

# Notes and Brief Reports

## Social Welfare Expenditures

Social welfare expenditures of all types under civilian public programs amounted to just under \$26 billion in the fiscal year 1952-53. While the total dollar expenditures for these purposes were more than \$1 billion higher than in the preceding year, they represented a slightly smaller proportion of the national income and of government expenditures for all purposes than they did in earlier years.

The largest proportionate increase during 1952-53—16 percent—was in social insurance payments. The expansion of coverage and the gradual maturing of old-age and survivors insurance have been responsible for most of the increase in social insurance payments since 1940.<sup>1</sup> This trend may be expected to continue for many years. Increases in benefit amounts made as a result of rising prices and wages were reflected in the year's expenditures under other social insurance programs as well as under old-age and survivors insurance.

Expenditures from public funds for civilian health and medical services other than services for veterans increased 8 percent. The largest proportionate increase was in funds for community health services, which in 1952-53 accounted for 35 percent of the total. Hospital construction expenditures decreased slightly compared with those for 1950-51 and 1951-52, and represented 15 percent of the total. Hospital and medical care, including expenditures under the maternal and child health programs, accounted for 50 percent. The amounts shown under health and medical services do not include about \$519 million spent for hospitalization and medical care under workmen's compensation, public assistance, vocational rehabilitation, and the California temporary disability insurance program, which are included in the expenditures shown for those programs. A detailed

<sup>1</sup>For data for earlier years, see the *Bulletin* for February 1953, page 14.

breakdown of the \$519 million can be obtained from table 3, page 35, in the September 1954 *BULLETIN*. Expenditures for veterans' health and medical services in 1952-53 amounted to \$737 million, bringing to about \$4

billion total public expenditures for health and medical services—other than expenditures by the military and the Atomic Energy Commission.

Expenditures for public aid and for education increased about 6 percent from 1951-52 to 1952-53. The amount spent under the veterans' program decreased 10 percent, re-

Table 1.—Social welfare expenditures in the United States under civilian public programs, fiscal years 1950-51 through 1952-53<sup>1</sup>

[In millions]

Program	1952-53	1951-52	1950-51
Total			
Total.....	\$25,955.0	\$24,633.7	\$23,608.5
Social insurance.....	6,589.6	5,663.8	4,761.6
Public aid <sup>2</sup> .....	2,727.4	2,584.1	2,584.9
Health and medical services <sup>3</sup> .....	2,835.9	2,616.7	2,396.2
Other welfare services <sup>4</sup> .....	708.3	695.1	533.0
Education.....	8,872.4	8,353.8	7,826.7
Veterans' programs <sup>5</sup> .....	4,221.4	4,720.1	5,506.1
From Federal funds			
Total.....	\$10,406.6	\$9,848.8	\$9,638.3
Social insurance.....	4,198.2	3,332.3	2,712.6
Old-age and survivors insurance.....	2,716.9	2,067.0	1,568.5
Railroad retirement.....	465.1	390.7	321.0
Public employee retirement.....	654.9	586.9	555.9
Unemployment insurance and employment service.....	204.5	195.3	177.8
Railroad unemployment insurance.....	57.8	26.3	28.3
Railroad temporary disability insurance.....	45.4	27.7	28.9
Workmen's compensation.....	43.6	38.3	32.1
Public aid <sup>2</sup> .....	1,361.0	1,210.7	1,189.6
Health and medical services <sup>3</sup> .....	341.7	350.4	320.8
Other welfare services <sup>4</sup> .....	126.0	124.3	117.3
Education.....	272.4	253.8	126.7
Veterans' programs <sup>5</sup> .....	4,107.3	4,577.3	5,171.4
Pensions and compensation <sup>6</sup> .....	2,467.7	2,195.0	2,120.8
Readjustment allowances.....	.5	.7	11.0
Health and medical services <sup>7</sup> .....	737.4	764.8	691.1
Education.....	704.6	1,382.2	2,020.5
Welfare and other <sup>8</sup> .....	197.1	234.7	328.1
From State and local funds			
Total.....	\$15,548.4	\$14,784.9	\$13,970.2
Social insurance.....	2,391.4	2,331.5	2,049.0
Public employee retirement.....	460.0	414.0	367.0
Unemployment insurance and employment service.....	912.9	991.8	872.7
State temporary disability insurance.....	198.1	178.0	139.6
Workmen's compensation <sup>9</sup> .....	820.4	747.7	669.7
Public aid <sup>2</sup> .....	1,366.3	1,373.4	1,395.2
Health and medical services <sup>3</sup> .....	2,494.3	2,266.3	2,075.5
Other welfare services <sup>4</sup> .....	582.3	570.9	415.7
Education.....	8,600.0	8,100.0	7,700.0
Veterans' programs.....	114.1	142.8	334.7

<sup>1</sup>Data represent expenditures from public funds (general and special) and trust accounts, and other expenditures under public law; exclude transfers to such accounts and loans; include administrative expenditures unless otherwise noted. Fiscal years ended June 30 for Federal Government, most States, and some localities; for other States and localities fiscal years cover various 12-month periods ended in the specified year.

<sup>2</sup>Old-age assistance, aid to dependent children, aid to the blind, aid to the permanently and totally disabled, and, from State and local funds, general assistance.

<sup>3</sup>Includes hospital construction and medical research; excludes health and medical services provided in connection with veterans' programs, public education, public aid, workmen's compensation, and vocational rehabilitation (included in total expenditures shown for those programs); also excludes medical expenditures of the Military Establishment and the Atomic Energy Commission and

those provided subordinate to the performance of other functions, such as those of the Civil Aeronautics Authority.

<sup>4</sup>Represents vocational rehabilitation, child welfare services, school lunch program, and institutional care.

<sup>5</sup>Excludes Federal bonus payments, appropriations to Government life insurance trust fund, and accounts of several small revolving funds.

<sup>6</sup>Includes burial awards.

<sup>7</sup>Includes hospital construction.

<sup>8</sup>Vocational rehabilitation, specially adapted homes and automobiles for disabled veterans, counseling, beneficiaries' travel, loan guaranty, and domiciliary care.

<sup>9</sup>Represents payments by private insurance carriers, State funds, and self-insurers of benefits payable under State law and estimated costs of State administration. Administrative costs of private insurance carriers and self-insurers not available.

**Table 2.—Social welfare expenditures under civilian public programs in relation to gross national product, fiscal years 1950–51 through 1952–53**

Program	Social welfare expenditures as percent of gross national product		
	1952–53	1951–52	1950–51
Total.....	7.2	7.3	7.6
Social insurance.....	1.8	1.7	1.5
Public aid.....	.8	.8	.8
Health and medical services.....	.8	.8	.8
Other welfare services.....	.2	.2	.2
Education.....	2.5	2.5	2.5
Veterans' programs.....	1.2	1.4	1.8

flecting primarily the continued tapering off of the educational benefits program.

Social welfare expenditures under civilian public programs in 1952–53 accounted for about 25 percent of all government expenditures for all purposes; in 1950–51 they had represented 35 percent. Federal funds spent for social welfare took 10 percent of all Federal Government expenditures and 61 percent of State and local government expenditures for all purposes in 1952–53.

**Table 3.—Per capita social welfare expenditures, fiscal years 1950–51 through 1952–53**

Program	1952–53	1951–52	1950–51
Total.....	\$167.58	\$161.75	\$156.35
Social insurance.....	42.55	37.19	31.53
Public aid.....	17.61	16.97	17.12
Health and medical services.....	18.31	17.18	15.87
Other welfare services.....	4.57	4.56	3.53
Education.....	57.29	54.85	51.83
Veterans' programs.....	27.26	31.00	36.46

As in the two previous years, about 60 percent of all social welfare expenditures under civilian public programs came from State and local funds and about 40 percent from Federal funds. Almost all the Federal funds other than those spent for veterans and for social insurance programs represented grants-in-aid to the States or localities. As a result about 68 percent of all social welfare expenditures were for programs administered by State or local governments.

## Vocational Rehabilitation Act Amendments\*

On August 3, President Eisenhower signed the Vocational Rehabilitation Amendments of 1954, which became Public Law No. 565. The amendments constituted the first major revisions in the vocational rehabilitation program since 1943.

The "disability freeze" provisions of the 1954 amendments to the Social Security Act established a relationship between the Bureau of Old-Age and Survivors Insurance and the State agencies concerned with vocational rehabilitation. For this reason the amendments to the Vocational Rehabilitation Act may be of particular interest to BULLETIN readers.

In January 1954 the President, in announcing his health proposals for the Nation, recommended to Congress that legislation be enacted to develop and expand vocational rehabilitation to the point where it would be able to provide rehabilitation services for most of those who become newly disabled, or newly eligible for services, each year. To do this, he proposed a 5-year program of expansion in which the State-Federal program would be restoring about 200,000 persons annually by 1959, instead of the 60,000 persons now being rehabilitated each year.

Congress held extended hearings on legislation to accomplish this purpose. In July the Vocational Rehabilitation Amendments of 1954 were passed without a dissenting vote and became law, with the President's signature, on August 3.

The new law retains the present program, both in level of operations and range of services authorized, as a foundation on which to base expansion. In addition, it opens up new areas of service and program development for which the public program had no authorization in the earlier legislation.

The old law provided for financing the program on an "open end" basis; the Federal Government was obligated to reimburse the States for all necessary expenditures for administration of the program and for coun-

seling and placing disabled clients in jobs, and for one-half the costs of the rehabilitation services provided. Thus, the Federal amount was dependent upon the amount of State expenditures.

The act as amended provides a completely different financing basis. Federal grants of three types are now authorized: (1) Grants for basic vocational rehabilitation services, for the principal purpose of continuing and expanding rehabilitation services and providing them to more people; (2) extension and improvement grants, to encourage a State to move into new areas of service not heretofore provided for the disabled or to expand the range of services, and to produce a broad and balanced program; (3) special project grants, to provide financial support for those projects that have promise of advancing vocational rehabilitation generally and contributing to new knowledge in the field, including research and training of personnel.

Each of the three types of grants is authorized on its own allotment and matching basis. Allotments for basic support of services are made on a variable grant basis—that is, on a formula of population weighted by per capita income squared. Such a formula has the effect of providing the highest allotment for the State having the least ability to finance its own program, and conversely, the lowest allotment for the State having the greatest financial resources. To ensure the uninterrupted operation of each State program while this new financing method is being introduced and operated, the act provides that no State will receive less in Federal funds through the basic support grant than it received in reimbursement for expenditures made during the fiscal year 1953–54—with the stipulation, of course, that the State contributes no less than it did in 1954. A formula likewise is introduced to establish the Federal share for each State for matching. While this amount varies from State to State, the provisions call for a maximum Federal share of 70 percent, a minimum of 50 percent, and a national "pivot" of 60 percent.

Grants for extension and improvement are allotted on the basis of

\*Prepared in the Office of the Director, Office of Vocational Rehabilitation.