Social Welfare Expenditures in the United States, 1956–57

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This review and analysis of social welfare expenditures in the United States continues the annual series presented by the Bulletin. Certain changes in the items included and in the grouping of individual items have been made in this year's article, based in part on the advice of a small group of consultants who reviewed the concepts underlying the series and some of the problems of definition and classification involved.

THE twentieth century has seen the development in country after country of social welfare programs of increasing scope and complexity. Perhaps as significant as the programs' expansion is the growing recognition of the essential nature of their function in a modern industrialized economy. The shift from an agricultural society and the extended family system to an economy based on division of labor, complex technologies, the small unitary family, and a money-and-credit system of distributing income has necessitated a parallel shift in the social basis for caring for nonproducing groups in the population. The skills and competencies required in a technologically developed society, as well as the skills and wisdom necessary for the development of public policy in an interdependent world, give both a new importance and a new character to education and educational services. Science has transformed medical care from a personal art into a highly organized and multifaceted discipline. Urban and suburban living have created new demands for socially organized health and welfare services. Rising levels of living have brought to the fore the problems of groups with special handicaps or unusual needs and made possible a variety of special services for them.

In individual countries, in international organizations, and among many different professional groups there have been in the past few years increasingly numerous attempts to measure the aggregate resources being used for social welfare purposes and to evaluate the social and economic effects of social welfare expenditures. Such analysis faces as an initial obstacle a lack of clearcut definitions, as well as a lack of data. Social programs, much more than methods of production or even economic organization, carry the marks of the history and culture of the nation in which they have developed. International comparisons in the social field are not readily made and must usually be accompanied by many qualifications. They are becoming more meaningful, however, both through the efforts of various agencies of the United Nations to achieve commonly understood and commonly accepted classification systems and through refinement of the data available for individual countries.

The series on social welfare expenditures that has been presented in the SOCIAL SECURITY BULLETIN beginning in 1951 attempts to bring together basic data of this kind for the United States. The articles have also shown trends in the proportion of the economy's total output and of total government expenditures and Federal, State, and local government expenditures going into such programs. The data have always been presented with numerous classifications to permit regrouping for special purposes. Nevertheless, there have remained—and will always remain—many problems of inclusion or exclusion and of the grouping of individual items to make the series most useful.

This spring the Division of Program Research asked a small group of consultants to review some of these problems and to advise both on specific questions and on any general points they wanted to raise. Their review was of great value. On a number of points, the consultants were not in complete agreement. On many others, there was a consensus. The decisions that are reflected in the tables presented this year and discussed below are the responsibility of the Division. They were made with much greater assurance because of the consultants' advice.

To some extent, the decisions represent new or continuing compromises with the hard facts of limited staff time and unavailability of data. Since some of these conditions may change in future years, it may be desirable to indicate the general directions in which it is planned to develop the series.

Whatever definition of social welfare programs or activities is used, there are several different contexts in which it is desirable to look at social welfare expenditures. The primary one around which the series has been organized is that of program expenditures. This classification identifies total expenditures, including costs of administration, under designated programs — in this instance, civilian public programs of income maintenance, health, education, public housing, and other welfare services. The data thus compiled give a measure of the shares of the total national output and of all public expenditures that have been going to these designated programs.

The use in the series of this concept has resulted in the inclusion of all expenditures for statutory workmen's compensation and temporary disability insurance benefits — even those amounts paid by private insurers or directly by employers as self-insurers. Here the statutory requirement for benefit payments is regarded as overriding, and the program as a whole is treated as social insurance. For the health, education, and welfare services, however, the program boundaries implied in the

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series are those of the services provided from public funds.

An alternative approach would be to look at all the services provided by publicly administered hospitals, schools, and welfare or other agencies—whether financed from public funds, private fee payments, or gifts. It is hoped to develop at a later time estimates that will make it possible to supplement the basic series with another showing total costs of publicly administered social welfare programs by source of funds.

A third, and for some types of analysis the most significant, organizing principle centers not around programs but around purposes or func-

Table 1.—*Social welfare expenditures under public programs, fiscal years 1954–55, 1955–56, and 1956–57*[1]

[In millions; revised estimates]

Program	Total expenditures			From Federal funds			From State and local funds		
	1956–57	1955–56	1954–55	1956–57	1955–56	1954–55	1956–57	1955–56	1954–55
Total	$37,900.3	$34,596.1	$32,144.2	$17,327.5	$15,367.5	$13,909.6	$20,572.9	$19,228.5	$18,234.9
Social insurance	12,457.9	10,623.3	9,864.5	8,947.2	7,528.0	6,428.9	3,510.8	3,095.3	3,435.8
Old-age, survivors, and disability insurance	6,665.9	5,485.2	4,436.3	6,665.9	5,485.2	4,436.3			
Railroad retirement	706.8	603.2	575.6	706.8	603.2	575.6			
Public employee retirement [2]	1,756.2	1,560.2	1,364.5	1,039.2	935.2	799.5	717.0	625.0	565.0
Unemployment insurance and employment service [3]	1,841.1	1,621.4	2,113.9	336.7	338.9	354.1	1,504.5	1,282.5	1,759.9
Railroad unemployment insurance	88.1	59.7	158.7	88.1	59.7	158.7			
Railroad temporary disability insurance	52.0	52.7	54.2	52.0	52.7	54.2			
State temporary disability insurance, total	257.2	233.0	218.8				257.2	233.0	218.8
Hospital and medical benefits [4]	25.4	22.7	20.6				25.4	22.7	20.6
Workmen's compensation, total [5]	1,090.6	1,007.9	942.5	58.5	53.1	50.5	1,032.1	954.8	892.1
Hospitalization and medical benefits [4]	360.0	335.0	315.0	7.3	6.8	6.9	352.7	328.2	308.1
Public aid	3,306.9	3,113.1	3,001.5	1,688.3	1,553.8	1,502.7	1,618.5	1,559.3	1,498.8
Public assistance [6]	3,228.9	3,022.1	2,939.6	1,610.3	1,462.8	1,440.8	1,618.5	1,559.3	1,498.8
Other [7]	78.0	91.0	61.9	78.0	91.0	61.9			
Health and medical programs [8]	3,409.9	3,077.4	2,969.7	1,202.7	998.4	982.7	2,207.2	2,079.0	1,987.1
Hospital and medical care	2,227.3	2,125.8	2,052.1	643.0	630.8	673.1	1,584.3	1,495.0	1,379.0
Civilian programs	1,673.3	1,577.8	1,449.5	89.0	82.8	70.5	1,584.3	1,495.0	1,379.0
Defense Department and Medicare	554.0	548.0	602.6	554.0	548.0	602.6			
Maternal and child health services [9]	113.9	104.8	93.4	31.6	28.3	24.2	82.3	76.5	69.3
Medical research [10]	183.0	115.9	105.9	183.0	115.9	105.9			
Other public health activities [11]	444.5	382.8	327.0	170.9	127.3	86.2	273.6	255.5	240.8
Medical facilities construction	441.2	348.1	391.3	174.2	96.1	93.3	267.0	252.0	298.0
Defense Department	83.4	25.8	8.9	83.4	25.8	8.9			
Other	357.8	322.3	382.4	90.8	70.3	84.4	267.0	252.0	298.0
Other welfare services	754.5	683.1	565.6	375.7	321.7	245.2	378.9	361.3	320.4
Vocational rehabilitation, total	65.0	55.0	42.1	43.2	36.4	27.2	21.8	18.6	14.9
Medical rehabilitation [12]	14.7	12.2	9.4	9.9	8.0	6.0	4.8	4.2	3.5
Institutional and other care [13]	167.0	189.1	149.9	33.2	50.3	41.4	133.8	138.8	108.5
School lunch	362.7	293.2	238.4	291.0	227.7	169.4	71.7	65.4	69.0
Child welfare [14]	159.8	145.8	135.2	8.3	7.3	7.2	151.6	138.5	128.0
Veterans' programs [15]	4,681.2	4,612.4	4,363.3	4,641.9	4,523.2	4,301.7	39.3	89.2	61.6
Pensions and compensation	2,906.5	2,826.0	2,712.3	2,906.5	2,826.0	2,712.3			
Health and medical services	769.7	750.7	755.0	769.7	750.7	755.0			
Hospital and medical care	732.9	723.5	722.0	732.9	723.5	722.0			
Hospital construction	36.8	27.2	33.0	36.8	27.2	33.0			
Education	811.0	803.5	700.0	811.0	803.5	700.0			
Welfare and other	194.0	232.2	196.0	154.7	143.0	134.4	39.3	89.2	61.6
Education	13,170.3	12,376.2	11,291.0	371.1	351.5	374.4	12,799.2	12,024.7	10,916.6
Elementary and secondary, total	11,644.3	11,007.1	10,044.3	297.2	290.6	316.3	11,347.1	10,716.5	9,728.0
Construction	2,839.5	2,599.2	2,370.6	114.5	110.3	141.3	2,725.0	2,488.9	2,229.3
Higher education and other, total	1,525.9	1,369.2	1,246.7	73.8	61.0	58.1	1,452.1	1,308.2	1,188.6
Construction	381.6	345.5	312.1	3.3	4.7	5.4	378.3	340.8	306.7
Public housing [16]	119.6	110.6	88.6	100.6	90.9	74.0	19.0	19.7	14.6

[1] 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 capital outlay for hospitals, public elementary and secondary schools, and publicly controlled higher education; include administrative expenditures. 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. Data for education and workmen's compensation relate to continental United States only; for other programs, data include some payments and expenditures outside continental United States. (State temporary disability insurance programs operate in 4 States only.)

[2] Excludes refunds of employee contributions to those leaving service. Federal expenditures include retirement pay of military personnel.

[3] Includes unemployment compensation for veterans of the Korean conflict and for Federal employees.

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

[5] State data represent payments by private insurance carriers, State funds, and self-insurers of benefits payable under State law and estimated State costs of administering State funds and of supervising private operations. Administrative costs of private insurance carriers and self-insurers not available.

[6] 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.

[7] Value of surplus food distributed to needy persons.

[8] Excludes expenditures for domiciliary care (in institutions other than mental or tuberculosis) included under institutional care; excludes health and medical services provided in connection with veterans' programs (except medical research), public education, public assistance, workmen's compensation, State temporary disability insurance, and vocational rehabilitation (included in total expenditures shown for those programs); also excludes direct expenditures for international health activities and certain subordinate medical program expenditures, such as those of the Civil Aeronautics Administration, Bureau of Narcotics, Bureau of Mines, National Park Service, and U.S. Civil Service Commission.

[9] Expenditures for the crippled children's services and maternal and child health services programs under the Social Security Act.

[10] Medical research expenditures of the Public Health Service, Food and Drug Administration, Veterans Administration, Atomic Energy Commission, and Defense Department.

[11] Excludes expenditures for water supply, sanitation services, and sewage disposal but includes regulatory and administrative expenditures in connection with these activities; also includes expenditures for medical equipment and supplies in civil defense.

[12] Included in total shown directly above; excludes administrative expenditures but includes Federal grants for research and demonstration projects of $300,000 for 1954–55, $1,200,000 for 1955–56, and $2,000,000 for 1956–57.

[13] Includes expenditures for homes for adults (other than veterans) and for dependent or neglected children (exclusive of fees), and value of surplus foods for nonprofit institutions.

[14] Services under the Social Security Act. Excludes expenditures of courts and public institutions serving children, public day-care centers, and appropriations made directly by legislatures to voluntary agencies or institutions.

[15] Excludes Federal bonus payments, appropriations to Government life insurance trust fund, and accounts of several small revolving funds. State and local data represent State expenditures for bonus and other payments and services for veterans; local data not available. Burial awards included with pensions and compensation. Medical research, previously included under health and medical services, now combined with "medical research" above. Vocational rehabilitation, specially adapted homes and automobiles for disabled veterans, counseling, beneficiaries' travel, loan guarantees, and domiciliary care classified as welfare and other.

[16] Federal and State subsidies (and administrative costs) for low-cost housing.

tions. This analytic framework has been used in the regrouping of data on expenditures for medical care and in the summary information on private welfare expenditures that was given in the text of earlier articles in the series. In the 1957 article, data on public and private expenditures for personal health services were brought together for selected years from 1928–29 through 1955–56. This year's article presents a still more comprehensive analysis of all health and medical expenditures, public and private, using somewhat revised definitions as discussed below. In subsequent years, it is planned to have a similar analysis for education and for certain welfare services.

Income maintenance involves somewhat different conceptual problems. From one point of view, the analogue of total expenditures for health and medical care would be the total income (or expenditures) of the aged, the disabled, the unemployed, or any other special population group. Such an analysis would show the proportions of aggregate disposable personal income going to these designated groups, compared with the rest of the population, and also the proportion from public and private sources in each case. Another and for most purposes a more realistic and useful concept of total income maintenance would encompass organized income-maintenance payments through public programs, private group-insurance plans, and private philanthropic support. Payments under individually purchased insurance might also be included or alternatively might be treated in the same way as income derived from other forms of individual savings and omitted from this more restricted measure of organized income-maintenance expenditures. Table 5 uses the latter alternative, but some data on individual insurance are presented in the text.

For many analytic purposes, information is needed not merely on the unduplicated total of expenditures for a particular purpose and on the portion from private and from public funds but also on the interchange between the public and private sectors. For this purpose, estimates must be made of both private payments or fees to publicly administered programs and the extent to which public funds are used to purchase services from private agencies.

A related analysis concerns the extent of tax subsidy of a particular function—for example, the income-tax deductions for medical care expenditures or for support of children and the deductions for employer contributions to health and welfare plans. Social support for an increasing number of welfare and other purposes now comes from tax subsidy rather than direct benefit payments. Whether or not in the long run such subsidies change the use of resources, in any given period they do not add to the total (private and public) expenditures for a function such as health services. In the income-maintenance area, where the concept of the total function is somewhat different, for certain purposes it would be appropriate to add tax subsidies for dependents to the direct income-maintenance payments.

Some partial estimates and analyses along these lines have been made, but much more work needs to be done to develop reasonably complete estimates of this kind.

Revised Definitions

In addition to the expansion of the supplementary analyses, some changes have been made in the basic social welfare expenditure series. This article presents data for the years 1954–55, 1955–56, and 1956–57 only. It is planned to carry the revisions back to earlier years as soon as staff time permits.

In earlier years the social welfare expenditures included were those made under civilian programs. Veterans' programs were included on the ground that at the time the veteran received the benefits he was again a civilian. Similar reasoning led to the inclusion also of pensions for retired military personnel. Expenditures by the Department of Defense for medical care and for military education were, however, omitted. It was the fairly general opinion of the advisory group that in today's world this distinction was somewhat artificial. Certainly it must be recognized that many civilians—including not only dependents of servicemen but Members of Congress, high Government officials, and others—get medical care at hospitals and other facilities maintained by the military services, and the amounts spent for civilian care cannot be distinguished. Moreover, research directed at specifically military medical problems may have important effects on all medical practice. It must also be recognized that individuals who receive their education in the Service Academies may spend much of their life in civilian occupations. The series has therefore been revised to include expenditures made by the Defense Department for medical care and for education. These amounts, however, are given separately so that they can be subtracted from the totals.

A second major change concerns the definition of health and medical services. As previous articles have pointed out, the series has hitherto included as health expenditures the current operating costs, but not the construction costs, of sewer and sanitation systems. These costs have now been omitted. However important sanitation and a clean water supply may be for health, the provision of water and sewage services in a modern urban economy takes on much more of the character of a public utility than of a health service. Indeed, a large share of the present-day expenditures for these purposes in the United States have an amenity value rather than any real health purpose. The costs of inspection and control of such services carried out by public health departments have, however, been kept in the series.

A few other changes have also been made in the health program section of the series. Expenditures for medical research are now shown as a separate item. They had previously been included, in the main, under the general heading "other community and related health services." In addition, the cost of medical research carried on or supported by the Defense Department and the Atomic Energy Commission is now included, along with the expenditures of the Public Health Service previously shown. To round out this item, medical research carried on by the Veterans Administration is now included here and has been subtracted from the veterans' hospital and medical care figure (the amount was a little more than $10

Table 2.—*Social welfare expenditures as percent of gross national product, 1954–55, 1955–56, and 1956–57*

Type of program	1956–57	1955–56	1954–55
Total [1]	8.8	8.4	8.5
Social insurance	2.9	2.6	2.6
Public aid	.8	.8	.8
Health and medical programs	.8	.8	.8
Other welfare services	.2	.2	.1
Veterans' programs	1.1	1.1	1.2
Education	3.0	3.0	3.0
Gross national product (in billions)	$432.1	$409.5	$377.5

[1] Includes public housing, not shown separately.

million in 1956–57). Some State and local funds are known to be going into medical research, but there is no basis for estimating the amount.

The residual item, "other public health activities," now includes expenditures for general public health administration and epidemiological activities, inspection and control (in such fields as food and drugs, water, sanitation, air pollution, radiation control, and accident prevention), Federal Civil Defense Administration stockpiling of medical supplies, and collection and publication of vital statistics.

The medical facilities category has been broadened to cover medical research facilities and includes capital outlays for clinics and related medical facilities, shown earlier under the category of "hospital construction." Federal expenditures for medical care for Federal employees, including contributions to insurance plans such as those of the Tennessee Valley Authority, have been added under "hospital and medical care" or under "Department of Defense facilities." In 1956–57, these expenditures were in the neighborhood of $5 million. Similar data for State and local employees are expected to become available in the future and will then be included.

In connection with these changes, further work has been done on the estimates; as a result, there have been refinements and improvements in some of the items with respect to which there has been no conceptual change. For some time, the Division has been working with the Public Health Service and with the Division of Governments of the Bureau of the Census in an attempt to develop more refined and consistent estimates of health expenditures from public funds. Newly available data from the Bureau of the Census and more extensive use of data reported to the Public Health Service for certain subclassifications have contributed to the refinement of the earlier estimates.[1]

In some respects the area presenting the greatest problems is the section labeled "other welfare services." The problems arise not so much with respect to the items now included (although there is a large element of estimate in some of the figures) as with the question of what might be added. The item for child welfare, for instance, relates to activities definitely identified as the Federal-State child welfare service programs of the Children's Bureau. About 72 percent of the funds shown go into payments for foster care of children; the remainder for professional and facilitating services and administrative costs. Expenditures for training schools and for juvenile courts are not included, although the advisory group thought the latter expenditures should be in the series. Expenditures for youth authorities and aging commissions and similar bodies might also be included. There was less agreement on whether adult probation and parole services should be regarded as social welfare services and still less agreement on the inclusion of such programs as industrial safety and labor-standard setting in the series. Recreation is an additional borderline area.

It may be noted that most of the borderline items—other than recreation and research—involve relatively small amounts of public funds. At the same time, problems of estimation are large. The Division plans, over the next few years, to attempt a systematic study of expenditures for social service programs, and it is possible that the series will later be expanded to include some additional types of expenditure. For this year, however, no changes have been made in the scope of the "other welfare services" category.

[1] Fred R. Brown, of the Division of Program Research, has been responsible for this work and for the development of the health expenditure section of table 1 and the estimates of public expenditures in table 6.

The following tabulation summarizes the changes that have been made in the series and provides a reconciliation of the old and new series for the 2 most recent years.

[In millions]

Item	1956–57	1955–56
Added		
Health and medical programs:		
Defense Department:		
Hospital and medical care	$554.0	$548.0
Medical facilities construction	83.4	25.8
Medical research [1]	37.0	34.8
Stockpiling of medical supplies, Federal Civil Defense Administration	42.3	29.8
Education:		
Defense Department:		
Service Academies	23.5	16.9
Military personnel in civilian institutions	8.8	7.2
Military personnel training, off-duty	10.6	9.5
Civilian personnel training	1.9	
Other Federal training programs	10.1	9.5
Omitted		
Sanitation operating costs	465.0	446.0
Net difference	+$306.6	+$235.5

[1] Includes expenditures of Atomic Energy Commission.

Trends, 1955–57

Total social welfare expenditures as now defined amounted to $37.9 billion in the fiscal year 1956–57 and represented 8.8 percent of the gross national product (table 2) and 32.5 percent of all government expenditures (table 4). On the previous conceptual basis (but with revised estimates for individual programs), the total would have been $37.6 billion.

The growth in total social welfare expenditures—an increase of 18 percent over the 3-year period—continued to be dominated primarily by

Table 3.—*Social welfare expenditures per capita,[1] 1954–55, 1955–56, and 1956–57*

Type of program	1956–57	1955–56	1954–55	Percentage increase, 1956–57 from 1954–55
Total	$223.20	$207.39	$196.05	13.8
Social insurance	73.37	63.68	60.17	21.9
Public aid	19.47	18.66	18.31	6.3
Health and medical programs	20.08	18.45	18.11	10.9
Other welfare services	4.44	4.09	3.45	28.7
Veterans' programs	27.57	27.65	26.61	3.6
Education	77.56	74.19	68.87	12.6
Public housing	.70	.66	.54	29.6

[1] Per capita figures based on total population, including Armed Forces overseas.

expenditures for social insurance and education. Reflecting both the gradual maturing of the system and the effect of the 1956 amendments to the Social Security Act, expenditures under the old-age, survivors, and disability insurance program increased by $1.0 billion from 1954–55 to 1955–56 and by $1.2 billion from 1955–56 to 1956–57. Public expenditures for education increased by about $1.1 billion in the first of these years and by $0.8 billion in the second.

Some part of the increases in expenditures under the various programs was the result of rising price or wage levels. From June 1954 through June 1957, the consumer price index rose 4.4 percent, and the medical care index 10.2 percent. The average annual earnings for full-time employees in educational and health services went up 8 percent from 1954 to 1956 and undoubtedly increased further in 1957. The costs of construction went up almost 11 percent from 1954 to 1957. During the same 3-year period the total population increased by 8.8 million, the number of persons aged 65 and over by 1.1 million, and the number of children under age 18 by 5.6 million.

Income-Maintenance Payments

Of the total public expenditures for health, education, and welfare in the United States in 1956–57, some 47 percent was for income-maintenance payments. They included cash income in the form of social insurance, veterans' pensions and compensation, and public assistance payments.

Insurance benefits include payments to retired workers and their dependents, to the survivors of insured workers, to disabled workers, and to temporarily unemployed workers and their families. Together such insurance payments totaled $12.5 million. They provided an assured flow of income of increasing significance to the economy as well as to the individual families concerned.

In addition, the veterans' program provided (1) compensation to veterans or the survivors of veterans with service-connected disabilities and (2) pensions to those with non-service-connected disabilities and incomes less than a specified amount. Compensation represented about two-thirds and pensions one-third of the $2.8 billion paid in 1956–57.

About 6 million families with insufficient income to meet their subsistence needs received payments under public assistance. Most payments of this type were made to aged or disabled persons and families in which the father was incapacitated or absent. For a small group, institutional care was the solution to their income-maintenance problems; the expenditures for this purpose shown in table 5 represent primarily direct public provision of care in homes for adults other than veterans and for orphans and other dependent or neglected children. A considerable number of public assistance recipients are in homes for the aged or similar institutions; public assistance funds to pay for their care in such institutions, as in medical institutions, are classified as public assistance rather than as expenditures for institutional care.

The amounts shown in table 5 represent cash payments only, except in public assistance; the costs of administration are omitted. Medical benefits under workmen's compensation and temporary disability insurance and health insurance benefits under private employee-benefit plans are also omitted. These medical benefits are shown in table 6, which brings together data on expenditures for health and medical care. Although medical care is an essential requirement, for which families spend their income, it seems preferable to treat these benefits as designed to meet a separate risk.

In public assistance the situation is somewhat different. The amount of assistance theoretically is determined on the basis of the family's total need at the time aid is received. Ordinarily medical needs, as well as the need for food, clothing, shelter and other items, are taken into account. Assistance to cover medical needs may be given in the form of cash payments to the recipient or as payments made directly by the welfare agency to the suppliers of the medical service (vendor payments). For this program, therefore, it would be a somewhat artificial distinction to omit vendor payments. A strictly "cash transfer payments" figure can be derived by subtracting from the total the amount of vendor payments, shown in table 6.

One of the questions raised with respect to the series concerns the appropriateness of including as social insurance the special retirement systems for government employees. The argument is that such systems are more properly regarded as analogous to private-pension plans, to which the government contributes in the capacity of employer. The same argument is not advanced concerning certain other benefits enjoyed by government employees—specifically the unemployment insurance and workmen's compensation programs for Federal employees. It is argued that these programs merely give the Federal employee the same kind of protection that other workers have under State programs (although in the workmen's compensation program at a more nearly adequate level than most State benefits). The special retirement systems for government employees who are not covered by old-age, survivors, and disability insur-

Table 4.—*Social welfare expenditures in relation to government expenditures for all purposes, 1954–55, 1955–56, and 1956–57*

Item	1956–57	1955–56	1954–55
All social welfare expenditures:			
Total, as percent of total government expenditures	32.5	32.5	31.7
Federal, as percent of total Federal Government expenditures	22.1	21.5	20.2
State and local, as percent of total State and local government expenditures	55.8	56.7	57.9
Social welfare expenditures from general revenue:			
Total, as percent of total government expenditures from general revenue	26.3	26.8	25.8
Federal, as percent of total Federal Government expenditures from general revenue:			
All programs	13.9	13.8	13.2
Veterans' programs	6.5	7.0	6.8
State and local, as percent of total State and local expenditures from general revenue:			
All programs	52.9	54.1	54.0
Education	38.6	39.3	38.8

ance could similarly be regarded as providing a substitute form of protection. Conceptually, the neatest distinction would involve a subdivision of the benefits into those that represent protection equivalent to that enjoyed by workers in general (under old-age, survivors, and disability insurance) and those that represent additional protection. This separation, of course, is not possible. Even where a retirement system is now supplementary to old-age, survivors, and disability insurance—as in the State and local government retirement systems that cover about 1.8 million employees—the benefits paid now and for many years in the future will be going primarily to persons who were not covered under old-age, survivors, and disability insurance and for whom they represent substitute protection. On balance, it seems preferable to continue, at least for the present, to regard public employee retirement programs as a form of social insurance. The amounts are shown separately, however, and can be treated differently by anyone who wishes to do so.

However the government employee programs are classified, it is evident that public programs have become the major source of organized income maintenance for the non-earning groups in the population. Private pension plans paid about $1.1 billion in 1956–57, almost entirely to workers who were also receiving old-age, survivors, and disability insurance benefits. About $1.5 billion was paid under group life insurance, accidental death and dismemberment insurance, voluntary health insurance, paid sick leave, and supplementary unemployment benefit plans. Private welfare agencies are increasingly devoting their efforts to providing counseling, adjustment, and related social services. Such amounts as private philanthropy now provides for income-maintenance purposes are primarily used for institutional or stop-gap care.

Many non-earning families, of course, have private savings that supplement their incomes from other sources. Payments of almost $3.0 billion were made in 1956–57 under individual insurance in the form of death benefits, matured endowments, and annuity payments. Home ownership is an important asset for many families. Repairs can be postponed during temporary periods of sickness or unemployment, even though mortgage payments and taxes cannot. The amount of liquid savings that most families have to draw upon is, however, limited.

The survey of old-age, survivors, and disability insurance beneficiaries made in the fall of 1957 showed that two-thirds of the beneficiary groups had little or no cash income from assets during the year. The median amount of money income from assets for those having any asset income was $200 for the couples, $100 for single retired workers, and $150 for aged widows. The median amount of liquid asset holdings was $2,800 for couples, $1,950 for single retired workers, and $2,600 for aged widows. About 70 percent of the couples, 46 percent of the widows, and one-third of the other aged beneficiaries owned their homes.

Total Expenditures for Health and Medical Care

Table 6 brings together information on the total resources used for medical care and health services in the United States during 1956–57 and the 2 preceding years.

Public expenditures for health and medical care in 1956–57 amounted to almost $5 billion, when account is taken not only of the programs specifically concerned with health but of expenditures for medical care under the veterans' program, public assistance, workmen's compensation, temporary disability insurance, vocational rehabilitation, and school health programs under educational auspices. Private health expenditures —including direct payments to physicians, hospitals, and other providers of care; private health insurance benefits and the costs of providing them; industrial in-plant medical services; philanthropic expenditures for health purposes; and private funds going into medical-facilities construction—amounted to $15.5 billion. The total of $20.5 billion represented 4.7 percent of the gross national product.

The definition of private expenditures for health purposes used here is considerably broader than the private medical care expenditure concept used in the series that appears annually in the December BULLETIN. The latter analysis is concerned primarily with the extent to which private insurance is meeting the costs of medical care that individuals and families would otherwise pay out of pocket. It thus ignores medical care provided through public programs, organized philanthropy, or industrial in-plant services. It also disregards the costs of medical facilities, which must be included in any total accounting of health expenditures.

Table 5.—*Income-maintenance payments under public and private programs, 1954–55, 1955–56, and 1956–57*

[In millions]

Program	1956–57	1955–56	1954–55
Total	$20,489.8	$18,061.2	$16,689.2
Public programs	17,669.8	15,661.2	14,619.2
Social insurance [1]	11,526.1	9,774.6	8,964.7
Retirement, survivor, and disability	8,951.4	7,500.5	6,139.9
Government employees	1,737.1	1,543.3	1,347.9
Workmen's compensation	634.1	584.2	542.6
Unemployment insurance	1,666.1	1,436.3	2,038.0
Temporary disability insurance	274.5	253.6	244.2
Veterans' pensions and compensation	2,849.3	2,768.4	2,652.1
Public assistance [2]	2,970.0	2,781.7	2,713.5
Institutional care	167.0	189.1	149.9
Veterans' domiciliary care	44.4	43.4	43.0
Foster-family care	113.0	104.0	96.0
Private programs	2,820.0	2,400.0	2,070.0
Pension plans	1,100.0	880.0	740.0
Other employee-benefit plans [3]	1,500.0	1,320.0	1,150.0
Philanthropy [4]	220.0	200.0	180.0

[1] Cash benefits only; excludes medical and hospital benefits under workmen's compensation and temporary disability insurance.

[2] Includes vendor payments for medical care as an alternative method of meeting income needs as determined by the welfare agency.

[3] Includes life, accidental death and dismemberment, and voluntary sickness insurance, paid sick leave, and supplementary unemployment benefit plans. Temporary disability insurance benefits under State legislation excluded here and included under public programs.

[4] Represents primarily institutional care.

Table 6.—*Private and public expenditures for health and medical care, 1954–55, 1955–56, and 1956–57*

[In millions]

Type of expenditures	1956–57	1955–56	1954–55
Total	$20,485.3	$18,828.8	$17,436.9
Private expenditures	15,540.0	14,304.0	13,089.0
Health and medical services	15,169.0	14,003.0	12,765.0
Direct payments	10,434.0	9,797.0	9,037.0
Insurance benefits	3,243.0	2,759.0	2,343.0
Expenses for prepayment	620.0	611.0	595.0
Industrial in-plant services	232.0	221.0	210.0
Philanthropy	640.0	615.0	580.0
Medical-facilities construction	371.0	301.0	324.0
Public expenditures	4,945.3	4,524.8	4,347.9
Health and medical services	4,467.3	4,149.5	3,923.6
General public medical and hospital care	1,673.3	1,577.8	1,449.5
Defense Department facilities	529.3	548.0	602.6
Medicare	24.7		
Veterans' hospital and medical care	732.9	723.5	722.0
Public assistance (vendor medical payments)	287.6	252.6	211.9
Workmen's compensation (medical benefits)	360.0	335.0	315.0
Temporary disability insurance (medical benefits)	25.4	22.7	20.6
Medical vocational rehabilitation	14.7	12.2	9.4
Maternal and child health services	113.9	104.8	93.4
School health (educational agencies)	78.0	74.2	66.3
Medical research [1]	183.0	115.9	105.9
Other public health activities	444.5	382.8	327.0
Medical-facilities construction	478.0	375.3	424.3
Veterans Administration	36.8	27.2	33.0
Defense Department	83.4	25.8	8.9
Other	357.8	322.3	382.4
	Percent of total expenditures		
Private expenditures	76	76	75
Direct payments	51	52	52
Insurance (benefits and expenses)	19	18	17
Public expenditures	24	24	25
Health and medical services	96	96	96
Personal care [2]	90	90	90
Construction	4	4	4
	Percent of total personal care expenditures [2]		
Total	100	100	100
Private expenditures	78	78	77
Insurance benefits	18	16	15
Public expenditures	22	22	23

[1] Includes medical research carried on by the Veterans Administration—$10.1 million in 1956–57, $6.5 million in 1955–56, and $6.1 million in 1954–55.

[2] Includes items shown under "health and medical services" except "expenses for prepayment," one-fourth of the amount shown under "philanthropy," "medical research," and "other public health activities."

As was indicated earlier, the costs of water supply and sanitation are not treated as health costs. Inspection and control by public health agencies are included; they account for a very small portion of public or total health expenditures. Medical research has also been treated as a health cost. Public funds going into medical research have increased substantially in the past few years. The $183 million spent for this purpose in 1956–57 represents direct expenditures and grants to individuals and to universities and other agencies by the National Institutes of Health and other units of the Public Health Service, the Defense Department, the Atomic Energy Commission, and the Veterans Administration. Perhaps $35 million of the $640 million shown as spent by philanthropic organizations for health purposes was for medical research. Private industry, particularly the drug industry, carries on a substantial amount of medical research. The costs of such research represent an expense of doing business and as such enter into the cost of the products. They are therefore reflected in other expenditures for health and medical services and cannot properly be counted again as a health cost.

These figures relate to research that is definitely identified as medical research. Some of the greatest advances in the field of health have come—and will probably continue to come—from research and scientific developments not specifically directed to health problems. Any reasonable accounting must be bound by the intended purpose, however, rather than by the incremental results of current expenditures.

More debatable is the question of whether the costs of training medical personnel should be regarded as health costs. Except for such in-service training as is involved in some of the program expenditures, expenditures for medical education and training are not included in table 6. Any adequate analysis of such costs would involve complicated questions concerning not only the skills and occupations to be included but also the method of counting costs. Public expenditures for medical education are included in table 1 with other educational expenditures.

Of the $20.5 billion spent for health and medical care in the United States in the fiscal year 1956–57, about 96 percent was for current costs and 4 percent for construction of new or renovation of old hospitals, clinics, research centers, and other medical facilities. Replacement costs for equipment are, in the main, included either in the figures for hospital and medical care or in those for public health services.

All but about 10 percent of the $20.5 billion went for personal care—diagnostic, therapeutic, preventive, or rehabilitative. Public programs accounted for 22 percent of the total expenditures for personal medical care. Private insurance benefits covered 18 percent of personal medical care costs in 1956–57.

About $630 million of the $13.7 billion paid by consumers directly or through insurance for health and medical services was paid to publicly administered hospitals; about two-thirds of it was paid to municipal or other local hospitals. Conversely, a substantial portion of the public funds under several of the programs was used to purchase medical services from private hospitals, physicians, or other providers of service. Such payments to private practitioners and hospitals form a significant portion of the medical care expenditures under public assistance, workmen's compensation, temporary disability insurance, medical vocational

Table 6.—*Old-age, survivors, and disability insurance: Number of monthly benefits withheld, by reason for withholding payment and type of benefit,*[1] *June 30, 1958*

Based partly on 10-percent sample]

Reason for withholding payment [2]	Total	Old-age			Wife's or husband's				Widow's or widower's	Mother's	Parent's	Disability
		Total	Male	Female	Total	Aged wife's [3]	Young wife's [4]	Husband's				
Total	344,759	192,266	143,961	48,305	43,912	37,660	5,683	569	12,229	80,126	95	16,131
Covered or noncovered employment [5] of beneficiary in United States or covered employment [5] of beneficiary outside United States	266,929	178,656	133,240	45,416	4,249	2,215	2,016	18	10,385	73,627	12	
Noncovered employment [5] of beneficiary outside United States	564	355	304	51	36	26	10	0	24	149	0	
Covered or noncovered employment [5] in United States or covered employment [5] outside United States of old-age beneficiary on whose earnings benefit is based	36,620				36,620	33,312	2,803	505				
Noncovered employment [5] outside United States of old-age beneficiary on whose earnings benefit is based	75				75	60	5	10				
Failure to have care of an entitled child	4,685				549		549			4,136		
Benefit completely offset by workmen's compensation or another Federal benefit for disability, other than compensation payable by the Veterans Administration for a service-connected disability	13,740				0		0			1		13,739
Disabled person refused to accept rehabilitation services	3				0		0			0		3
Determination of continuing disability pending	1,051				0		0			0		1,051
Payee not determined	3,689	2,331	1,591	740	368	350	10	8	440	208	22	320
Administrative reasons	17,403	10,924	8,826	2,098	2,015	1,697	290	28	1,380	2,005	61	1,018

[1] Data for child's benefits withheld are not available.
[2] As provided for under section 203 of the amended act except for the reason "payee not determined," in which case benefit payments are accrued pending determination of guardian or appropriate payee.
[3] Wives aged 65 or over, and wives aged 62–64 with no entitled children.
[4] Wives under age 65 with 1 or more entitled children.
[5] Includes self-employment.

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rehabilitation, Medicare (the program for the dependents of servicemen outside military establishments), and the program for crippled children. These payments occur also in other programs, such as the "veterans' home town program" for those veterans for whom services in Veterans Administration facilities are not available because of distance. Unfortunately the amounts going to private suppliers under these programs cannot at present be satisfactorily distinguished from the amounts going directly or indirectly to public medical service agencies.

Education

Public expenditures for education have remained at about 3 percent of the gross national product for the past several years. Omission of Defense Department expenditures for education would not change this figure. Capital outlays for new construction or remodeling of old facilities accounted for about a fourth of total expenditures in all 3 years, both for elementary and secondary and for higher education.

Roughly four-fifths of all expenditures for education in the United States are from public funds. As in health expenditures, public and private funds and public and private administration intertwine. Public funds pay for education in private institutions (for military personnel, for example); private fees help support public schools—particularly higher education. Scholarship funds and research grants—from both public and private sources—are becoming an increasingly important part of the picture.

Other Welfare Services

Welfare services—as distinct from income-maintenance, health, and education programs—are in many ways the most difficult of all social welfare expenditures to categorize and indeed to estimate. The specific welfare services included in this series are vocational rehabilitation, domiciliary institutional care, child welfare services under the Federal-State programs identified with the activities of the Children's Bureau, and the school lunch program. Except for the federally aided programs, information with respect to State and local expenditures for services is scattered and inadequate. As a result of recent, more detailed examination of the overlaps in some of these categories, several of the estimates have been revised. The item for institutional care shown in table 1 is substantially lower than that in earlier articles, as a result of the deduction of private fees as well as overlapping public payments.

The amounts of public funds spent for welfare services, though still small in comparison with other categories of expenditure, have been growing significantly in recent years. Welfare services are of increasing importance not only in programs so identified but also as a part of other programs—notably public assistance. With the growth of social insurance, the problem of poverty takes on a somewhat different cast than it had 25 or 50 years ago. The individuals and families who are needy are increasingly persons with special problems—problems of health, of inadequate training, and of mental and social adjustment. As a result of this changing situation and of gradually accumulating knowledge and skill in the social science field, rehabilitative and adjustment services may in future years play a considerably larger role than they do today.