

prices of all items and services in the CPI. Also presented are annual percentage changes in medical care prices and its components for three periods: 1946-60, 1960-65, and 1965-66.

In general, the postwar acceleration in consumer prices, including medical care prices, was moderated during the period from 1960 to 1965; there was a sharp rise in 1966 that continued into 1967. The accelerated increase in medical care costs during 1966 appears to be part of the general inflation in the economy. Nevertheless, the year 1966 witnessed unprecedented increases in the hospital daily service charges. Semiannual and quarterly figures reveal accelerated upward trends during the latter part of the year that continued through the first quarter of 1967. The increases following the inception of the Medicare program largely reflect higher salaries and possibly the repricing of this component of hospital charges to more nearly mirror actual costs.

Physicians' fees also increased substantially during 1966 and into 1967 but at a lesser rate than hospital daily service charges. In addition, the pattern of change was different so that the

annual increase was more evenly divided during the year. Largest increases during 1966 were reported for pediatric office visits.

The index of the five in-hospital surgical and medical procedures particularly significant for the aged did not increase as rapidly during 1966 as the combined index for physicians' fees regularly priced for the CPI. By the end of the year, however, the differential had narrowed because more physicians were adjusting their fees for these special procedures, and the increases have been somewhat higher than during the first half of the year.

This upward adjustment during the last half of the year may partly represent a process in which physicians increased their customary fees for these specialized services for the aged to conform with the general upward trend in all physicians' fees.

Other medical care prices, except drugs and prescriptions, followed the same general upward trend in 1966 and into 1967, but the acceleration was not as fast as for hospital daily service charges and physicians' fees.

Notes and Brief Reports

Federal Grants To State And Local Governments, 1965-66*

In fiscal year 1965-66 Federal grants to the States and localities totaled \$12.5 billion, about 18 percent more than the \$10.6 billion granted in 1964-65. Approximately 60 percent of the total—\$7.7 billion—went to programs with basically a social welfare purpose. A decade ago Federal grants amounted to \$3.4 billion—roughly one-fourth the current annual rate—and social welfare grants, at \$2.6 billion, then represented more than 75 percent of the total.

Grants-in-aid are but one of the Federal fiscal aids to State and local governments, although quantitatively they are the most significant. Federal grants are also made to other types of recipients, but those made to the lower govern-

mental levels—again quantitatively—are the most significant.

The scope of the data in the accompanying tables is confined to grants for cooperative Federal-State or Federal-local programs administered at the State and/or local level and to those programs in which the bulk of the funds is channeled through agencies of State and local governments. Emergency grants and the value of grants-in-kind, such as Braille materials for the blind, are included when they conform to these criteria. In the fiscal year 1965-66 this definition applied to 77 separate Federal grant programs, which are presented in nine grant groups in table 1.

At \$3.5 billion, grants for the federally aided public assistance programs and their administration exceeded by 15 percent the assistance grants of 1964-65. The 1965-66 figure includes a half year's operation of the new medical assistance program under title XIX of the Social Security Act.

The \$469 million granted in 1965-66 for the

* Prepared by Sophie R. Dales, Office of Research and Statistics, with the statistical assistance of Alice Skinner.

administration of the State unemployment insurance and employment services were the largest in the history of this grant program. A previous peak of \$449 million had been reached in 1961-62.

Grants for health services and the construction of health and health research facilities totaled \$447 million in 1965-66, an overall increase of 7 percent. Health construction grants were \$12 million (4 percent) more than their 1964-65 counterparts, and health services grants were \$19 million (13 percent) larger.

Federal grants for welfare services other than public assistance rose to nearly half again as much as the amount granted in 1965-66. In its first full year of operation, the economic opportunity "package"¹ accounted for 40 percent (\$686 million) of the group total of \$1.7 billion. With the addition of \$2.6 million for a new program for equal educational opportunity and expansion of the existing programs, Federal grants for the "war on poverty" amounted to exactly five times their total during the approximately 3 quarters of 1964-65 in which they were operative.

The remaining 60 percent of the "other welfare services" group consists largely of the five grants-in-kind of surplus and price-supported agricultural products, vocational rehabilitation grants, and the Federal public housing contribution. Together, these programs declined by \$16 million in 1965-66, but still remained at somewhat more than \$1 billion.

The increase in education grants to \$1.6 billion in 1965-66 tops the annual growth of all grant groups in which the bulk of the programs had been operative for the entire preceding fiscal year. Grants for education were more than two and one-fourth times their 1964-65 level, and the increase is attributable almost exclusively to the new elementary and secondary education programs (\$815 million).

GRANTS FOR SOCIAL WELFARE PURPOSES

All the grant groups discussed to this point fall in the general category of social welfare: public

¹ For a description of the individual economic opportunity programs, see Sophie R. Dales, "Federal Grants, 1964-65," *Social Security Bulletin*, June 1966, pages 15-16.

assistance and other welfare programs, employment security administration, health, and education. The \$7.7 billion for social welfare grants in 1965-66 were about one-third more than the total granted for these programs in 1964-65. Their growth since 1929 and the proportion social welfare grants have formed of all Federal grants to States and localities are indicated by the following extract from table 2.

Fiscal year	Social welfare grants (in millions)	Percent of all grants
1929-30.....	\$19.0	18.9
1934-35.....	24.1	11.0
1939-40.....	524.1	54.2
1944-45.....	692.7	75.5
1949-50.....	1,715.2	77.7
1950-55.....	2,381.8	77.0
1959-60.....	3,624.5	53.0
1963-64.....	5,377.3	55.1
1964-65.....	5,721.5	53.8
1965-66.....	7,706.7	61.6

The amounts granted for social welfare purposes in 1965-66 are shown in table 1. The States have been ranked by personal income per capita—averaged for 3 years as required in many of the grant formulas to dampen the effect of single-year fluctuations—and divided into high-, low-, and middle-income groups. For each of the past 5 fiscal years, social welfare grants have represented the following proportions of all grants received in each of the three income groups of States:

Income group	Percent of total grants				
	1965-66	1964-65	1963-64	1962-63	1961-62
United States.....	61.3	54.5	54.9	58.0	58.8
High.....	63.8	57.4	55.4	58.7	57.9
Middle.....	56.1	47.4	49.7	52.0	56.3
Low.....	64.5	57.0	56.4	61.6	62.2

GRANTS FOR OTHER PURPOSES

For nearly a decade highway construction grants have been the largest group, having superseded public assistance in that role in 1958-59. The \$4.0 billion for highway grants in 1965-66 was \$43 million less than the amount granted for highways in 1964-65. They represented 32 percent of all Federal grants in 1965-66, the lowest proportion in many years (table 2).

Almost \$60 million was granted for urban affairs programs in 1965-66, including \$15 million under a separate grant program for urban mass transit. In the preceding fiscal year, \$11 million of the urban renewal grants had been pinpointed for mass transportation. The foregoing pattern

is a good example of one method by which the proliferation of Federal grant programs occurs: The first response to a felt need is the tacking-on of money to an existing program, followed sooner or later by the burgeoning into a completely separate grant program in its own right under a com-

TABLE 1.—Federal grants to State and local governments, amounts
[Amounts in thousands]

States ranked by 1963-65 average per capita personal income	All grants ¹	Social welfare									
		Total		Public assistance		Employment security administration		Health services and construction			
		Amount	Percent of all grants	Amount	Percent of all grants	Amount	Percent of all grants	Total		Services	Construction
								Amount	Percent of all grants		
Total ²	\$12,518,694	\$7,706,667	61.6	\$3,527,534	28.2	\$469,332	3.7	\$446,875	3.6	\$168,306	\$278,570
United States ³	12,384,392	7,591,260	61.3	3,511,825	28.4	465,157	3.8	434,002	3.5	161,108	272,894
High-income group	5,442,285	3,474,291	63.8	1,703,261	31.3	264,884	4.9	170,170	3.1	71,795	98,374
District of Columbia	78,433	65,162	72.9	13,632	17.4	3,814	4.9	7,501	9.6	2,552	4,949
Nevada	57,972	19,450	33.6	4,581	7.9	2,568	4.4	1,275	2.2	822	453
Connecticut	159,859	83,477	52.2	39,239	24.5	6,954	4.3	3,264	2.0	1,815	1,449
Delaware	37,742	16,076	42.6	4,920	13.0	1,091	2.9	1,788	4.7	830	958
California	1,315,324	917,609	69.8	568,815	43.2	59,456	4.5	28,031	2.1	11,872	16,159
New York	928,612	693,402	74.7	357,799	38.5	65,347	7.0	25,227	2.7	9,454	15,773
New Jersey	270,454	187,993	69.5	60,132	22.2	19,898	7.4	11,446	4.2	3,591	7,855
Illinois	502,069	333,293	66.4	156,018	31.1	20,726	4.1	17,159	3.4	9,270	7,889
Alaska	116,341	22,514	19.4	2,512	2.2	1,952	1.7	1,184	1.0	931	253
Massachusetts	300,127	203,996	68.0	110,484	36.8	16,420	5.5	8,579	2.9	3,759	4,820
Maryland	158,157	111,927	70.8	43,981	27.8	7,111	4.5	8,083	5.1	4,381	3,702
Michigan	418,682	241,737	57.7	107,310	25.6	18,270	4.4	15,968	3.8	6,947	9,020
Hawaii	56,715	32,573	57.4	8,044	14.2	1,919	3.4	3,372	5.9	2,166	1,206
Washington	222,206	120,097	54.0	58,536	26.3	8,525	3.8	6,843	3.1	2,268	4,575
Rhode Island	64,664	42,983	66.5	17,316	26.8	3,947	6.1	2,997	4.6	1,304	1,693
Ohio	549,296	287,815	52.4	118,051	21.5	19,601	3.6	20,166	3.7	7,224	12,942
Indiana	205,634	102,187	49.7	31,891	15.5	7,285	3.5	7,287	3.5	2,609	4,678
Middle-income group	3,704,149	2,079,228	56.1	906,706	24.5	122,542	3.3	146,232	3.9	54,967	91,263
Oregon	148,186	65,422	44.1	28,596	19.3	5,668	3.8	5,493	3.7	2,205	3,288
Pennsylvania	628,417	360,731	57.4	164,329	26.1	31,130	5.0	22,945	3.7	10,024	12,921
Colorado	175,999	105,025	59.7	52,253	29.7	4,798	2.7	6,404	3.6	2,745	3,659
Wisconsin	156,032	99,557	63.8	44,267	28.4	6,634	4.3	7,433	4.8	3,006	4,427
Kansas	141,230	78,896	55.8	34,961	24.8	3,252	2.3	5,168	3.6	1,692	3,476
Minnesota	260,144	137,663	52.9	73,085	28.1	6,489	2.5	9,251	3.6	3,467	5,784
Missouri	334,848	193,254	57.7	100,062	29.9	8,632	2.6	12,170	3.6	3,995	8,175
Wyoming	54,631	14,487	26.5	3,493	6.4	1,418	2.6	1,253	2.3	645	607
Iowa	160,312	93,938	58.6	38,712	24.1	4,186	2.6	8,133	5.1	2,611	5,521
New Hampshire	40,742	19,845	48.7	5,234	12.8	1,903	4.7	3,283	8.1	858	2,425
Nebraska	90,015	49,189	54.6	19,158	21.3	2,475	2.7	4,065	4.5	1,299	2,765
Montana	82,904	27,753	33.5	8,874	10.7	2,318	2.8	2,633	3.2	1,105	1,528
Arizona	141,372	72,523	51.3	20,935	14.8	6,077	4.3	3,818	2.7	1,435	2,383
Florida	299,148	197,199	65.9	83,622	28.0	9,629	3.2	14,409	4.8	6,203	8,206
Utah	101,347	42,381	41.8	15,459	15.3	3,568	3.5	3,100	3.1	1,298	1,803
Virginia	279,268	120,334	43.1	29,144	10.4	5,055	1.8	12,022	4.3	4,333	7,689
Texas	609,555	401,031	65.8	184,522	30.3	19,310	3.2	24,652	4.0	8,046	16,606
Low-income group	3,220,425	2,075,899	64.5	902,705	28.0	67,971	2.1	133,450	4.1	49,392	84,057
Idaho	61,142	26,940	44.1	10,083	16.5	2,804	4.6	2,555	4.2	1,223	1,332
Vermont	48,979	17,252	35.2	7,052	14.4	1,477	3.0	1,997	4.1	821	1,176
Oklahoma	256,932	192,628	75.0	111,530	43.4	6,286	2.4	7,199	2.8	2,625	4,574
Maine	69,548	38,779	55.8	16,743	24.1	2,194	3.2	3,054	4.4	958	2,096
New Mexico	131,975	65,432	49.6	22,057	16.7	2,802	2.1	3,754	2.8	1,694	2,060
North Dakota	56,488	30,645	54.3	11,577	20.5	1,730	3.1	2,694	4.8	987	1,697
Georgia	320,146	221,446	69.2	91,402	28.6	9,750	1.8	13,724	4.3	6,059	7,665
South Dakota	64,783	29,458	45.5	10,106	15.6	1,278	2.0	1,673	2.6	786	886
Louisiana	338,253	222,078	65.7	143,583	42.4	5,879	1.7	10,596	3.1	3,613	6,983
Kentucky	268,613	184,520	68.7	74,229	27.6	4,554	1.7	13,764	5.1	4,547	9,217
North Carolina	279,246	208,362	74.6	78,632	28.2	8,226	2.9	15,263	5.5	5,938	9,325
West Virginia	190,454	107,373	56.4	43,035	22.6	3,351	1.8	6,151	3.2	2,843	3,308
Tennessee	289,601	169,950	58.7	61,130	21.1	5,587	1.9	11,082	3.8	3,972	7,110
Alabama	312,564	204,254	65.3	92,945	29.7	3,234	1.0	12,619	4.0	3,808	8,811
Arkansas	191,305	126,233	66.0	53,699	28.1	4,231	2.2	7,695	4.0	2,771	4,924
South Carolina	139,464	95,328	68.4	25,949	18.6	4,347	3.1	11,144	8.0	3,286	7,858
Mississippi	200,932	135,221	67.3	48,953	24.4	4,241	2.1	8,496	4.2	3,461	5,035
Outlying areas:											
Puerto Rico	126,000	108,465	85.5	15,230	12.0	3,931	3.1	11,898	9.4	6,222	5,676
Virgin Islands	3,960	3,744	94.5	316	8.0	202	5.1	570	14.4	570	-----
Other	3,442	3,198	92.9	162	4.7	42	1.2	405	11.8	405	-----

¹ See footnotes to table 2 for programs in each group of grants.
² Includes a small amount undistributed, grants to the outlying areas

listed, and grants under a few programs to American Samoa, the Canal Zone, and the Trust Territory of the Pacific Islands.

More than \$173 million was granted in 1965-66 for the promotion of agriculture and the preservation of natural resources, an increase of 20 percent from the preceding year. Two new programs were initiated: \$5 million was granted for water resources research and \$422,000 for the development of fisheries.

The \$303 million granted for the remaining miscellany of programs not otherwise classified represents a 30-percent reduction from the group total of \$432 million in 1964-65. The sizable drop is largely the result of the decrease in grants for accelerated public works from \$288 million to \$87 million in 1965-66. About \$1 million was granted for a new Department of Commerce program of State technical services, and \$500,000 went for a new Department of Justice program of law enforcement assistance.

RELATION TO OTHER INDICATORS

Grants per capita are shown in table 3 by State and major purpose. The national average grant in 1965-66 was \$63.90 for every man, woman, and child in the United States, an increase of \$8.85 per capita from the preceding fiscal year. As in table 1, the States are classified in three income groups by ranking the per capita personal income received in each State. Within each income group the States vary widely in the per capita receipt of Federal grants. States with low population density benefit from the minimum allotment provisions in certain of the grant formulas, particularly for highway construction.

States that spend a great deal 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. However, matching formulas built into several of these programs—particularly the Federal matching of State public assistance expenditures—result in relatively high Federal grants. Thus, the largest per capita receivers of public assistance grants include some of the States with the highest per capita incomes in the country as well as some with the lowest per capita incomes in the country.

Although there is considerable overlap from income group to group, grants per capita may be expected to be larger in low-income States than in middle-income States, and larger in middle-income States than in high-income States. The gap between per capita grants received in the top and bottom income groups fluctuates somewhat from one year to the next, usually by about a dollar or two per capita. A half-dozen years ago, the national average, which is very roughly equivalent to the average of grants per capita received in the middle-income group, was \$38.31, and the spread between grants received in the high- and the low-income States was \$17.84 per capita. The next year, with approximately the same national average (\$38.16), the high-low spread was only \$15.96. In 1961-62, it narrowed to \$13.73, widened in the 2 succeeding years to \$14.84 and then \$15.77, and in 1964-65 closed slightly to \$15.45. In 1965-66 this per capita dollar difference between high- and low-income States jumped \$10.47 to \$25.92, the highest ever. The average per capita grants received in the high-income group rose 12 percent during 1965-66; and in the middle-income group they were 17 percent greater (the national average rose 16 percent). In the low-income States, per capita grant receipts advanced 25 percent and accounted for the largest part of the widening spread. During 1964-65, per capita grant receipts had increased 9 percent in the high-income States, 11 percent in the middle-income group, and only 6 percent in the low-income group. In both years the low-income States included most of the Southeastern States, as well as Idaho and New Mexico, one or both of the Dakotas, Maine, and Vermont.

Per capita grants for many programs tend to vary inversely with per capita personal income since the latter is often used in grant formulas either as a measure of need or a measure of fiscal capacity, or both. (Formula grants continue to dominate the series despite the increasing use of project grants in recent years.) The main exception to this observed tendency is in grants for employment security administration, which are generally higher in States with high per capita personal income—the States of greatest economic activity. In 1965-66 these grants averaged \$2.39 per capita for the country as a whole. They averaged \$2.40 per capita in the high-income group and only \$1.75 in the low-income States.

TABLE 3.—Federal grants in relation to personal income and population, by State and purpose, fiscal year 1965–66¹

States ranked by 1963–65 per capita personal income	Average per capita personal income, 1963–65	Total grants as percent of personal income, 1965	Per capita grants							
			Total	Public assistance	Employment security administration	Health services	Other welfare services	Education	Highways	All other
Total.....			\$63.64	\$17.93	\$2.39	\$2.27	\$8.65	\$7.94	\$20.20	\$4.25
United States.....	\$2,593	2.33	63.90	18.12	2.40	2.24	8.49	7.92	20.47	4.27
High-income group.....		1.81	56.88	17.80	2.77	1.78	7.69	6.27	16.50	4.07
District of Columbia.....	3,535	2.64	97.80	17.00	4.76	9.35	28.84	11.32	25.02	1.50
Nevada.....	3,262	4.03	133.58	10.56	5.92	2.94	9.31	16.09	81.47	7.29
Connecticut.....	3,251	1.66	56.49	13.87	2.46	1.15	7.18	4.84	18.30	8.69
Delaware.....	3,175	2.21	75.03	9.78	2.17	3.56	8.43	8.02	40.60	2.47
California.....	3,129	2.19	71.47	30.91	3.23	1.52	6.58	7.62	18.64	3.97
New York.....	3,128	1.56	51.29	19.76	3.61	1.39	8.77	4.76	9.82	2.17
New Jersey.....	3,090	1.23	39.88	8.87	2.93	1.69	7.29	6.94	9.56	2.60
Illinois.....	3,082	1.44	47.18	14.66	1.95	1.61	8.32	4.78	13.18	2.68
Alaska.....	3,044	13.67	435.73	9.41	7.31	4.43	14.29	48.88	168.49	182.92
Massachusetts.....	2,902	1.84	55.98	20.61	3.06	1.60	7.66	5.12	13.40	4.53
Maryland.....	2,835	1.49	44.75	12.45	2.01	2.28	6.25	8.67	10.41	2.68
Michigan.....	2,790	1.67	50.34	12.90	2.20	1.92	7.36	4.69	17.25	4.03
Hawaii.....	2,767	2.79	79.88	11.32	2.70	4.75	10.08	17.02	25.67	8.33
Washington.....	2,747	2.57	74.74	19.69	2.87	2.30	6.95	8.59	31.62	2.72
Rhode Island.....	2,661	2.57	72.57	19.43	4.43	3.36	10.64	10.38	15.24	99.09
Ohio.....	2,660	1.90	53.64	11.53	1.91	1.97	7.41	5.29	20.76	4.77
Indiana.....	2,639	1.48	42.03	6.52	1.49	1.49	5.07	6.32	18.34	2.80
Middle-income group.....		2.43	62.56	15.91	2.07	2.47	7.62	7.65	23.47	3.97
Oregon.....	2,611	2.77	76.46	14.76	2.92	2.83	7.06	6.19	39.31	3.40
Pennsylvania.....	2,592	1.98	54.25	14.19	2.69	1.98	8.21	4.08	16.70	6.41
Colorado.....	2,584	3.33	90.30	26.81	2.46	3.29	9.64	11.69	27.92	8.50
Wisconsin.....	2,544	1.38	37.69	10.69	1.60	1.80	6.18	3.77	11.67	1.97
Kansas.....	2,508	2.38	62.82	15.55	1.45	2.30	5.36	10.44	21.09	6.64
Minnesota.....	2,493	2.74	73.03	20.52	1.82	2.60	8.57	5.14	28.53	5.85
Missouri.....	2,493	2.80	74.54	22.28	1.92	2.71	8.94	7.17	28.69	2.84
Wyoming.....	2,469	6.47	165.55	10.59	4.30	3.80	11.10	14.12	116.17	5.48
Iowa.....	2,457	2.17	58.13	14.04	1.52	2.95	6.27	9.28	20.33	3.74
New Hampshire.....	2,441	2.38	60.54	7.78	2.83	4.88	5.98	8.02	26.37	4.68
Nebraska.....	2,430	2.35	61.70	13.13	1.70	2.79	5.66	10.44	24.71	3.27
Montana.....	2,319	4.84	117.93	12.62	3.30	3.75	7.56	12.26	73.34	5.11
Arizona.....	2,287	3.79	89.76	13.29	3.86	2.42	11.76	14.71	41.83	1.88
Florida.....	2,284	2.13	51.61	14.43	1.66	2.49	7.88	7.57	14.74	2.85
Utah.....	2,279	4.33	101.96	15.55	3.59	3.12	7.73	12.65	56.89	2.43
Virginia.....	2,259	2.61	63.18	6.69	1.14	2.72	6.79	9.98	33.71	2.25
Texas.....	2,217	2.46	57.55	17.42	1.82	2.33	7.04	9.25	17.28	2.41
Low-income group.....		4.07	82.80	23.21	1.75	3.43	12.90	12.08	24.31	5.12
Idaho.....	2,191	3.68	88.23	14.55	4.05	3.69	5.46	11.13	45.46	3.89
Vermont.....	2,152	5.24	121.23	17.45	3.66	4.94	8.00	8.65	72.73	5.80
Oklahoma.....	2,131	4.59	104.96	45.56	2.57	2.94	12.68	14.94	19.90	6.37
Maine.....	2,120	3.10	70.54	16.98	2.23	3.10	6.19	10.83	26.98	4.22
New Mexico.....	2,112	5.93	130.15	21.75	2.76	3.70	14.61	21.70	61.54	4.08
North Dakota.....	2,091	3.80	86.64	17.76	2.65	4.12	8.71	13.76	35.96	3.68
Georgia.....	2,014	3.38	72.91	20.82	1.31	3.13	12.83	12.35	18.28	4.20
South Dakota.....	1,999	4.27	94.44	14.73	1.86	2.44	8.86	15.05	47.59	3.90
Louisiana.....	1,949	4.60	95.01	40.33	1.65	2.98	12.38	5.04	21.91	10.73
Kentucky.....	1,923	4.14	84.66	23.39	1.44	4.34	19.24	9.75	21.38	5.13
North Carolina.....	1,921	2.77	56.58	15.93	1.67	3.09	10.12	11.41	11.07	3.29
West Virginia.....	1,900	5.18	104.93	23.71	1.85	3.39	17.02	13.19	37.99	7.79
Tennessee.....	1,888	3.74	75.22	15.88	1.45	2.88	11.61	12.33	26.67	4.41
Alabama.....	1,788	4.69	89.66	26.66	.93	3.62	12.60	14.78	26.73	4.34
Arkansas.....	1,737	5.34	98.56	27.67	2.18	3.96	16.64	14.58	27.07	6.45
South Carolina.....	1,707	2.96	54.69	10.18	1.70	4.37	8.94	12.19	15.56	1.75
Mississippi.....	1,510	5.41	87.02	21.20	1.84	3.68	19.54	12.31	22.98	5.48
Outlying areas:										
Puerto Rico.....			48.20	5.79	1.49	4.52	19.89	9.52	3.27	3.73
Virgin Islands.....			91.46	7.30	4.67	13.17	44.49	16.83		4.99

¹ See footnotes 2 and 3, table 1, and for programs in each group of grants, footnotes to table 2.
Source: Per capita data are based on estimates of the Bureau of the Census

for the total population, excluding the Armed Forces overseas, as of July 1, 1965. Personal income data are for calendar years and are from the *Survey of Current Business*, July 1966.

Table 3 also shows the role played by Federal grants in the amount of personal income received in each State. The nationwide average in 1965–66 was 2.33 percent. Grants in the high-income States averaged 1.81 percent of personal income; in the middle-income group, 2.43 percent; and in the low-income States, 4.07 percent. In 1964–65, total grants were the equivalent of 2.14 percent of personal income.

At the start of the fifties, Federal grants had

been the equivalent of 11 percent of State and local general revenues from their own sources.² With a number of new Federal grant programs and increased amounts for the existing ones, the ratio rose rather markedly in the decade leading to the present, as the following data show.

² General revenues are classified by source as "from own sources," or direct, and intergovernmental. The great bulk of intergovernmental revenues pass from the Federal Government to the States and localities, mainly in the form of Federal grants.

Item	1949-50	1954-55	1959-60	1963-64	1964-65
State and local direct general revenues (in millions).....	\$19,211	\$27,942	\$43,530	\$58,440	\$62,971
Federal grants:					
Amount (in millions).....	2,208	3,094	6,837	9,774	10,630
Ratio to State and local direct general revenues.....	11.5	11.1	15.7	16.7	18.5

Of every dollar of the total amount of State and local general revenue in recent years, the States and localities collected 85-87 cents from their own sources and received about 15 cents from the Federal Government in grants.³ A dozen years ago the distribution was 90 cents and 10 cents.

³ Less than one cent of each revenue dollar came from types of intergovernmental revenue from the Federal Government other than grants: shared taxes, payments in lieu of taxes, and payments for services performed by States or localities on a reimbursable or cost-sharing basis.

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