Federal Grants to State and Local Governments, Fiscal Year 1975: A Quarter-Century Review

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This 25-year review of Federal grants to State and local governments shows a growth in total amount from $2 2 billion in fiscal year 1950 to $48 5 billion in 1975 (nearly 22 times higher), but the "real" per capita rise is less than sevenfold when adjusted for population growth and inflation The impact of these increased grants on State-local finances is clearly shown by the fact that, for every dollar raised by the States and localities, the Federal Government added 12 cents in 1950 and an estimated 27 cents in 1975 The distribution of the grants, when related to population, shows considerable movement In 1950, the high-income States were receiving, on the average, the lowest per capita grants, by 1975 they received the highest, supplanting the low-income States—the highest per capita grants receiving group throughout the previous 24 years The bulk of the grants continues to be for social welfare purposes, despite the introduction of general revenue sharing grants, which are not distributed by function here

DURING THE FISCAL YEAR 1975 the Federal Government made grants of more than $48 5 billion to State and local governments in the United States and its outlying areas This sum was 15 percent higher than the $42 2 billion the Government disbursed in grants in 1974 (table 1)

Approximately $30 2 billion, or 62 percent, was for grants programs in the social welfare area, compared with $25 4 billion (60 percent) of the 1974 total About 13 percent went for general revenue sharing, 10 percent for transportation grants—largely from the highway trust fund—and the remaining 15 percent for a variety of urban, agricultural, and miscellaneous purposes

Grants-in-aid are but one of the Federal fiscal aids to State and local governments, but quantitatively they are the most significant Federal grants are also made to other type of recipients (individuals and institutions), but these grants are not included here

The Federal grant-in-aid as a fiscal device for achieving program objectives through government channels is almost as old as the Nation The modern allocation-formula grant with matching requirements for the recipient State or local government made its appearance, however, only as recently as the World War I era with the Federal Aid Road Act of 1916 and the Smith-Hughes (vocational education) Act of 1917 A newer development—the project grant, in which the money is channeled directly to the assisted activity, with or without matching requirements but often with a ceiling for the federally borne proportion of total cost—has received increased emphasis since the mid-fifties with a sharp increase during the sixties

The two developments of the seventies are general revenue sharing and "block grants" Under general revenue sharing the Federal Government allocates funds on a formula basis to the States and localities that the recipient governments may spend for almost any purpose without matching requirements[1] The first block grants program, originally proposed as "manpower revenue sharing," was initiated under the Comprehensive Employment and Training Act (CETA) of 1973 The grants disbursed under this Act, together with expenditures under the manpower programs they replaced in the middle of the fiscal year, totaled $1 1 billion in 1974 In 1975, CETA grants amounted to $2 5 billion

"From now on," said the President at the bill-signing on December 28, 1973, "State and local governments will be the decisionmakers concerning the mix of manpower services which they make available" Under CETA, these services can include employment counseling, supportive services, classroom education and occupational-skills training, training on the job, work experience, and transitional public service employment As the President pointed out, "Funds to provide

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[1] For a detailed description, see Sophie R Dales, "General Revenue Sharing Program A Closer Look," *Social Security Bulletin*, October 1974, page 36 ff

TABLE 1.—Federal grants: Total to State and local governments, by purpose, fiscal years 1930–75

[Amounts in millions]

Fiscal year	All grants [1]	Revenue sharing	Social welfare								Transportation		All other
			Total		Public assistance		Health	Education		Economic opportunity and manpower	Miscellaneous social welfare	Amount	Percent of all grants	
			Amount	Percent of all grants	Amount	Percent of all grants		Amount	Percent of all grants					
1930	$100		$23	23.2			(2)	$22	21.8		$1	$76	75.5	$1
1931	180		25	13.9				24	13.1		1	154	85.2	2
1932	214		26	12.1				24	11.3		2	186	87.1	2
1933	190		25	13.2				23	12.3		2	163	86.0	2
1934	1,803		24	1.4				22	1.2		2	222	12.3	1,557
1935	2,197		28	1.3				26	1.2		3	275	12.5	1,893
1936	1,015		107	10.5	$28	2.8	$4	37	3.7		37	224	22.1	684
1937	818		230	28.1	144	17.6	13	38	4.6		36	341	41.6	247
1938	790		365	46.2	216	27.3	15	48	6.1		86	247	31.2	178
1939	1,031		446	43.2	247	24.0	15	50	4.8		194	192	18.6	393
1940	967		531	54.9	271	28.0	22	51	5.2		187	165	17.0	272
1941	915		624	68.2	330	36.0	26	113	12.3		156	171	18.7	120
1942	926		694	74.9	375	40.4	29	151	16.3		139	158	17.1	74
1943	991		691	69.7	396	39.9	30	171	17.2		94	174	17.6	126
1944	983		700	71.3	405	41.2	60	136	13.8		999	144	14.7	138
1945	917		700	76.3	410	44.7	79	103	11.3		108	87	9.5	130
1946	844		701	83.1	439	52.0	71	58	6.8		133	75	8.8	68
1947	1,549		1,302	84.1	614	39.6	63	665	4.2		500	199	12.8	48
1948	1,581		1,229	77.8	718	45.4	55	120	7.6		335	324	20.5	28
1949	1,840		1,366	74.2	928	50.4	67	776	4.2		295	441	24.0	34
1950	2,212		1,731	78.2	1,123	50.8	123	82	3.7		402	462	20.8	20
1951	2,263		1,802	80.0	1,186	52.6	174	93	4.1		350	430	19.1	20
1952	2,329		1,854	79.6	1,178	50.6	187	156	6.7		333	453	19.4	23
1953	2,759		2,162	78.4	1,330	48.2	173	259	9.4		400	544	19.7	53
1954	2,958		2,346	79.3	1,438	48.6	140	248	8.4		518	556	18.8	57
1955	3,096		2,403	77.6	1,427	46.1	119	296	9.6		561	605	19.5	89
1956	3,441		2,615	76.0	1,455	42.3	133	276	8.0		751	757	22.0	69
1957	3,936		2,848	72.4	1,556	39.6	162	280	7.1		848	975	24.8	113
1958	4,794		3,095	64.6	1,795	37.4	176	308	6.4		816	1,561	32.5	139
1959	6,316		3,440	54.6	1,966	31.1	211	376	6.0		897	2,870	42.3	195
1960	6,838		3,610	52.8	2,059	30.1	214	441	6.5		896	2,999	43.9	229
1961	6,921		3,950	57.1	2,167	31.3	240	460	6.6		1,083	2,687	38.8	284
1962	7,703		4,535	58.9	2,432	21.6	263	491	6.4		1,348	2,841	36.9	327
1963	8,324		4,825	58.0	2,790	32.8	292	558	6.7	$324	912	3,074	36.9	425
1964	9,774		5,352	54.8	2,944	30.1	322	579	5.9	413	1,094	3,709	38.0	712
1965	10,630		5,669	53.3	3,039	28.8	346	702	6.6	527	1,033	4,088	38.5	873
1966	12,519		7,630	61.0	3,528	28.2	365	1,590	12.7	1,131	1,016	4,029	32.2	860
1967	14,820		9,849	66.6	4,175	28.2	436	2,370	16.0	1,610	1,254	4,085	27.6	889
1968	18,168		12,449	68.5	5,319	29.3	823	2,719	15.0	2,050	1,538	4,284	23.6	1,435
1969	19,765		13,802	69.8	6,280	31.8	866	2,666	13.5	2,087	1,004	4,265	21.6	1,698
1970	23,576		16,545	70.2	7,445	31.6	1,043	3,016	12.8	2,565	2,476	4,475	18.6	2,556
1971	27,691		19,544	70.6	9,640	34.8	914	3,540	12.8	2,989	2,462	4,720	17.0	3,426
1972	33,361		24,572	73.7	13,090	39.2	991	4,283	12.8	3,482	2,725	4,786	14.3	4,003
1973	40,986	$6,636	24,446	59.6	11,891	29.0	1,073	4,348	10.6	3,635	3,499	4,901	12.1	4,943
1974	42,174	6,106	25,427	60.3	12,666	30.0	1,239	4,059	9.6	3,594	3,869	4,765	11.3	5,876
1975	48,510	6,130	30,216	62.3	13,959	28.8	1,892	4,671	9.6	4,815	4,879	4,995	10.3	7,169

[1] On checks issued basis, or adjusted to that basis, for most programs. Includes small amounts of adjustments and undistributed sums and grants under a few programs to American Samoa, Canal Zone, Guam, and the Trust Territory of the Pacific Islands. A list of grants programs in each group appears at the end of this article.

[2] Promotion of welfare and hygiene of maternity and infancy, $9,552.

Source: *Annual Report of the Secretary of the Treasury, Combined Statement of Receipts, Expenditures and Balances of the United States Government*, and agency reports. Beginning with 1969 data, Department of the Treasury, *Federal Aid to States, Fiscal Year*.

these services will, for the first time, be made available to State and local governments without any Federal strings as to what kind or how much of these services should be provided."

The Housing and Community Development Act of 1974 (P.L. 93-383, enacted August 22, 1974) established the second block grants program. Title I of that act, on community development, states:

> The primary objective of this title is the development of viable urban communities, by providing decent housing and a suitable living environment and expanding economic opportunities, principally for persons of low and moderate income.

It points out that Federal assistance is for the support of community development activities directed toward elimination of slums and blight, conservation and expansion of the Nation's housing stock, expansion and improvement of the quantity and quality of community services, a more rational utilization of land and other natural resources, reduction of the isolation of income groups within communities and geographical areas, and restoration and preservation of properties of special value for historic, architectural, or esthetic reasons.

Other subjects dealt with under this Act include federally assisted housing, mortgage-credit assist-

ance, planning, rural housing, mobile-home construction and safety standards, and consumer home-mortgage assistance

In fiscal year 1975, $38 million was distributed in block grants for community development out of a total of $3 4 billion in grants made by the Department of Housing and Urban Development (HUD) for a multiplicity of purposes Several of the other HUD programs may eventually be absorbed by the block grants program Most of the HUD grants, including the community development grants, are classified under "urban affairs" in this article (see composition of grant categories, page 32) The HUD grants for public housing are not included in this category

Two major classification changes have been effected in the grants series this year, one going back several decades, the other only to fiscal year 1971 The first is the construction of a new grouping, "Transportation"—a combination of the former highway group and grants for the Federal airport construction program (1948 to date), State boating-safety assistance, and natural gas pipeline safety (both from 1972 to date) These three were formerly listed in the miscellaneous grants group even though all three programs are administered by the Department of Transportation No change in total grants is involved in this reclassification

A fourth Department of Transportation grants program, urban mass transportation, was not transferred from the urban affairs group at this time Urban transportation grants began with a 1963 outlay of $2 million as part of the urban renewal grants program of the Housing and Home Finance Administration In many areas it is still associated with urban renewal although in others (the Washington, D C, metropolitan area, for example) it combines urban and suburban underground rail lines with street and highway use of buses

The second major change is the deletion from the grants series of all but a minuscule portion of the grants for food stamps from 1971 on This program, classified under miscellaneous social welfare, consists of two parts: (1) The Federal bonus or subsidy to food stamp users and (2) the Federal share of the cost of State administration of the program The change eliminates from the grants series the food stamp bonus It is made to bring the grants series into conformity with current Federal budget classification concepts and with the revised Treasury Department source of the data—*Federal Aid to States, Fiscal Year 1975*

The Office of Management and Budget has enunciated the following rationale for the reclassification of the bonus

> A major revision has been made in the classification of Federal aid to State and local governments The bulk of budget outlays for the food stamp program—the benefit payments or "bonus costs"—have been reclassified from grants to direct Federal payments, reflecting the current national nature of the program From 1971 forward, only the Federal matching payments to State and local governments to pay for program administration are considered Federal grants
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> When the food stamp program began in 1961 as a series of pilot programs, it fell well within the budget definition of Federal grants-in-aid The local government issued the food stamps, and the Federal Government paid 100 percent of the bonus costs and part of the administrative costs In 1964, the program was made permanent, but retained its essentially local character Eligibility standards were prescribed by State agencies
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> The program has now become a uniform national program, administered by State and local jurisdictions, but with uniform income and resource eligibility standards While the program changed gradually, the most significant turning point was the 1969 amendments to the Food Stamp Act These amendments, which became effective in fiscal year 1971, resulted in the participation rate almost doubling in one year with outlays almost trebling As a result, the reclassification of the bonus from grants to nongrants was carried back through 1971 [2]

The tabulation that follows shows how the deletion of the food stamp bonus affects group and grand totals in the Social Security Administration grants series The reclassification lowered

[In millions]

Fiscal year	All grants		Total social welfare		Miscellaneous social welfare		
	Old	New	Old	New	Old	Less bonus	New
1971	$29 214	$27,691	$21 067	$19 544	$3,985	$1 523	$2 462
1972	35 203	33,361	26 414	24 572	4 568	1,842	2 725
1973	43 122	40 986	26,581	24 446	5 635	2,135	3 499
1974	44,902	42 174	28,155	25 427	6 597	2 729	3 869
1975	52,912	48,510	34,619	30 216	9 282	[1] 4 403	4,879

[1] Amount shown for food stamp administration in the final version of the Department of Treasury source document has been subtracted from the amount for the bonus subsidy and its administration, as shown in the preliminary version of the source document

[2] *Special Analyses of the Budget of the United States Government, Fiscal Year 1977*, Special Analysis O, pages 256 and 260

the respective percentages for the groups in the tabulation, of course, and raised them for all the other groups The Federal share of State administrative costs of the program, retained in the series, amounted to $14 million in 1971, $20 million in 1972, $25 million in 1973, $51 million in 1974, and $136 million in 1975

GRANTS IN FISCAL YEAR 1975

The $48 5 billion total for 1975 Federal grants is divided almost automatically into two parts—grants for social welfare purposes at $30 2 billion, or about 62 percent of the total, and grants for "everything else," the remaining $18 3 billion, and 38 percent (table 2) Public assistance grants still formed the largest social welfare category with $14 0 billion in 1975, accounting for 46 percent of social welfare grants and 29 percent of all 1975 grants Health grants constituted the smallest of the groups with $1 9 billion—6 percent of all social welfare and 4 percent of the total grants Grants for education, economic opportunity and manpower, and miscellaneous social welfare purposes—at $4 7 billion, $4 8 billion, and $4 9 billion, respectively—each formed about 16 percent of social welfare grants and 10 percent of all grants

All the other purposes in which the Congress has indicated a national interest by instituting programs of grants to the States and localities can also be rather loosely organized into groups Construction of highways, then of airports, later of highway safety and beautification, and still more recently programs dealing with other types of transportation form the primary cluster At $5 0 billion, these grants also made up about 10 percent of the 1975 total Another group pertains to the problems of urban living The urban affairs group accounted for $3 0 billion or 6 percent of all 1975 grants Although certain urban affairs grants programs have social welfare aspects or implications, it has not been possible to separate the money on that basis and the entire programs have been grouped with the other-than-social-welfare grants

Another program grouping centers around the promotion of agriculture and the protection of natural resources In 1975, these programs formed the smallest group, totaling $307 million or only 6/10 of 1 percent of all Federal grants The miscellaneous grants group, with $3 9 billion or 8 percent of the 1975 total, contains several programs in the broad area of environmental protection and ecology that could also be regarded as natural resources protection A future reorganization of the grants series might well include formation of a new group centered around ecological problems It would be composed of programs taken from the agriculture and natural resources group and from the present miscellaneous group in order to reduce the latter to the irreducible minimum of programs unclassified as to purpose Another possibility is a split between agricultural and natural resources grants, with the environmental programs now in the miscellaneous group added to the latter

Revenue sharing, with its statutory $30 2 million in 5 years, has brought more than $6 billion a year to the States and localities from the Federal purse Since 1973, when $6 6 billion was disbursed (retroactively, in part, for 1972), its proportion of all grants has shrunk from 16 percent in that year to 14 percent in 1974, to less than 13 percent of the ever-growing total in 1975 Table 3 combines data from each of the three "actual use" reports (as distinguished from "planned use" reports) published by the Office of Revenue Sharing of the Department of the Treasury [8] As recipient units have 24 months after the end of each entitlement period to spend or obligate revenue-sharing receipts, amounts reported as "used" bear no necessary relationship to amounts received in a given period For fiscal year 1975, for instance, $7 2 billion was reported as used by the recipient units, but only $6 1 billion was disbursed to them by the Federal Government

GRANTS IN THE PAST QUARTER-CENTURY

During the period 1950–75, Federal grants to the States and localities were multiplied almost 22 times, burgeoning from $2 2 billion to $48 5 billion, or from $14 per capita to $228 for every man, woman, and child in the United States and

[8] The latest is *Reported Uses of General Revenue Sharing Funds 1974-75, A Tabulation and Analysis of Data from Actual Use Report #5* (for entitlement period 5), 1976

TABLE 2.—Federal grants to State and local governments,

[Amounts in thousands]

States ranked by 1972-74 average per capita personal income	All grants	Revenue sharing		Social welfare					
		Amount	Percent of all grants	Total		Public assistance		Health	
				Amount	Percent of all grants	Amount	Percent of all grants	Amount	Percent of all grants
Total [1]	$48,509 770	$6,129 636	12 6	$30 216 481	62 3	$13,958 993	28 8	$1,892,134	3 9
United States [1]	47,980,572	6,129,636	12 8	29,795,372	62 1	13,904,173	29 0	1,857,438	3 9
High income group	22,827,070	2 786 995	12 2	14 773 052	64 7	7,790 576	34 1	879,337	3 9
District of Columbia	670 811	26,924	4 0	356 731	53 2	108 555	16 2	46 249	6 9
Alaska	248,526	8 198	3 3	113 249	45 6	13 989	5 6	8 736	3 5
Connecticut	671,335	78 815	11 7	377 740	56 3	184 681	27 5	24,388	3 6
Delaware	119,403	18 522	15 5	67,434	56 5	24,641	20 6	4,129	3 5
New Jersey	1 493 876	193 145	12 9	953 338	63 8	473,116	31 7	41 274	2 8
Illinois	2,218,894	273 538	12 3	1,406 217	63 1	799 478	36 0	70,896	3 2
New York	5,670,442	687 724	12 1	3 863 320	68 1	2 378 124	41 9	145 488	2 6
Nevada	137,217	13 476	9 8	71 743	52 3	16 978	12 4	4,981	3 6
Hawaii	244 466	26 799	11 0	139,739	57 2	53,248	21 8	12,209	5 0
California	4 881,350	651,010	13 3	3,317,814	68 0	1 778,491	36 4	155 590	3 2
Maryland	959,851	119 831	12 5	589 585	61 4	214,420	22 3	157 231	16 4
Michigan	2,107,734	262 050	12 4	1 389 796	65 9	783 689	37 2	59,708	2 8
Massachusetts	1,451,141	194 716	13 4	930 379	64 1	491 742	33 9	57,647	4 0
Washington	781 381	87 251	11 2	479 246	61 3	202 879	26 0	33 380	4 3
North Dakota	166,706	22 206	13 3	90,637	54 4	30,002	18 0	5 699	3 4
Kansas	442,314	57,506	13 0	236,401	53 4	98,133	22 2	17,013	3 8
Colorado	561 623	65,284	11 6	329,683	58 7	138,410	24 6	34 919	6 2
Middle income group	15 132,160	2,032,596	13 4	8 954,688	59 2	3,876 904	25 6	578 866	3 8
Ohio	1,778 480	245,438	13 8	1,008,846	56 7	429 489	24 1	69 206	3 9
Florida	1,298 915	188 633	14 5	796 590	61 3	323,216	24 9	62,484	4 8
Pennsylvania	2,685 392	325 719	12 1	1 622 563	60 4	799 802	29 8	108,434	4 0
Nebraska	335,158	42,353	12 6	189 288	56 5	68 815	20 5	15,636	4 7
Iowa	553,439	85,105	15 6	283,823	51 3	118 474	21 4	22 687	4 1
Minnesota	895 500	122,356	13 7	557 307	62 2	205,967	34 2	25,338	2 8
Rhode Island	246,314	27 288	11 1	167,892	68 2	80,682	32 8	9,584	3 9
Virginia	1,012,390	121 593	12 0	554 074	54 7	233,121	23 0	26,751	2 6
Wyoming	96,129	10 840	11 3	37,335	38 8	8 161	8 5	3,673	3 8
Indiana	802 543	128,479	16 0	463,954	57 8	160 675	20 0	30,455	3 8
Oregon	555 341	61 392	11 1	304,665	54 9	134,156	24 2	15 785	2 8
Wisconsin	936,149	154,821	16 5	620 758	66 3	385,386	41 2	23,320	2 5
Arizona	455 484	62,809	13 8	243 481	53 5	27,409	6 0	22,695	5 0
Missouri	901,902	116,635	12 9	503 004	55 8	163 787	18 2	46,986	5 2
Montana	219 146	24 943	11 4	118 243	54 0	37 695	17 2	7 384	3 4
New Hampshire	169,764	19 953	11 8	89,298	52 6	38,824	22 9	7,288	4 3
Texas	2,190,114	293,239	13 4	1,393,507	63 6	661 245	25 6	81,151	3 7
Low income group	9 996 308	1,310,046	13 1	6 058,321	60 6	2 236 693	22 4	399 235	4 0
South Dakota	209 466	26 128	12 5	109,277	52 2	33 340	15 9	5,970	2 9
Georgia	1,174,497	130 063	11 1	740 965	63 1	332 555	28 3	35,917	3 1
Idaho	201,675	24 138	12 0	100 674	49 9	38,504	19 1	6,481	3 2
North Carolina	1,040,709	157,768	15 2	662 026	63 6	228 566	22 0	40 391	3 9
Oklahoma	648 198	69,327	10 7	416 124	64 2	173 367	26 7	24,764	3 8
Vermont	152 278	17,342	11 4	92 574	60 8	41,830	27 5	7,861	5 0
Maine	290 175	38 159	13 2	178 762	61 6	92,807	32 0	12,215	4 2
Tennessee	881 800	120 551	13 7	517 953	58 7	183,017	20 8	38 175	4 3
Utah	285,039	36 315	12 7	157,035	55 1	52 404	18 4	16 092	5 6
Kentucky	831 319	99 619	12 0	533 456	64 2	217,164	26 1	34 386	4 1
West Virginia	532,559	60 857	11 4	228 895	42 9	77,163	14 5	18 977	3 6
Louisiana	872,921	139,723	16 0	521,678	59 8	161,852	18 5	32,271	3 7
South Carolina	566,545	84 902	15 0	354 359	62 5	114,490	20 2	31 887	5 6
Alabama	804 508	103,368	12 8	506 834	63 0	185,925	23 1	32,735	4 1
New Mexico	369 618	38,771	10 5	230,369	62 3	61,603	16 7	14 168	3 8
Arkansas	506 336	64,435	12 7	319 641	63 1	121 702	24 0	21,806	4 3
Mississippi	628 665	98 580	15 7	388,199	61 7	120 414	19 2	25,339	4 0
Outlying areas									
Puerto Rico	460,317			375 125	81 5	52,000	11 3	31,466	6 8
Virgin Islands	27 957			21,732	77 7	1,660	5 9	1 980	7 1
Other	40 924			24 252	59 3	1,160	2 8	1 249	3 1

[1] Includes (not listed separately) small amounts undistributed, adjustments to checks-issued basis, and grants under a few programs to American Samoa, the Canal Zone, Guam, and the Trust Territory of the Pacific Islands

its outlying areas (table 4) When adjustment is made for a 41-percent population growth this twenty-one-fold increase in absolute dollars disbursed was reduced to one that was only fifteen-fold Further reduced by 109-percent inflation, the purchasing power of the billions spent for grants was drawn down to less than half their 1950 "real" buying value Thus, together, the numbers of persons served and the diminished value of the money with which to buy the needed services produced a "real" per capita increase that was less than sevenfold

In the past quarter-century, the highest rates of "real" growth (80 percent) were experienced,

amount and percent of total grants, by purpose, fiscal year 1975

[Amounts in thousands]

Social welfare—*Continued*						Transportation		Urban Affairs	Agriculture and natural resources	Miscellaneous	States ranked by 1972–74 average per capita personal income
Education		Economic opportunity and manpower		Miscellaneous social welfare							
Amount	Percent of all grants	Amount	Percent of all grants	Amount	Percent of all grants	Amount	Percent of all grants				
$4 670,834	9 6	$4,815,362	9 9	$4,879,158	10 1	$4,994,518	10 3	$2,975,893	$306 565	$3,886,678	Total
4 589,529	9 6	4,697,862	9 8	4 746,369	9 9	4,975,931	10 4	2 949,833	302 815	3,826,984	United States
1,961,665	8 6	2,281,553	10 0	1,859 922	8 1	1,843,407	8 1	1,656,830	81,316	1,685,471	High income group
47,438	7 1	107,050	16 0	47,440	7 1	12 996	1 9	224,075	97	49,981	District of Columbia
51,796	20 8	28,705	11 6	10 023	4 0	96,346	38 8	3,903	4,436	22,394	Alaska
49,445	7 4	58,399	8 7	60,828	9 1	52,522	7 8	86,255	2,577	73,427	Connecticut
11 886	10 0	12,461	10 4	14,317	12 0	13,188	11 0	3 029	1,962	15 268	Delaware
110 730	7 4	170 340	11 4	157,879	10 6	99 430	6 7	105,799	4 192	137,972	New Jersey
194,506	8 8	165,416	7 5	236 121	10 6	218,873	9 9	89 852	7,790	162,625	Illinois
481 478	8 5	411 928	7 3	446,302	7 9	232 054	4 1	496,969	8,475	381,900	New York
12 141	8 8	22 897	16 7	14,746	10 7	31,427	22 9	3,947	2 017	14,608	Nevada
26 530	10 9	29 186	11 9	18,566	7 6	50,244	20 6	8,688	1 828	17 167	Hawaii
397,846	8 2	636,139	13 0	349,748	7 2	364,111	7 5	250,510	14 252	283 653	California
82,845	8 6	58 682	6 1	76 407	8 0	112 661	11 7	44 187	4,189	89,399	Maryland
175,772	8 3	245,560	11 6	125,067	5 9	181,020	8 6	103,306	9,074	162,488	Michigan
106,722	7 4	132,124	9 1	142,144	9 8	76,513	5 3	138,361	2,543	108,629	Massachusetts
76,399	9 8	107 742	13 8	58 846	7 5	115,978	14 8	221,164	3,683	73,060	Washington
19 624	11 8	16 935	9 6	19,377	11 6	33,193	19 9	5,044	2,954	12,670	North Dakota
49 386	11 2	33,116	7 5	38,752	8 8	70,534	15 9	40,130	7,555	30,188	Kansas
67,121	12 0	45,873	8 2	43,359	7 7	82,317	14 7	30,611	3 692	50,036	Colorado
1,465,761	9 7	1 482,115	9 8	1 551 041	10 2	1,881,107	12 4	905 783	106,055	1 251,936	Middle-income group
147,175	8 3	179 223	10 1	183,753	10 3	207,411	11 7	126 409	7,714	182 662	Ohio
122 800	9 5	129,051	9 9	159,039	12 2	175,381	13 5	49 674	4 879	83 758	Florida
219,761	8 2	245,032	9 1	249,534	9 3	255,182	9 5	271,433	7 383	203,113	Pennsylvania
44,447	13 3	25,640	7 6	34 750	10 4	64,004	19 1	5,650	5,314	28,549	Nebraska
57,457	10 4	37,407	6 8	47 800	8 6	93,883	17 0	32,620	8,147	48,861	Iowa
63 951	7 1	75,875	8 5	86 177	9 6	90,880	10 1	55 477	4,991	64 488	Minnesota
21,965	8 9	27,717	11 3	27,944	11 3	18,360	7 5	13,208	1 417	18 099	Rhode Island
140,294	13 9	68,484	6 8	85,424	8 4	170,166	16 8	44,103	5,284	117,171	Virginia
10,194	10 6	8,570	8 9	6,737	7 0	35,802	37 2	2,168	3,506	6,477	Wyoming
81,249	10 1	109,982	13 7	81 592	10 2	72,825	9 1	56,225	5,445	75,616	Indiana
43 645	7 9	64 220	11 6	46 858	8 4	101 277	18 2	19,200	5,621	63,186	Oregon
62,616	6 7	86 894	9 3	62 533	6 7	58,251	6 2	35 417	7 321	59,581	Wisconsin
62,000	13 6	63,748	14 0	67,628	14 8	97 442	21 4	17,749	5 613	28 391	Arizona
101,586	11 3	93,683	10 4	97,022	10 8	125,241	13 9	69,767	9 444	77,750	Missouri
25,371	11 6	30,342	13 8	17,451	8 0	48 200	22 0	5,355	3,885	18,522	Montana
13,890	8 2	11,633	6 9	17,662	10 4	26,263	15 5	11,547	2 043	20,662	New Hampshire
247,360	11 3	224,614	10 3	279,137	12 7	240,539	11 0	89,731	18,048	115,050	Texas
1,154,460	11 5	932,532	9 3	1 335,407	13 4	1,248,825	12 5	387 023	115,441	876,647	Low income group
28,322	13 5	18,083	8 6	23 563	11 2	38 090	18 2	17,402	3 107	15 462	South Dakota
114,152	9 7	81 072	6 9	176 970	15 1	125 651	10 7	79,435	8 073	90 609	Georgia
20,162	10 0	21 178	10 5	14,349	7 1	44,320	22 0	6,758	3 759	22,026	Idaho
129 387	12 4	99 941	9 6	163,741	15 7	92,875	8 9	40 366	8,449	79,226	North Carolina
79 159	12 2	69,319	10 7	69 515	10 7	60,601	9 3	41 312	13,232	47,602	Oklahoma
13 440	8 8	13,031	8 6	16 623	10 9	25 816	17 0	2,283	2,250	12 012	Vermont
24,694	8 5	22,952	7 9	26 095	9 0	25,100	8 6	8,131	3,064	36 958	Maine
102,014	11 6	70 096	7 9	124,651	14 1	113,966	12 9	35,448	7,244	86,637	Tennessee
25,673	9 0	45 159	15 8	17,707	6 2	56,967	20 0	9,631	5,127	19,965	Utah
94,160	11 3	87,964	10 6	99,782	12 0	72,661	8 7	25,744	6,588	93,252	Kentucky
43,942	8 3	47,038	8 8	41,575	7 8	149,193	28 0	9,252	5,829	78,733	West Virginia
96,247	11 0	90 146	10 3	141,164	16 2	117,678	13 5	25,523	7 280	61,038	Louisiana
66 183	11 7	57 411	10 1	84 389	14 9	53 208	9 4	11,599	4 818	57,659	South Carolina
98 333	12 2	61,076	7 6	128 764	16 0	95,761	11 9	23,355	9 014	66,176	Alabama
46,087	12 5	46 670	12 6	61,841	16 7	63,193	17 1	11,891	4,400	20,994	New Mexico
64,201	12 7	50 729	10 0	61,203	12 1	52,087	10 3	20,064	9 386	40 723	Arkansas
108,304	17 2	50,667	8 1	83 475	13 3	61,660	9 8	18,829	13,821	47,575	Mississippi
											Outlying areas
68 858	15 0	104 868	22 8	117,933	25 6	15,818	3 4	16 405	2,943	50 026	Puerto Rico
3,715	13 3	4,224	15 1	10,152	36 3	499	1 8	1,035	430	4 262	Virgin Islands
8,732	21 3	8,407	20 5	4,704	11 5	2,270	5 5	8,620	377	5,406	Other

[1] Includes small amounts undistributed and adjustments to checks-issued basis

Source Department of the Treasury, *Federal Aid to States, Fiscal Year 1975*

in two 5-year spans a decade apart—from 1955 to 1960 and from 1965 to 1970 The combination of factors producing this expansion, however, varied The absolute dollar increase in grants was practically the same in both periods 121 percent from 1955 to 1960, 122 percent from 1965 to 1970 During the first 5 years, however, the population rose by 9 percent and inflation by 10 percent; during the second, population growth had slowed to 5 percent but money was losing its value faster with 17-percent inflation

Social welfare was being deemphasized in grant disbursements during 1955–60 From a peak in 1947, when they represented 84 percent of the

TABLE 3.—Revenue sharing: Actual use by recipient governments, fiscal years 1975, 1974, and 1973

[Amounts in millions]

Use category	Amount			Percentage distribution		
	1975	1974	1973	1975	1974	1973
Total	$7,185	$6,716	$2,818	100	100	100
Public safety	1,742	1,535	655	24	23	23
Education	1,565	1,381	687	22	21	24
Public transportation	922	988	417	13	15	15
General government	648	639	184	9	10	6
Environmental protection	529	486	188	7	7	7
Health	491	477	166	7	7	6
Recreation and culture	380	308	117	5	5	4
Social services for poor or aged	173	262	88	2	4	3
Financial administration	166	136	70	2	2	2
Housing/community development	102	75	26	1	1	1
Libraries	95	82	18	1	1	1
Corrections	31	43	--	(1)	(1)	--
Economic development	32	37	12	(1)	1	(1)
Social development	18	13	13	(1)	1	(1)
All other	289	253	178	4	4	6

[1] Less than 0.5 percent

Source: Department of the Treasury, Office of Revenue Sharing, *General Revenue Sharing Actual Use Reports*, annual issues

total, these grants declined with some fluctuation to 78 percent of the 1955 level and then to an all-time low of less than 53 percent by 1960. Social welfare's loss was transportation's gain as grants for the latter (largely from the highways trust fund) rose from 20 percent to 44 percent of all grants between 1955 and 1960. From 1965 to 1970 the reverse occurred. Grants for social welfare purposes rose to 70 percent while transportation grants fell to less than 19 percent of all grants.

Prime focus of the 1965–70 increase was on three of the social welfare areas. The then-new field of economic opportunity and manpower, education, marked by the entry of the Federal Government into the financing of higher education and its increased participation at the elementary and secondary levels, and public assistance, with the introduction of Medicaid and the expansion of social services functions. Federal health grants increased even more than did those for public assistance. Then as now, however, they form so so small a part of the overall grants picture (3–4 percent) that their increase was not an important factor in the total growth.

The decade from 1965 to 1975, as a result of the strong forward thrust of the grants, showed the greatest growth of any 10-year period in the 25 years under review. Despite the rising inflation of the early seventies, the period produced a "real" growth of 165 percent. The real increase of 146 percent in the two 10-year periods from 1955 to 1965 and from 1960 to 1970 represented the next highest growth rates.

VARIATIONS IN STATE PER CAPITA INCOME

Since income per capita varies considerably from one State to another, comparisons at levels below the nationwide level are often more meaningful. Therefore, for comparison with other indicators the States are divided into three income groups by ranking them according to the average per capita personal income received in each State during the most recent period of 3 calendar years immediately preceding the start of each fiscal year (table 5). (A 3-year average—sometimes a 5-year average—is required in many of the allocation grants formulas to dampen the effect of sporadic single-year fluctuations.)

Before 1960, the 48 States and the District of Columbia were divided into high- and low-income groups of 16 "States," with a middle-income group of 17. With the admission of Alaska and Hawaii to the Union, the 51 "States" were divided into 3 groups of 17 each.[4]

[4] In 1974, the States were inadvertently divided differently. See technical note at end of article for correction of data for that year.

TABLE 4.—Federal grants in relation to population and prices, fiscal years 1950–75

Fiscal year	Total grants (in millions)[1]		Per capita grants		Population, January 1 (in thousands)[2]	Deflators (1975=100)[3]
	Current dollars	Constant dollars	Current dollars	Constant dollars		
1950	$2,212	$4,618	$14	$30	151,135	47.9
1955	3,096	5,691	19	35	164,588	54.4
1960	6,838	11,378	38	63	179,386	60.1
1965	10,630	16,714	55	86	193,223	63.6
1970	23,576	31,646	115	165	203,849	74.5
1975	48,510	48,510	228	228	212,796	100.0
Percentage increase						
1950–55	40	23	36	17	9	14
1955–60	121	100	100	80	9	10
1960–65	55	47	45	37	8	6
1965–70	122	89	109	80	5	17
1970–75	106	53	98	47	4	34
1950–60	209	146	171	110	19	25
1960–70	245	178	203	146	14	24
1955–65	243	193	189	146	17	17
1965–75	356	190	315	165	10	57

[1] Includes outlying areas.

[2] Bureau of the Census data for total U.S. population, including Armed Forces overseas.

[3] Based on implicit price deflators for personal consumption expenditures prepared for the national income accounts by the Bureau of Economic Analysis, Department of Commerce.

TABLE 5 —1975 Federal grants in relation to personal income, to State and local general revenues and direct general revenues, and to population, by State

States ranked by 1972-74 average per capita personal income	Total grants as percent of—			Per capita grants								
	Personal income, calendar year 1974	Total State-local general revenues, fiscal year 1974 [1]	State local direct general revenues, fiscal year 1974 [2]	Total	Revenue sharing	Public assistance	Health	Education	Economic opportunity and manpower	Miscellaneous social welfare	Transportation	All other
Total				$227 91	$28 80	$65 58	$8 89	$21 94	$22 62	$22 92	$23 47	$33 68
United States	4 2	23 1	28 9	228 83	29 23	66 31	8 86	21 89	22 41	22 64	23 72	33 76
High income group	4 1	21 5	26 7	251 41	30 69	85 80	9 68	21 60	25 13	20 48	20 30	37 71
District of Columbia	13 2	49 8	103 1	940 83	37 76	152 25	64 86	66 53	150 14	66 54	18 23	384 51
Alaska	10 5	38 1	57 5	778 97	29 12	44 41	27 73	164 43	91 13	31 82	305 86	97 57
Connecticut	3 4	22 0	26 8	218 53	25 66	60 12	7 94	16 10	19 01	19 80	17 10	52 82
Delaware	3 3	18 8	23 2	208 75	32 38	43 08	7 22	20 78	21 78	25 03	23 06	35 42
New Jersey	3 3	20 1	24 0	204 89	26 49	64 89	5 66	15 19	23 36	21 65	13 64	34 01
Illinois	3 2	19 1	24 1	199 52	24 60	71 89	6 36	17 49	14 87	27 23	19 68	23 40
New York	5 1	22 1	26 7	313 73	38 05	131 58	8 05	26 24	22 79	24 69	12 84	49 10
Nevada	4 0	20 1	24 2	242 43	23 81	30 00	8 80	21 45	40 45	26 05	55 52	36 35
Hawaii	4 8	22 4	29 1	306 72	33 62	66 81	15 32	33 29	36 62	23 30	63 04	34 74
California	3 9	19 7	24 6	237 20	31 63	86 42	7 56	19 33	30 91	17 00	17 69	26 65
Maryland	3 9	22 6	27 5	237 70	29 68	53 10	38 94	20 52	14 53	18 92	27 90	34 12
Michigan	3 9	21 5	26 5	231 54	28 79	86 09	6 56	19 31	26 98	13 74	19 89	30 20
Massachusetts	4 3	22 8	28 1	250 89	33 66	85 02	9 97	18 45	22 84	24 58	13 23	43 14
Washington	3 9	21 6	26 8	226 88	25 33	58 91	9 69	22 18	31 28	17 09	33 68	28 72
North Dakota	4 7	25 3	32 6	267 59	35 64	48 16	9 15	31 50	25 58	31 10	53 28	33 18
Kansas	3 5	21 9	26 6	197 73	25 71	43 87	7 61	22 08	14 80	17 32	31 53	34 81
Colorado	4 1	22 5	28 6	227 56	26 45	56 08	14 15	27 20	18 59	17 57	33 35	34 17
Middle income group	2 8	16 4	20 8	195 78	26 30	50 16	7 49	18 96	19 18	20 07	24 34	29 29
Ohio	3 0	20 8	25 5	165 73	22 87	40 02	6 45	13 71	16 70	17 12	19 33	29 52
Florida	3 0	19 5	23 2	162 28	23 57	40 38	7 81	15 34	16 12	19 87	21 91	17 28
Pennsylvania	4 2	24 4	30 4	227 02	27 54	67 61	9 17	18 58	20 71	21 10	21 57	40 74
Nebraska	4 1	24 2	29 6	219 20	27 70	45 01	10 23	29 07	16 77	22 73	41 86	25 84
Iowa	3 7	21 5	25 8	193 78	30 15	41 48	7 94	20 12	13 10	16 74	32 87	31 38
Minnesota	4 2	20 6	25 4	229 50	31 36	78 41	6 49	16 39	19 45	22 09	23 29	32 02
Rhode Island	4 9	27 6	36 0	264 57	29 31	86 66	10 29	23 59	29 77	30 02	19 72	35 20
Virginia	3 9	25 3	31 6	212 60	25 53	48 95	5 62	29 46	14 38	17 94	35 73	34 98
Wyoming	4 9	22 9	31 0	268 52	30 28	22 79	10 26	28 47	23 94	18 82	100 00	33 94
Indiana	2 9	18 3	21 4	151 37	24 23	30 30	5 74	15 32	20 74	15 39	13 74	25 89
Oregon	4 6	24 1	31 6	246 49	27 25	59 55	7 01	19 37	28 50	20 80	44 95	39 06
Wisconsin	3 9	19 9	23 9	205 12	33 92	84 44	5 11	13 72	19 04	13 70	12 76	22 42
Arizona	4 1	23 5	28 8	213 54	29 45	12 85	10 64	29 07	29 89	31 71	45 68	24 26
Missouri	3 7	24 3	30 2	190 11	24 59	34 53	9 90	21 41	19 75	20 45	26 40	33 09
Montana	6 0	29 4	38 7	299 79	34 12	51 57	10 10	34 71	41 51	23 87	65 94	37 98
New Hampshire	4 3	27 5	34 8	211 15	24 82	48 29	9 06	15 19	14 47	21 97	32 67	42 60
Texas	3 7	23 5	29 5	184 70	24 73	47 33	6 84	20 86	18 94	23 54	20 28	22 16
Low-income group	3 3	29 4	39 4	240 35	31 50	53 78	9 60	27 76	22 42	32 11	30 03	33 16
South Dakota	6 5	32 3	44 7	310 32	38 71	49 39	8 84	41 96	26 79	34 91	56 43	53 29
Georgia	5 1	28 1	36 9	243 22	26 93	68 87	7 44	23 64	16 79	36 65	26 02	36 89
Idaho	5 1	29 5	40 3	255 29	30 55	48 74	8 20	25 52	20 81	18 16	56 10	41 19
North Carolina	4 2	26 0	33 3	197 25	29 90	43 32	7 66	24 52	18 94	31 04	17 60	24 27
Oklahoma	5 2	29 6	39 7	244 33	26 13	65 35	9 33	29 84	26 13	26 20	22 84	38 50
Vermont	7 1	28 4	38 7	325 38	37 06	89 36	16 37	28 72	27 84	35 52	55 16	35 35
Maine	6 0	29 7	39 4	279 01	36 69	89 24	11 74	23 74	22 07	25 09	24 13	46 30
Tennessee	4 7	28 4	37 2	213 67	29 21	44 35	9 25	24 72	16 98	30 20	27 61	31 34
Utah	5 4	28 1	38 2	242 79	30 93	44 64	13 71	21 87	38 47	15 08	48 52	29 58
Kentucky	5 6	31 1	41 9	250 62	30 03	65 47	10 37	28 39	26 52	30 08	21 91	37 86
West Virginia	6 8	35 6	52 6	298 52	34 11	43 25	10 64	24 63	26 37	23 30	83 63	52 59
Louisiana	5 3	25 9	33 7	234 03	37 46	43 39	8 65	25 80	24 17	37 85	31 55	25 16
South Carolina	4 7	27 7	36 3	209 52	31 40	42 34	11 79	24 48	21 23	31 21	19 68	27 40
Alabama	5 3	30 2	41 2	226 62	29 12	52 37	9 22	27 70	17 20	36 27	26 97	27 76
New Mexico	8 0	33 9	47 8	334 80	35 12	55 80	12 83	41 75	42 27	56 02	57 24	33 77
Arkansas	5 8	35 4	48 4	246 03	31 31	59 14	10 10	31 20	24 65	29 74	25 31	34 10
Mississippi	7 1	34 3	47 9	272 03	42 66	52 10	10 96	46 86	21 92	36 12	26 68	34 71
Outlying areas												
Puerto Rico				161 12		18 20	11 01	24 10	36 71	41 28	5 54	24 28
Virgin Islands				372 76		22 14	26 40	49 53	56 32	135 36	6 65	76 36
Other				175 64		4 98	5 36	37 48	36 08	20 19	9 74	61 82

[1] Revenues (except trust revenues) from all sources
[2] Revenues (except trust revenues) from own sources
Source State and local revenue data from *Government Finances in 1973-74* of the Bureau of the Census Per capita data are based on Bureau of the Census estimates of the total population, excluding Armed Forces overseas, as of July 1, 1974

In most of the annual State arrays the majority of the States remain in the same income group year after year, decade after decade, although they do not necessarily retain the same relative position within their respective groups In many years a change of position of three to five ranks may be meaningless because of slight dollar differences among the States and because States with the same average per capita income are listed alphabetically (In 1950, for example,

Connecticut with $1,622 ranked fifth and Illinois with the same $1,622 was sixth)

When, however, a movement of even one place raises a State from a lower to a higher income group or vice versa, both group averages may be affected The extent to which they are affected depends on whether the State has a relatively large or small population, spends relatively large or small amounts from its own resources for some or all of the purposes for which grants are made, or has an internal economy that responds relatively rapidly or more slowly to economic conditions affecting personal income in the rest of the country

Listed below are those States that have moved between income groups in the past quarter-century The States are ranked according to average per capita personal income for the 3 preceding years

State	Income group [1]			
	1950	1965	1970	1975
Montana	h	m	m	m
Oregon	h	m	m	m
Wyoming	h	m	m	m
Ohio	h	h	h	m
North Dakota	h	m	l	h
Colorado	m	h	m	h
Massachusetts	m	h	h	h
Rhode Island	m	m	h	m
South Dakota	m	l	l	l
Indiana	m	m	h	m
Idaho	m	l	l	l
Missouri	m	h	m	m
Kansas	m	m	m	h
Utah	m	m	l	l
Texas	l	l	m	m
Florida	l	m	m	m
Vermont	l	l	m	l
Virginia	l	m	m	m

[1] High income, h, middle income, m low income, l

To some extent, these shifts represented major changes in the economic position of the States Montana, for example, dropped in per capita income rank from the top 10 in 1950 to thirty-second in 1975, Oregon from twelfth to twenty-eighth, Wyoming from thirteenth to twenty-sixth, and South Dakota from twenty-third to thirty-fifth [5] Conversely, Kansas lifted its ranking from thirty-first to sixteenth, Florida from thirty-seventh to nineteenth, and Virginia from thirty-ninth to twenty-fifth For most of the remaining States, the fluctuations that occurred at 5-year or longer intervals produced changes of less than 10 places Some notable exceptions were North Dakota, which ranked fortieth in per capita personal income in 1970 and fifteenth in 1975, Idaho, which dropped from twenty-eighth in 1950 to forty-first in 1970, and Missouri, which ranked seventeenth in 1965 and thirty-first in 1975

When the quarter-century 1950–75 began, the high-income States as a group were receiving the lowest average grants and the low-income States the highest average in relation to their respective populations The average of the middle-income States fell just above the national average In those years the statutory allocation-formula grants predominated and their statutory equalization features (some of them ultrarefined) were designed to give greater weight—and more money—the lower the income received within a State

States that spend a considerable amount from their own resources for federally aided programs tend to receive more than the national average, whatever their income level It might be expected that, as a result of the equalization aspects of many grant programs, the poor States would receive the largest per capita Federal grants and rich States the smallest Matching formulas built into several of these programs—particularly for the Federal matching of State public assistance expenditures—result, however, in relatively high Federal grants Thus, as table 5 indicates, the States that receive the largest per capita assistance grants include some with the highest per capita incomes in the country as well as some with the lowest

The spread between the lowest and the highest per capita grants-receiving groups of States was 28 percent of the national average as the quarter-century began It had reached an all-time peak—53 percent—in 1956 and by 1960 had narrowed to 47 percent of the national average, still between the low-income and the high-income State groupings Average per capita grants to the middle-income States dropped below the national average in 1962, and by 1968 had dipped below the average of the high-income States The middle-income group of States was thus reduced to the position of lowest grants-receiving group and has remained there ever since Also, significantly, in 1975 the low-income and high-income

[5] The 1950 rankings take account of Alaska and Hawaii by assigning them positions among the high income group that roughly matched their positions in subsequent years

States changed places as prime grants receivers The high-income States are now the highest per capita grants-receiving group

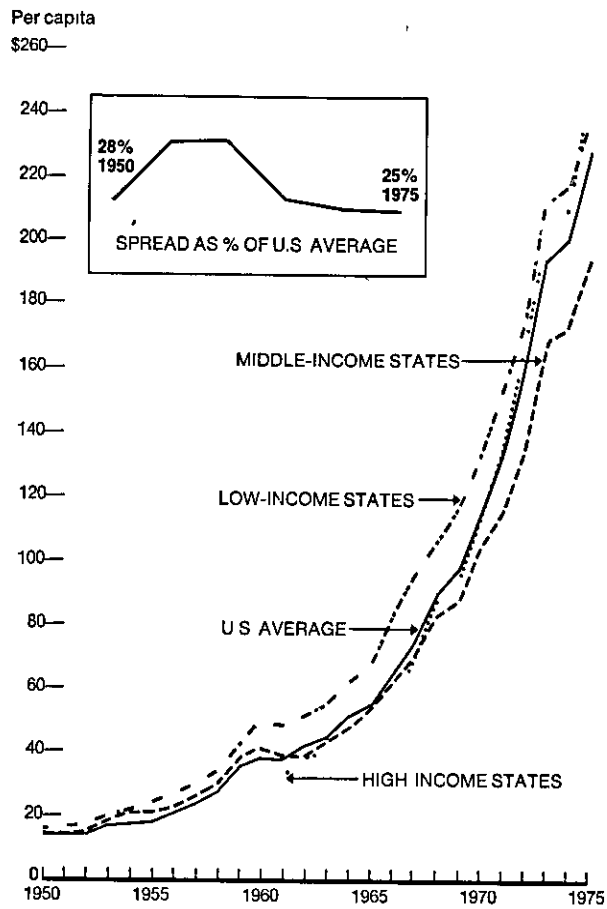
The movement of the three income groups of States in relation to each other and to the national average of grants per capita is perhaps most readily grasped visually, as the accompanying chart illustrates (Since the small inset chart showing the spread around the national average is plotted at 5-year intervals, neither the 1953 peak of 53 percent nor the 1974 low of 22 percent is visible) The population base for the per capita figures is that of the States and the District of Columbia and excludes outlying areas, the grants data represent the grants made to each jurisdiction and also exclude outlying areas Data for 1971–74 have been revised to omit food stamp grants entirely (including the very small amounts retained in the series as the Federal share of administering the program) According to a spot check among the income groups of States, inclusion or omission produces differences so small as to be lost in the rounding to dollars and cents

Comparison of the relationship of Federal grants to State and local revenues discloses very small year-to-year differences, but here too the long-term trend is upward In table 5 the 1975 grants are compared with all State and local general revenues (including the grants themselves) for fiscal year 1974, the latest year shown in published data from the Census of Governments This comparison yields a ratio of 23 percent The ratio will undoubtedly become somewhat smaller when revenues of 1975 become the divisor

A more revealing ratio is that between the grants and the general revenues raised by the States and localities from their own sources—the direct revenues The 1975 grants added 29 percent to "own source" income of the lower government units, calculated in relation to 1974 revenues The historical ratios of grants to State-local direct general revenues of the same year for the past quarter-century are·

Fiscal year	*Percent*
1950	12 0
1955	11 1
1960	15 7
1965	16 9
1970	21 6
1975 (estimated)	26 6

Grants per capita National average and average of high-, middle and low income States, fiscal years 1950–75



The shift toward greater supplementation of State-local income through Federal grants is clear In 1950, for example, for every dollar raised by the States and localities the Federal Government added 12 cents By 1975, the Federal Government was contributing an estimated 27 cents (general revenue sharing included) for each dollar raised by the lower government levels

The predecessor agency of the Department of Health, Education, and Welfare—the Federal Security Agency—was administering about 60 percent of all grants in 1950, 25 years later, disbursements for programs under the Department's jurisdiction accounted for only 45 percent of the grants total In the same span, however, the dollar amount of the Department's grants was nearly 17 times greater—going from a 1950 total of $1 3 billion to a 1975 aggregate of $22 0 billion In the intervening years, especially during the sixties with the ascendancy of highway trust

fund activities, the proportion first dropped to 40 percent of all grants (1960 and 1965), then rose to 52 percent (1970), and after the 1973 start of revenue sharing dropped to the 45 percent for 1975

Throughout the quarter-century, Department of Health, Education, and Welfare grants formed about three-fourths of total grants for social welfare purposes The remaining fourth went for programs of other Federal agencies—mainly the various agricultural surplus and child nutrition programs through the early sixties and then economic opportunity and manpower programs

COMPOSITION OF GROUPED GRANT CATEGORIES

The terminology for the individual grants programs, as listed below, is that used by the Treasury Department source All references to years in this section (as throughout the article) are for Federal fiscal years ending June 30

Revenue sharing—Under the State and Local Fiscal Assistance Act of 1972, general revenue sharing, 1973 to date

Public assistance—All Federal-State assistance programs of income maintenance, medical and social services, demonstration projects, and administration, reported by aid category through 1968 and thereafter in various summary forms Old age assistance and aid to the blind, 1936–74, aid to families with dependent children, 1936 to date, aid to the permanently and totally disabled, 1951–74, medical assistance for the aged, 1961–70, aid to the aged, blind, or disabled, 1964–74, and medical assistance, 1966 to date

Health—Promotion of welfare and hygiene of maternity and infancy, 1930, health services (delivery)—formerly maternal and child health services, services for crippled children, and public health services—1936 to date, venereal disease control, 1941–71, emergency maternity and infant care, 1943–49 and 1951, construction of community (health) facilities, 1945 and 1954–56, tuberculosis control, 1945–71, cancer control, 1948–71, mental health research and services (activities), 1948–74, hospital survey and construction, 1948–72, heart disease control, 1950–64, construction of heart disease research facilities and industrial waste studies, 1950–53, construction of cancer research facilities, 1950–54, emergency poliomyelitis vaccination, 1956–61, water pollution control (sanitary engineering and environmental health activities), 1957–66, health research construction, 1957–72, chronic diseases and health of the aged, 1962–71 radiological, urban, and industrial health, 1963–69, vaccination assistance, 1964, preventive health services (formerly communicable disease activities), 1964 to date, dental health, 1965–71 and 1975, air pollution control, 1965–70, nursing services, 1966–71, medical care services, 1967, health services planning and development (formerly comprehensive health planning and services, community health services, and construction of hospital, health education, and health research facilities), 1968–74, regional medical services, 1968–71, child welfare services, 1969–70, environmental control, and special health services, 1970, patient care, 1970 and 1972 to date, Indian health, 1972 to date, and health resources and alcohol, drug abuse, and mental health, 1975

Education—Colleges for agriculture and mechanic arts, 1930–71, cooperative vocational education, and American Printing House for the Blind, 1930 to date, cooperative State research (agricultural experiment stations), 1930–67, agricultural extension work, 1930 to date, State marine schools, 1930–69 and 1971 to date, education emergency grants, 1936–41, training defense workers, 1941–46, schools assistance (maintenance and operation) in federally affected areas, 1950 to date, White House Conference on Education, 1955, defense education, 1959–70, educational improvement for the handicapped, 1960 to date, higher education facilities construction, 1965–70; adult education, 1965–67, elementary, secondary, and higher education activities, 1966 to date, equal education opportunity, 1966–72, Teacher Corps, 1968–70, health manpower education and utilization, 1968–74, manpower development institutional training (formerly classroom instruction), 1969–73, emergency school assistance, and educational professions development, 1971 to date, human (formerly child) development, 1972 to date, and Indian education, 1975

Economic opportunity and manpower—State administrative expenses (formerly employment security administration), 1963 to date, manpower development activities and related programs, 1963–73, work experience and training, community action, 1965 to date, Neighborhood Youth Corps, 1965–73, adult training and development, 1967–70, work incentive activities, 1969 to date, concentrated employment, 1971–73, public service (careers) employment and equal employment opportunity, 1971 to date, Operation Mainstream, 1971–73, public employment, 1972, emergency employment assistance and minority business development, 1973 to date, Comprehensive Employment and Training Act (CETA) activities, 1974 to date, and job opportunities, and public service employment, 1975

Miscellaneous social welfare—Vocational rehabilitation, 1930–68, State homes for disabled soldiers and sailors, 1930–64, employment service administration, 1934–43 and 1947–62, child welfare services, 1936–68, 1971 to date, unemployment insurance administration, and funds for strengthening markets, income, and supply (formerly removal of surplus agricultural commodities), 1936 to date, school lunch, 1940–68, Federal annual contributions to public housing authorities, 1940–62, and low rent public housing, 1963 to date, community-war-service day care, 1943, veterans' re use housing, 1947–61, administration of veterans' unemployment and self-employment allowances, 1948–53, veterans' on the-job training supervision, 1948–64, value of commodities furnished by Commodity Credit Corporation, 1950–71, and CCC price support donations, 1973, defense public housing, 1954, school and special milk, 1955–68, distribution of certain tax collections to State accounts in the unemployment trust fund, 1956–58, White House Conference on Aging, 1960–61, Federal share of food stamps redeemed, 1962–70, housing demonstration, 1964–65, Veterans Administration programs (1965 to date—including, as each started, States homes and nursing homes for disabled soldiers and sailors, extended-care facilities, hospitals, and health manpower training facilities—and 1965–67, veterans' on the-job training), child

nutrition, 1969 to date, mental retardation, 1969–70, Indian affairs and State administration of food stamp program, 1971 to date, social and rehabilitation services, 1973 to date (formerly reported as Administration on Aging, 1966–72, juvenile delinquency prevention and control, 1969–72, maternal and child health and welfare, 1972, rehabilitation services and facilities, 1969–72, and research, training, administration, and demonstration projects associated largely with vocational rehabilitation, 1969–72), farm homes, 1973–74, and drug abuse prevention, 1974

Transportation—Cooperative construction of rural post roads, 1930–40, Federal-aid highways (regular and emergency, prewar and postwar) and trust fund activities, restoration of roads and bridges, flood relief, secondary and feeder roads, grade-crossing elimination, 1931 to date, National Industrial Recovery Act highway activities, 1934–44, 1947–49, and 1951, emergency relief activities, 1936–44 and 1952, access roads, flight strips, and strategic highway network, 1942–57 and 1959, public land highways, 1943 to date, payment of claims, 1946–52, war damage in Hawaii, 1948–56, reimbursement of D C highway fund, 1955–58, Federal airport program and forest highways, 1958 to date, Appalachia highways, 1966–67, highway beautification and control of outdoor advertising, highway safety, and landscaping and scenic enhancement, 1967 to date, and State boating safety assistance and natural-gas pipeline safety, 1972 to date

Urban affairs—Community facilities, 1945–49, slum clearance and urban renewal, 1953 to date, defense community facilities and services, 1953 and 1955–60, urban planning assistance, 1956 to date, open space land, 1964 to date, mass transportation, 1965 to date, neighborhood facilities, and water and sewer facilities, 1967 to date, model cities and advance land acquisition, 1968 to date, metropolitan development, 1969–72, urban transportation, 1969 to date, Urban Mass Transportation Administration and community development training, 1973 to date, and community development block grants, 1975

Agriculture and natural resources—Forest fire cooperation, 1930–51, cooperative distribution of forest planting stock, 1930–44, reclamation, 1936, wildlife (and fish) restoration (and management), 1939 to date, supply and distribution of farm labor, 1943–49, State and private forestry cooperation, 1945–64, cooperative projects in marketing, 1948 to date, flood and forest-fire control, 1949–53, watershed protection and flood control and prevention, 1954 to date, drought relief, 1954–57, basic (agriculture) scientific research, 1965–68 and 1971–73, forest protection, utilization, and restoration, 1965–73, land and water conservation, 1965–66, water resources research, 1966 to date, commercial fisheries research and development, 1967–70, Water Resources Council, 1967 to date, cooperative State research service (formerly agricultural experiment stations, listed with education grants through 1967), and meat and poultry inspection, 1968 to date, domestic farm labor, 1968–69, cropland adjustment, 1969 to date, and mineral resources conservation and development, 1971–72

Miscellaneous—Civil Work Administration advances, 1934, Federal Emergency Relief Administration, 1934–38, Federal Emergency Administration of Public Works, 1934–41, Public Works Administration, 1942–44, war public works, 1942–49 (including liquidation), public works advance planning, 1947–49, disaster and emergency relief and State preparedness, 1949–51 and 1953 to date, industrial waste studies, and defense public works, 1950, civil defense and preparedness, 1952 to date, libraries and community services, 1957 to date, waste treatment works construction, 1957–70 and 1973, civil defense research and development, 1959–61, National Science Foundation facilities, 1958, small business research and management counseling, 1959–66 (including liquidation), area redevelopment assistance and public facilities, 1963–67, accelerated public works, 1963 to date, educational television, 1965–66 and 1968–69, rural water and waste disposal, 1966 to date, arts and humanities activities, 1966–68, Department of Commerce State technical services, 1966–70, Appalachian assistance and regional development and law enforcement assistance, 1966 to date, economic development facilities, technical and community assistance, and National Foundation on the Arts and the Humanities, 1967 to date, economic development planning and research, 1968–71 and 1973, environmental protection construction, operations, research, and facilities, oceanic and atmospheric research, development, and facilities, Corporation for Public Broadcasting, and preservation of historic properties, 1971 to date, intergovernmental personnel assistance, and U S Travel Service, 1972 to date, Regional Action Planning Commission, Occupational Safety and Health Administration, and new community assistance, 1973 to date, mine health and safety, 1973, mines and minerals, 1974, coastal zone management, 1974 to date, and economic development planning technical assistance, 1975

Technical Note

In the review of 1974 grants (*Social Security Bulletin*, September 1975), totals for the middle-income group were prepared from data for only 16 instead of 17 States and totals for the low-income States from data for 18 States instead of 17 Texas, correctly numbered 34 in descending order of per capita personal income, was the State that came out, inadvertently, below the dividing line The most serious effects were (1) a dilution of the group totals of grants per capita for the low-income States as a whole and an equally incorrect augmentation of the totals for the middle-income States (table 4 of that year),

(*Continued on page 46*)

TABLE M–2.—Public income-maintenance programs: Hospital and medical care payments, 1940–76

[In millions]

Period	Total	OASDHI (health insurance)[1]			Other programs			
		Total	Hospital insurance[2]	Medical insurance	Veterans	Temporary disability[3]	Workmen's compensation[4]	Public assistance[5]
1940	$165				$70		$95	
1945	222				97		125	
1950	832				573	$7	200	$52
1955	1,265				688	20	325	232
1960	1,846				848	41	435	522
1961	2,093				899	46	460	688
1962	2,406				940	46	495	925
1963	2,611				971	50	525	1,065
1964	2,890				1,019	51	565	1,255
1965	3,204				1,072	52	600	1,480
1966	4,898	$1,019	$891	$128	1,137	54	680	2,008
1967	9,554	4,549	3,353	1,197	1,328	53	750	2,873
1968	12,107	5,697	4,179	1,518	1,429	55	830	4,096
1969	13,837	6,603	4,739	1,865	1,573	59	920	4,681
1970	15,614	7,099	5,124	1,975	1,793	66	1,050	5,606
1971	18,109	7,868	5,751	2,117	2,087	71	1,130	6,953
1972	21,162	8,643	6,319	2,325	2,409	65	1,240	8,805
1973	23,722	9,584	7,057	2,526	2,681	69	1,470	9,919
1974	29,078	12,419	9,101	3,318	3,076	71	1,730	11,782
1975	35,545	15,591	11,318	4,273	3,551	69	1,990	14,344
1975								
May		1,265	934	331	287			1,165
June		1,250	911	339	288			1,238
July		1,317	958	359	327			1,158
August		1,234	890	344	291			1,156
September		1,328	969	359	305			1,196
October		1,436	1,032	404	330			1,283
November		1,273	922	351	293			1,177
December		1,422	996	426	334			1,279
1976								
January		1,361	977	384	331			1,319
February		1,373	981	392	303			1,209
March		1,588	1,162	427	340			1,396
April		1,558	1,151	407	331			1,354
May		1,426	1,036	390	314			(6)

[1] Benefit expenditures from the Federal hospital insurance and supplementary medical insurance trust funds as reported by the U.S. Treasury.

[2] Excludes payments by Railroad Retirement Board for beneficiaries in Canadian hospitals.

[3] Benefits in California and New York (from 1950), including payments under private plans. Monthly data not available.

[4] Benefits under Federal workmen's compensation laws and under State laws paid by private insurance carriers, State funds, and self-insurers. Beginning 1959, includes data for Alaska and Hawaii. Monthly data not available.

[5] Federal matching for medical vendor payments under public assistance began October 1950.

[6] Data not available.

Source: U.S. Treasury and unpublished data from administrative agencies.

FEDERAL GRANTS

(*Continued from page 33*)

and (2) overstatement of the total amounts and possibly also of the percent of total for some of the respective purposes for the low-income group, with concomitant understatement for the middle-income States (table 2). All figures for individual States in all groups were correct, as were the high-income group totals, the U.S. totals, and the grand totals.

For users of the grants series who may wish to correct their time series, the revised data follow:

Item	Total	United States	Income group		
			High	Middle	Low
Total grants (in millions)	$44,902	$44,446	$22,459	$12,206	$9,754
As percent of:					
Personal income, calendar year 1973		4.2	5.0	3.7	5.8
Total State-local general revenues, fiscal year 1973		23.4	21.2	22.8	31.9
State-local direct general revenues, fiscal year 1973		29.5	26.5	28.0	42.9
Per capita grants:					
Total	$212.58	$213.58	$222.30	$184.63	$238.40
Revenue sharing	28.91	29.34	30.00	26.90	31.70
Public assistance	59.96	60.58	75.57	43.37	51.46
Health	5.87	5.82	5.43	5.54	7.28
Education	19.21	19.20	17.96	17.47	25.11
Economic opportunity and manpower	17.02	16.85	18.54	14.04	16.80
Miscellaneous social welfare	31.23	30.97	27.11	27.73	45.72
Highways	21.39	21.66	18.30	22.90	27.89
All other	28.99	29.16	29.40	26.68	32.44