paid from public funds continued to rise in 1972, reaching 37 percent; it had been 21 percent in 1965.

Education

Combined expenditures from public and private funds for education hit the \$75 billion mark in fiscal year 1972 (table 8). Public sources accounted for 84 percent of these expenditures, a ratio that has been gradually increasing since 1965.

The source of funding, however, differs among the various items that make up the education category. Ninety-three percent of current operating expenditures for elementary and secondary schools came from the public treasury in 1972, for example, compared with 56 percent for the operation of institutions of higher learning. Construction of educational facilities also required a large share of public financing; in 1972 the share was 89 percent.

TABLE 8.—Expenditures from public and private funds for education, selected fiscal years, 1949–50 through 1971–72

[Amounts in millions]

Program	1949-50	1954-55	1959-60	1964-65	1967-68	1968-69	1969-70	1970-71	1971-72 ¹
Total amount.....	\$10,914	\$14,206	\$21,742	\$34,228	\$49,621	\$54,293	\$61,991	\$69,093	\$75,018
Public expenditures for education.....	9,366	11,563	18,036	28,149	41,055	44,962	51,863	58,114	63,018
Current operations ²	8,036	9,433	15,016	23,800	35,476	38,861	45,328	51,215	56,197
Elementary and secondary.....	4,577	7,502	12,447	19,091	27,420	29,623	33,764	36,996	40,057
Higher.....	604	1,016	1,833	3,745	6,005	6,765	8,244	9,281	10,397
Veterans.....	2,692	706	410	41	466	679	1,018	1,622	1,925
Vocational and adult.....	161	205	298	854	1,435	1,648	2,145	3,127	3,599
Construction.....	1,330	2,431	3,020	3,318	5,579	6,101	6,536	6,899	6,821
Elementary and secondary.....	1,019	2,232	2,662	3,267	4,256	4,654	4,874	5,061	4,864
Higher.....	310	199	358	1,051	1,323	1,447	1,662	1,838	1,957
Private expenditures for education ³	1,548	2,343	3,706	6,079	8,566	9,331	10,128	10,979	12,000
Current operations.....	1,266	1,845	3,162	5,368	7,568	8,383	9,298	10,192	11,150
Elementary and secondary.....	436	719	1,232	1,883	2,305	2,514	2,722	2,910	3,150
Higher.....	830	1,126	1,930	3,480	5,253	5,869	6,576	7,282	8,000
Construction.....	282	498	544	716	1,008	948	830	787	850
Public expenditures as percent of expenditures for specified purposes									
Total.....	85.8	83.5	83.0	82.2	82.7	82.8	83.7	84.1	84.0
Current operations.....	86.4	83.6	82.6	81.6	82.4	82.3	83.0	83.4	83.4
Elementary and secondary.....	91.3	91.3	91.0	91.0	92.2	92.2	92.5	92.7	92.7
Other.....	86.6	83.1	86.8	85.1	80.1	80.8	83.4	85.8	86.6
Higher.....	42.1	47.4	48.7	51.8	53.3	53.5	55.6	56.0	56.5
Construction.....	82.5	83.0	84.7	85.9	84.7	86.6	88.7	89.8	88.9

¹ Preliminary estimates

² Includes Federal 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

In both the public and private sectors, current operating expenditures for higher educational purposes have been increasing at a faster pace than those for elementary-secondary education. Rising at even a faster pace have been expenditures for veterans' education benefits and for vocational and adult education. In fiscal year 1972, expenditures for these two programs went up 19 percent and 15 percent, respectively. Public and private current operating expenditures for elementary-secondary education each increased to the same degree in 1972—about 8 percent. At the higher education level, the advance was more rapid in the public sphere (12 percent) than in the private sphere (10 percent).

Cash Transfer Payments

Both public and private cash benefits under organized income-maintenance programs increased at the same rate—12 percent—in fiscal year 1972, bringing total cash transfer payments to \$94.8 billion (table 9). The proportion attributable to social insurance, public assistance, and veterans' programs—which constitute these payments in the public sphere—thus remained at about 85 percent.

As with many other social welfare segments, the 1972 percentage increase in cash transfer payments was smaller than that of the preceding year. In fact, the 1972 rise was the lowest recorded since 1965 for the private sector and since 1968

for the public sector. This phenomenon, of course, is a direct reflection both of the unusually large outlays in 1971 to retirees, the unemployed, and needy individuals and families that resulted from the slowdown in the economy in that year and of relatively reduced 1972 outlays following improvements in the economy.

The year 1965 was also a turning point for public cash transfer payments. Between 1950 and 1965, expenditures under social insurance programs increased severalfold—from \$4.4 billion to \$26.4 billion, while payments under veterans' and public assistance programs barely doubled. Since 1965, public assistance cash payments have undergone the greatest increase (175 percent) while outlays under social insurance rose 138 percent. Payments under veterans' pension, compensation, and life insurance programs had the smallest increase during recent years.

Combining Expenditures for Major Areas

Combining the dollar figures shown in tables 6, 8, and 9 (and adding the administrative expenses left out of the cash-only data of table 9, as well as welfare services) produces a total of private and public expenditures for social welfare, distributed by four functions: health, education, income maintenance, and welfare and other services. The total figure thus obtained is adjusted to eliminate the overlap that occurs because small

TABLE 9.—Expenditures from public and private funds for cash transfer payments (excluding administration), selected fiscal years, 1949-50 through 1971-72

[Amounts in millions]

Source of funds	1949-50	1954-55	1959-60	1964-65	1967-68	1968-69	1969-70	1970-71	1971-72 ¹
Total cash transfer payments.....	\$10,112	\$16,609	\$28,708	\$40,838	\$54,308	\$61,488	\$69,985	\$84,431	\$94,847
Public.....	9,147	14,714	25,173	34,883	45,468	51,318	58,475	71,451	80,337
Social insurance ²	4,447	9,118	18,151	26,439	35,160	39,680	44,670	55,332	62,878
Veterans' programs ³	2,423	3,094	3,810	4,526	5,083	5,421	5,849	6,354	6,681
Public assistance.....	2,277	2,502	3,212	3,918	5,285	6,208	7,746	9,765	10,778
Private employee benefits ⁴	965	1,895	3,535	5,955	8,840	10,170	11,510	12,980	14,510
Public as percent of total.....	90.5	88.6	87.7	85.4	83.7	83.5	83.6	84.6	84.7

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' pensions and compensation 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

⁵ Temporary disability insurance benefits under State legislation excluded here and included under social insurance above

TABLE 10.—Public and private expenditures for social welfare purposes, selected fiscal years, 1949-50 through 1971-72

Type of expenditure	1949-50	1954-55	1959-60	1964-65	1967-68	1968-69	1969-70	1970-71	1971-72 ¹
All expenditures (in millions)									
Total, net ²	\$35,337	\$49,957	\$78,704	\$117,871	\$164,432	\$183,796	\$209,708	\$241,392	\$268,433
Public.....	23,508	32,640	52,293	77,175	113,840	127,741	145,965	171,541	192,740
Private.....	12,160	17,997	27,790	42,766	62,679	68,442	66,461	73,107	79,370
Income maintenance.....	10,723	17,304	29,827	42,530	56,153	63,636	72,386	87,376	98,761
Public ³	9,758	15,409	26,292	36,575	47,313	53,466	60,876	74,396	84,251
Private.....	965	1,895	3,535	5,955	8,840	10,170	11,510	12,980	14,510
Health.....	12,027	17,330	25,856	38,892	53,562	59,975	68,058	75,624	83,417
Public.....	3,065	4,421	6,395	9,535	20,039	22,934	25,235	28,576	32,857
Private.....	8,962	12,909	19,461	29,357	33,523	37,041	42,823	47,048	50,560
Education.....	10,914	14,206	21,742	34,228	49,621	54,293	61,991	69,093	75,018
Public.....	9,366	11,863	18,036	28,149	41,055	44,962	51,863	58,114	63,018
Private.....	1,548	2,343	3,706	6,079	8,566	9,331	10,128	10,979	12,000
Welfare and other services.....	2,004	1,797	2,658	4,291	7,183	8,279	9,991	12,555	14,914
Public ⁴	1,319	947	1,570	2,916	5,433	6,379	7,991	10,455	12,614
Private.....	685	850	1,088	1,375	1,750	1,900	2,000	2,100	2,300
Public expenditures as percent of expenditures for specified purposes									
Total ⁵	65.9	64.5	65.3	64.3	68.4	68.6	68.7	70.1	70.8
Income maintenance.....	91.0	89.0	88.1	86.0	84.3	84.0	84.1	85.1	85.3
Health.....	25.5	25.5	24.7	24.5	37.4	38.2	37.1	37.9	39.4
Education.....	85.8	83.5	83.0	82.2	82.7	82.8	83.7	84.1	84.0
Welfare and other services.....	65.8	52.7	59.1	68.0	75.6	77.1	80.0	83.3	84.6
All expenditures as percent of gross national product									
Total, net ²	13.4	13.2	15.9	18.0	19.9	20.4	22.0	23.9	24.5
Income maintenance.....	4.1	4.6	6.0	6.5	6.8	7.1	7.6	8.6	9.0
Health.....	4.6	4.6	5.2	5.9	6.5	6.7	7.1	7.5	7.6
Education.....	4.1	3.7	4.4	5.2	6.0	6.0	6.5	6.8	6.8
Welfare and other services.....	1.8	1.5	1.5	1.7	1.9	1.9	1.9	1.9	1.9

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 Includes cash benefits and administrative costs under social insurance, public assistance, veterans' and emergency employment programs Excludes

cost of medical services provided in conjunction with these programs and for other welfare programs

⁴ Food stamps, surplus food for the needy and for institutions, child nutrition, institutional care, child welfare, economic opportunity and manpower programs, veterans' welfare services, vocational rehabilitation, and housing

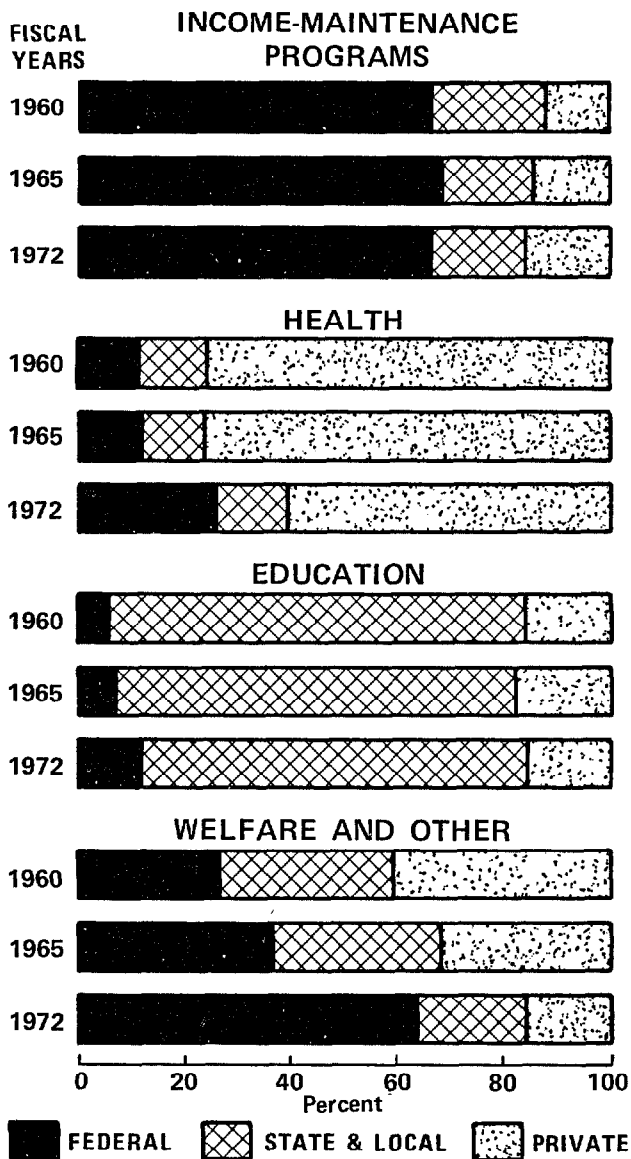
⁵ Before adjustment for elimination of duplication.

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.

In table 10, total unduplicated public and private expenditures for income maintenance, health, education, and welfare and other services

are estimated at \$268.4 billion for the fiscal year 1972. This sum represents an annual increase of \$27.0 billion—the largest absolute increase in the history of the series (except for 1971). In percentage terms, the 1972 rise of 11 percent was moderate, compared with the increases of 15 percent and 14 percent in the 2 preceding years.

CHART 3—Percentage distribution of expenditures for income maintenance, health, education, and welfare, by source of funds, fiscal years 1960, 1965, and 1972



With the 1972 increase, the proportion of the gross national product represented by all social welfare expenditures reached 24.5 percent. The growth of 0.6 percentage points from 1971 was not as great as that registered in the 2 previous years, but was in keeping with the advances of the earlier period.

As in earlier years, the public sector provided the greatest share of the growth, both absolutely and relatively. As a result, public funds accounted for 71 percent of combined social welfare expenditures in 1972; these funds accounted for 70 per-

cent of such spending in 1971 and for 64 percent in 1965.

Chart 3 shows the distribution of expenditures in the major areas of income-maintenance, health, education, and welfare by source of funds since 1960. In the health field, the proportion provided through private funds dropped from three-fourths in 1960 and 1965 to three-fifths in 1972, with Federal funding making up the difference. In education, private spending in relative terms has remained constant, while the spending role of the Federal Government has doubled—accounting for 6 percent of the funds in 1960 and for 12 percent in 1972.

Welfare is another area where the pattern has shown considerable change since 1960. From providing 41 percent of the funds in 1960, private philanthropic sources have been reduced to furnishing only 15 percent by 1972. The compensating increase in the Federal role has been dramatic. In 1960, 27 percent of welfare spending—defined in its narrow sense to mean, essentially, social services—originated with Federal programs and 32 percent with the State and local governments. By 1972, the Federal Government was providing 63 percent of the funds, or three times what the State and local governments were providing.

Only in the income-maintenance area were there no decisive trends. In 1960 and in 1972, the Federal Government was responsible for spending 67 cents out of every dollar disbursed. State and local government spending dropped a little during this period and private spending increased.

Despite shifts over time, the overall pattern is clear. Public sources dominate income-maintenance, education, and welfare expenditures, while private sources continue to dominate the health area. The impact of this pattern on the distribution of the private social welfare dollar is also clear: 64 cents of every dollar spent in the private sector for social welfare went for health in fiscal year 1972. Income-maintenance programs absorbed 18 cents, education 15 cents, and welfare 3 cents.

This distribution may be contrasted with the distribution in the public sector. There, health expenditures accounted for only 17 cents of the social welfare dollar. Income-maintenance programs had the greatest share with 44 cents, education got 33 cents, and welfare 6 cents.