

the Bureau's income and outgo have been budgeted as a public enterprise fund. Expenditures of all Federal Government public enterprise funds are subject to the approval of the Bureau of the Budget; their operations are included in the Government's cash consolidated budget as are the operations of all trust funds and other special funds.

Source of Funds Expended for Public Assistance Payments, 1957-58*

Public assistance payments for needy persons in the United States amounted to \$3¼ billion in the fiscal year 1957-58. This total was \$280 million, or more than 9 percent, higher than payments in the preceding year. Expenditures for assistance payments went up in each of the five assistance programs. The largest increases took place in general assistance (22.6 percent) and aid to dependent children (16.4 percent), the programs most sensitive to changes in economic conditions. The relatively sharp rise in payments to the disabled—12.4 percent—resulted largely from the initiation of new programs for aid to the permanently and totally disabled in California and Texas and the expansion of programs in Illinois and Pennsylvania. Amounts spent for aid to the blind and old-age assistance rose 5.9 percent and 4.4 percent, respectively.

* Prepared in the Division of Program Statistics and Analysis, Bureau of Public Assistance.

More persons needed aid in 1957-58 than in 1956-57.

The growth in expenditures for assistance during 1957-58 mainly reflected the fact that, because of the loss of jobs and the exhaustion of unemployment insurance benefits, more persons lacked sufficient income with which to buy the necessities of life. The average monthly number of persons receiving general assistance rose almost 248,000 or 34 percent, and in aid to dependent children the average number of recipients increased nearly 246,000 or 11 percent. More than one-fourth of the increase of 24,000 in the average monthly number of persons receiving aid to the permanently and totally disabled is attributable to the four States that either initiated or expanded their programs. Since the number of recipients of aid to the blind remained about the same and the number of aged recipients declined slightly, larger expenditures in these programs resulted from higher average payments per recipient.

The Federal share of total assistance expenditures declined during 1957-58 but increased in the federally aided programs.

Because expenditures for general assistance, which is financed entirely from State-local funds, rose much more sharply than expenditures for the federally aided categories, the Federal share in total assistance expenditures declined slightly—from 50.7 percent in 1956-57 to 50.5 percent in 1957-58 (table 1). In each of the federally aided programs the

Federal share went up, largely because the increase in Federal participation under the 1956 amendments was in effect for the entire fiscal year 1957-58 but for only the last 3 quarters of the preceding year. In addition, the 1956 amendments resulted in an increase in the amount of Federal funds used for vendor payments for medical care during 1957-58.

The Federal share of assistance payments for all programs combined varied considerably among the States in 1957-58, ranging from a low of 33.4 percent in Connecticut to a high of 79.7 percent in Mississippi (table 2). This wide variation in the amount of Federal participation reflects State differences in the size of payments to recipients under the four federally aided categories and in the scope of their general assistance programs. (The Federal Government does not participate in general assistance, and large expenditures for that program thus tend to reduce the proportion of total assistance expenditures that Federal funds represent.) Because of the Federal matching maximums in effect for the special types of public assistance during 1957-58, the Federal share was lowest in States making most of their payments in excess of those maximums. On the other hand, the more favorable Federal matching on the first part of the assistance payments led to the highest Federal participation in States with the lowest payments.

The level of assistance payments and the scope of the general assistance programs are, in turn, re-

Table 1.—Expenditures for assistance to recipients, by program and source of funds, 1957-58¹

Program	Amount (in thousands) of expenditures from—				Percentage distribution by program				Percentage distribution by source of funds			
	Total	Federal funds	State funds	Local funds	Total	Federal funds	State funds	Local funds	Total	Federal funds	State funds	Local funds
Total.....	\$3,249,672	\$1,641,572	\$1,209,858	\$398,241	100.0	100.0	100.0	100.0	100.0	50.5	37.2	12.3
Special types of public assistance.....	2,911,176	1,641,572	1,043,742	225,862	89.6	100.0	86.3	56.7	100.0	56.4	35.9	7.8
Old-age assistance.....	1,798,374	1,002,652	684,071	111,651	55.3	61.1	56.5	28.0	100.0	55.8	38.0	6.2
Aid to dependent children.....	815,196	486,113	246,852	82,231	25.1	29.6	20.4	20.6	100.0	59.6	30.3	10.1
Aid to the blind.....	85,397	41,035	37,989	6,373	2.6	2.5	3.1	1.6	100.0	48.1	44.5	7.5
Aid to the permanently and totally disabled.....	212,209	111,773	74,830	25,607	6.5	6.8	6.2	6.4	100.0	52.7	35.3	12.1
General assistance.....	338,496	-----	166,116	172,380	10.4	-----	13.7	43.3	100.0	-----	49.1	50.9

¹ Includes all money payments and assistance in kind to recipients and vendor payments on behalf of recipients for goods and services to meet their maintenance needs and for medical care; excludes vendor payments for burial.

Data not comparable with annual data based on monthly series or with amount of Federal grants to States.

lated to the ability and willingness of the States to finance the non-Federal share of public assistance. Because of their greater fiscal ability, the high-income States are more likely than low-income States to spend more for general assistance and to exceed the Federal maximums

for the special types of public assistance. Thus, the Federal share of assistance is usually relatively low in the high-income States. The low-income States, with their limited fiscal resources, usually spend little for general assistance in contrast to the amounts they spend for their

own federally aided programs and the amounts spent for general assistance in other States. Moreover, because greater proportions of the population are in need, low-income States must divide their available resources among relatively larger numbers of recipients, with the result that average payments to recipients under the federally aided categories are comparatively low. Accordingly, the low-income States usually receive the highest percentage of Federal funds.

Table 2.—Expenditures for assistance to recipients, by source of funds, 1957-58¹

[Amounts in thousands]

State	Total assistance, including vendor payments for medical care	Vendor payments for medical care		Total including vendor payments for medical care					
		Amount	Percent of total	Federal funds		State funds		Local funds	
				Amount	Percent	Amount	Percent	Amount	Percent
Total	\$3,249,672	\$319,894	9.8	\$1,641,572	50.5	\$1,209,858	37.2	\$398,241	12.3
Ala.	65,567	36	.1	48,265	73.6	17,259	26.3	42	.1
Alaska	3,086	295	9.6	1,641	53.2	1,444	46.8		
Ariz.	18,124			11,088	61.2	7,035	38.8		
Ark.	39,824	2,861	7.2	28,465	71.5	11,359	28.5		
Calif.	407,840	23,213	5.7	178,736	43.8	165,143	40.5	63,961	15.7
Colo.	70,141	5,294	7.5	29,711	42.4	34,182	48.7	6,248	8.9
Conn. ²	38,005	7,069	18.6	12,679	33.4	22,749	59.9	2,577	6.8
Del.	4,255	8	.2	2,019	47.5	1,381	32.5	855	20.1
D. C.	9,786	672	6.9	5,125	52.4	4,662	47.6		
Fla. ³	68,123			45,876	67.3	20,640	30.3	1,608	2.4
Ga.	75,995			53,756	70.7	18,533	24.4	3,706	4.9
Hawaii	6,745	563	8.4	3,430	50.9	3,315	49.1		
Idaho ⁴	9,730			5,282	54.3	4,420	45.4	28	.3
Ill. ⁴	176,591	48,606	27.5	70,000	39.6	93,515	53.0	13,077	7.4
Ind.	43,078	10,287	23.9	21,154	49.1	8,508	19.8	13,416	31.1
Iowa	47,182	2,918	6.2	22,666	48.0	16,956	35.9	7,561	16.0
Kans.	41,295	5,224	12.7	20,768	50.3	11,005	26.7	9,522	23.1
Ky.	49,424			36,110	73.1	12,703	24.4	1,241	2.5
La.	134,066	2,345	1.7	80,129	59.8	53,937	40.2		
Maine ⁴	18,113	3,166	17.5	9,953	54.9	5,842	32.3	2,318	12.8
Md.	20,424	427	2.1	11,846	58.0	5,250	25.7	3,328	16.3
Mass.	145,925	28,544	19.6	55,460	38.0	57,804	39.6	32,661	22.4
Mich. ⁴	138,438	22,361	16.2	49,618	35.8	48,640	35.1	40,280	29.1
Minn.	71,801	12,113	16.9	30,159	42.0	18,605	25.9	23,037	32.1
Miss.	39,743			31,660	79.7	7,923	19.9	160	.4
Mo.	122,878	122	.1	80,110	65.2	42,552	34.6	216	.2
Mont.	13,165	2,084	15.8	5,852	44.5	3,670	27.9	3,643	27.7
Neb. ²	19,312	3,004	15.6	10,655	55.2	6,156	31.9	2,501	13.0
Nev. ²	3,645	614	16.9	1,770	48.6	916	25.1	959	26.3
N. H.	7,529	1,618	21.5	3,297	43.8	1,907	25.3	2,325	30.9
N. J.	48,372	5,163	10.7	17,561	36.3	14,823	30.6	15,988	33.1
N. Mex. ⁴	16,225	1,728	10.7	10,882	67.1	5,271	32.5	72	.4
N. Y.	293,474	44,487	15.2	113,644	38.7	91,131	31.1	88,699	30.2
N. C.	55,215	4,357	7.9	39,343	71.3	6,764	12.2	9,108	16.5
N. Dak.	11,608	2,063	17.8	5,370	46.3	4,774	41.1	1,464	12.6
Ohio	141,970	20,991	14.8	62,781	44.2	71,803	50.6	7,386	5.2
Okla.	109,835	9,529	8.7	61,145	55.7	47,827	43.5	864	.8
Oreg.	33,529	6,137	18.3	13,715	40.9	13,869	41.4	5,944	17.7
Pa. ⁴	124,274	8,928	7.2	58,843	47.3	65,431	52.7		
P. R.	13,961			4,744	34.0	9,218	66.0		
R. I.	17,801	2,249	12.6	7,487	42.1	9,258	52.0	1,056	5.9
S. C.	26,583	189	.7	19,744	74.3	6,567	24.7	272	1.0
S. Dak.	11,612	1,390	12.0	6,566	56.5	3,217	27.7	1,829	15.7
Tenn.	46,066	888	1.9	34,461	74.8	8,848	19.2	2,757	6.0
Tex. ²	152,784			106,667	69.8	43,240	28.3	2,877	1.9
Utah	14,686	1,224	8.3	7,421	50.5	7,265	49.5		
Vt. ²	6,254			3,630	58.0	1,795	28.7	829	13.3
V. I.	312	6	1.9	139	44.6	173	55.4		
Va.	18,921	138	.7	13,368	70.7	3,431	18.1	2,122	11.2
Wash.	98,455	13,176	13.4	37,097	37.7	61,358	62.3		
W. Va. ⁴	32,737	1,704	5.2	23,540	71.9	8,338	25.5	858	2.6
Wis.	60,094	11,417	19.0	23,732	39.5	16,882	28.1	19,480	32.4
Wyo.	5,076	690	13.6	2,516	49.6	1,195	23.5	1,366	26.9

¹ Includes, for special types of assistance and general assistance, all money payments and assistance in kind to recipients and vendor payments on behalf of recipients for goods and services to meet their maintenance needs and for medical care; excludes vendor payments for burial. Data not comparable with annual data based on monthly

series or with the amount of Federal grants to States.

² Data for general assistance estimated.

³ Data for general assistance incomplete.

⁴ Includes expenditures for medical care program administered by public assistance agency from funds other than those for the special types of public assistance or general assistance.

Vendor payments for medical care continued to rise during 1957-58.

Payments for medical care for recipients of public assistance are made either directly to the suppliers of such care (vendor payments) or by including amounts for medical care in the requirements on which money payments to recipients are based to enable the recipients to purchase their own care (money payments). Under the vendor-payment plan of operation, some States have established a "pooled fund" to cover the cost of medical care provided assistance recipients. For each recipient (or for each case) the State pays into the fund a monthly amount representing the estimated average cost of medical care of the types the State will make available. The pooled fund is then drawn upon to pay medical bills incurred for services provided to the covered group of recipients. In June 1958, 17 States were using this method of making vendor payments for medical care under one or more of the special types of public assistance. A few other States had contractual agreements with health departments or other professional groups, or with Blue Cross-Blue Shield agencies, for providing medical care on a cost-per-recipient basis.

Amounts expended for vendor payments for medical care have grown rapidly since the use of Federal funds for these payments was authorized under the 1950 amendments. In the fiscal year 1951-52, the first full year of operation under these amendments, vendor payments for medical care under the four special types of public assistance amounted to \$70.5 million. During the year ended June

30, 1958, such payments totaled \$236.1 million (table 3) and represented 8.1 percent of total assistance payments. Vendor payments made up 8.8 percent of all old-age assistance payments, 5.3 percent of payments under aid to dependent children, 6.0 percent in aid to the blind, and 13.5 percent in aid to the permanently and totally disabled.

The increase from 1956-57 to 1957-58 in vendor payments for medical care would have been greater than it was had not some States changed their payment procedures from a vendor-payment basis to a money-payment basis. The change was made in an effort to obtain the maximum amount of Federal funds possible under the revised formula, which—beginning July 1, 1957—provided for separate matching for money payments to recipients and vendor payments for medical care. Thus, a State making vendor payments in excess of the average maximums but money payments less than the individual payment maximums might, for some types of care, shift from vendor payments to money payments to the recipient. Moreover, in

Table 3.—Assistance expenditures for vendor payments for medical care, by program and amount from funds for special types of assistance and from general assistance funds, 1957-58¹

[In thousands]

Program	Expenditures for vendor payments for medical care		
	Total	Funds for special types of assistance	General assistance funds
Total.....	\$319,894	\$236,131	\$83,763
Special types of public assistance.....	245,455	236,131	9,325
Old-age assistance.....	164,643	159,141	5,502
Aid to dependent children.....	45,483	43,236	2,246
Aid to the blind.....	5,333	5,127	206
Aid to the permanently and totally disabled.....	29,997	28,626	1,370
General assistance.....	74,439	-----	74,439
For general assistance and medical-care-only cases.....	44,692	-----	-----
Not allocated.....	29,747	-----	-----

¹ For States operating pooled funds, data represent assistance payments into the pooled funds.

Table 4.—Amount and percentage of payments for vendor medical bills for which type of service was reported and percentage distribution of vendor payments for medical care by type of service, by program, 1957-58

Program	Vendor payments for medical care ¹								
	Total amount (in thousands)	Amount (in thousands)	Percent of total	In States reporting a complete distribution by type of service ²					
				Percentage distribution by type of service					
				Total	Practitioners' services	Hospitalization	Drugs and supplies	Nursing- and convalescent-home care	Other
Total.....	\$303,821	\$214,394	70.6	100.0	11.5	43.2	13.9	19.5	11.9
Special types of public assistance.....	221,986	198,979	89.6	100.0	11.5	42.2	14.1	20.6	11.6
Old-age assistance.....	152,950	136,463	89.2	100.0	10.8	39.5	14.7	26.3	8.7
Aid to dependent children.....	36,646	32,575	88.9	100.0	19.3	44.1	14.4	.1	22.1
Aid to the blind.....	4,852	4,485	92.5	100.0	13.8	33.9	18.8	22.8	10.7
Aid to the permanently and totally disabled.....	27,538	25,455	92.4	100.0	4.9	55.6	9.8	16.0	13.7
General assistance.....	81,835	15,415	18.8	100.0	11.4	56.5	10.3	5.9	15.9

¹ For States operating pooled funds, data represent payments out of the pooled fund to specified type of vendor. Totals do not agree with those shown in table 2, which represent assistance payments into the pooled fund.

² For old-age assistance, represents data for 27 States; aid to dependent children, 26 States; aid to the blind, 29 States; aid to the permanently and totally disabled, 24 States; and general assistance, 17 States.

1957-58 the Commissioner of Social Security approved a policy that permits States to "split" the cost of nursing- and convalescent-home care; a money payment may be made to the recipient for his ordinary living expenses in the home, and a vendor payment may be made to the operator of the home for medical needs. Formerly the full cost of care was paid to the operator of the home.

Two-thirds of all vendor payments for medical care under the special types of assistance were made on behalf of the aged, and the largest item was for hospitalization.

Reporting of amounts of vendor payments for specified types of medical services is made to the Bureau of Public Assistance on a voluntary basis. Some States are able to report a complete distribution of such payments by type of service, and other States report only total payments or a partial distribution. For the year ended June 30, 1958, vendor payments in States reporting a complete distribution by type of service¹

¹ For States operating pooled funds, the distribution represents payments out of the pooled fund for the specified types of service.

totalled \$199.0 million and represented 89.6 percent of total vendor payments under the four special types of public assistance (table 4).

Vendor payments under the old-age assistance program constituted about two-thirds of all vendor payments under the four special categories. Costs of hospital care—the type of service for which the largest expenditure was made in old-age assistance—made up 39.5 percent of total vendor payments for the aged in States that could give a complete breakdown of their payments by type of medical service. Next in order of magnitude were payments for nursing- and convalescent-home care (26.3 percent), vendor payments for drugs and supplies (14.7 percent), and practitioners' services (10.8 percent). In aid to the blind and aid to the permanently and totally disabled, expenditures for hospitalization and for nursing- and convalescent-home care also ranked first and second. In aid to the permanently and totally disabled, however, the proportion of total vendor payments that was spent for hospitalization was higher than in either old-age assistance or aid to the blind.

For aid to dependent children the expenditure pattern was, under-

standably, somewhat different. Although the proportion spent for hospitalization also ranked first (44.1 percent), the second highest proportion was for practitioners' services (19.3 percent). The relatively large proportion of vendor payments classified as "other" undoubtedly reflected the cost of dental care for children.²

Direct payments to hospitals from funds of the four federally aided categories amounted to at least \$86 million in 1958, and about \$55 million of the total came from old-age assistance funds. States that gave a partial or complete distribution of their vendor payments by type of service reported a total expenditure to nursing or convalescent homes of \$41 million, or less than half the amount paid to hospitals. The costs of nursing- and convalescent-home care for the aged amounted to \$36 million, or seven-eighths of the total payments to vendors for this care under all four programs. Known expenditures from funds of the special types of public assistance came to \$28 million for drugs and medical supplies and to at least \$23 million for payments to medical practitioners.

Vendor payments for medical care made up one-fourth of general assistance payments.

General assistance is financed entirely from State and/or local funds. In some States, hundreds of local government agencies administer the program. There are wide differences among States, and even among local jurisdictions within a State, in the types and amounts of assistance provided under the program. Since all reports received by the Bureau of Public Assistance are prepared by State agencies administering the special types of public assistance (which may have no official responsibility with respect to agencies administering general assistance) and since reporting is on a voluntary basis, only limited information is available regarding medical care provided through general assistance.

During the fiscal year ended June 30, 1958, vendor payments from

State and local funds for general assistance totaled \$83.8 million, or 24.7 percent of all general assistance payments reported. In the relatively few States able to report a complete distribution of total vendor medical payments by type of service, all vendor payments under their general assistance programs amounted to \$15.4 million—only about one-fifth of all vendor payments from general assistance funds. States that could give a partial distribution by type of service reported on services for which they paid \$32.7 million. The total payments for which expenditure by type of service was known were thus brought to \$48.1 million. The amounts were distributed as follows: practitioners' services, \$4.1 million; hospitalization, \$33.4 million; drugs and supplies, \$1.6 million; nursing- and convalescent-home care, \$1.9 million; and "other," \$7.1 million.

Although all vendor payments for medical care classified as coming from general assistance funds were made from State and/or local revenues without Federal participation, an unknown but substantial amount was spent from these funds in behalf of recipients of the four special types of public assistance. In 1957-58, vendor payments for medical care totaling \$9.3 million were identified as having been spent from general assistance funds in behalf of recipients of the four special types of public assistance. Vendor payments totaling \$29.7 million were not allocated among programs.

Recent Publications *

Social Security Administration

MANNING, HELEN C. *More Than Bread: Social Services in Public Assistance . . . A Community Resource*. Washington: U. S. Govt. Print. Off., 1958. 24 pp. 15 cents. Designed to show community leaders and members of civic groups

* Prepared in the Library, Department of Health, Education, and Welfare. Orders for items should be directed to publishers and booksellers. Federal publications for which prices are listed should be ordered from the Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C.

what services are available in public assistance and how they help individuals solve their problems.

General

COHEN, WILBUR, J., and FAURI, FEDELE F. "The Social Security Amendments of 1958: Another Significant Step Forward." *Public Welfare*, Chicago, Vol. 17, Jan. 1959, pp. 2-8. \$1.

PIERCE, JOHN EUGENE. *Development of Comprehensive Insurance for the Household*. Homewood, Ill.: Published for the S. S. Huebner Foundation for Insurance Education, by Richard D. Irwin, 1958. 435 pp. \$5.

Retirement and Old-Age

"Austria: New Pension Insurance Schemes for Self-Employed Persons." *Bulletin of the International Social Security Association*, Geneva, Sept. 1958, pp. 428-433. \$4 a year.

COUNCIL OF STATE GOVERNMENTS. *Proceedings of Southern Regional Conference on Aging, February 28-March 1, 1958, Atlanta, Georgia*. Chicago: The Council, 1958. 84 pp. \$1.50.

Summary, addresses, discussions, and recommendations.

"Great Britain: Report for 1957 of the Ministry of Pensions and National Insurance." *Bulletin of the International Social Security Association*, Geneva, Sept. 1958, pp. 434-439. \$4 a year.

HAMILTON, JAMES A., and BRONSON, DORRANCE C. *Pensions*. New York: McGraw-Hill Book Co., 1958. 410 pp. \$8.

Includes various methods of setting up and financing pension plans.

HUNT, G. HALSEY. "Implications of Aging as Predicted by Population Changes." *Geriatrics*, Minneapolis, Vol. 14, Jan. 1959, pp. 1-7. 85 cents.

Stresses the importance of providing good medical care for the aged.

KING, GEOFFREY S. *The Ministry of Pensions and National Insurance*. New York: Oxford University Press, Inc., 1958. 162 pp. \$2.90. The organization and work of the Ministry.

NEUGARTEN, BERNICE L., and GARROW, DAVID C. "Attitudes of Middle-Aged Persons Toward Growing Older." *Geriatrics*, Minneapolis, Vol. 14, Jan. 1959, pp. 21-24. 85 cents.

²Dental care was reported as "other" rather than as practitioners' services.