Federal Grants to State and Local Governments, 1967-68

by SOPHIE R. DALES*

FEDERAL GRANTS to the States and localities continued their upward trend during fiscal year 1967-68 and reached an all-time peak of \$18.1 billion. About 69 percent of all grants (\$12.5 billion) went for programs of a social welfare nature. In the preceding fiscal year the grants totaled \$14.8 billion, of which \$9.9 billion (67 percent) were for social welfare purposes. In both years about half of the total grants were administered by the Department of Health, Education, and Welfare. Table 1 shows the 1967-68 grants by State and by purpose.

(The data presented here differ slightly from the grants as published in the Statistical Appendix to the 1968 Annual Report of the Secretary of the Treasury. Two additions to that report are not reflected here: \$65,431,000 undistributed to States for the community action program (miscellaneous social welfare, economic opportunity) and \$11,375,000 to the District of Columbia for a sewer project (miscellaneous).)

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 (individuals and institutions, primarily), but those made to the lower government levels are, again quantatively, the most significant.

The scope of the grant 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 surplus foods distributed domestically or Braille materials for the blind, are included when they conform to these criteria. Programs in which the States or localities are acting solely as agents of the Federal Government are excluded, as are shared revenues and payments in lieu of taxes.

REVISION OF HISTORICAL GRANTS SERIES

The revision of the grants series that was described in last year's article¹ has now been completed for the historical data, and the entire series, 1929-30 through 1967-68, is presented in the new groupings in table 2. With the few unavoidable exceptions described in the preceding article, the grants series is now in conformity with the revised social welfare expenditure series presented annually by the Social Security Administration.²

For all years before 1948, the revised grants totals agree exactly with the pre-revision totals. From 1947–48 through 1967–68, total grants and the education group are higher than they were before by the amount of the annual grants for on-the-job training of veterans, previously omitted from the series. The largest amount involved is \$5.3 million for 1947–48, with the figure decreasing gradually to less than \$1.0 million from 1962–63 on.

Federal grants to the States and localities are composed, basically, of grants for two major purposes—social welfare and highways. Over the years—as national needs have developed, been identified, changed, and received different legislative emphasis and as different Federal financing philosophies have evolved—the proportion of total Federal grants devoted to each of these two main grant groups has changed to correspond. The accompanying chart shows the fluctuations in the proportion of total grants attributable to social welfare programs and the proportion attributable to highways (from 1933–34 through

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¹ Sophie R. Dales, "Federal Grants to State and Local Governments, 1966–67," Social Security Bulletin, July 1968, pages 9–15.

² Social Welfare Expenditures Under Public Programs in the United States, 1929-66, Office of Research and Statistics (Research Report No. 25), and Social Security Bulletin, December 1968, pages 14-27. Social welfare, as defined in Research Report No. 25 and in the annual Bulletin articles, is limited to those activities that directly concern the economic and social well-being of individuals and families. Not included in this concept are programs aimed at the general welfare of the population and only indirectly affecting the welfare of the individual.

		Social welfare											
States ranked by 1965-67 average per capita personal income				Public assistance		Health				Education			
	All grants ¹					Total				Total			
		Amount	Per- cent of all grants	Amount	Per- cent of all grants	Amount	Per- cent of all grants	Services	Con- struction	Amount	Per- cent of all grants	Services	Con- struction
Total 2	\$18,096,091	\$12,459,599	68.9	\$5,318,647	29.4	\$836,809	4.6	\$490,333	\$346,476	\$2,781,316	15.4	\$2,403,641	\$377,676
United States 3	17,806,822	12,198,024	68.5	5,286,269	29.7	814,918	4.6	480,391	334,528	2,694,144	15.1	2,328,778	365,366
High-iucome group. D.C	8,532,832 177,970 236,148 779,329 1,524,306 51,902 2,037,095 99,575 66,166 423,889 506,160 298,185 281,646 81,364 105,565 693,033 281,199	5,947,302 120,308 129,343 533,646 1,498,312 29,298 1,487,153 35,588 30,324 267,163 370,055 398,560 177,567 202,451 49,390 65,249 413,996	69.7 67.6 54.8 68.5 82.1 56.4 73.0 35.7 45.8 63.0 73.1 67.6 59.7 61.8 59.7 49.4	2,955,879 17,723 48,744 216,478 931,252 9,107 891,573 4,278 7,184 84,899 196,555 68,769 71,384 12,912 27,766 153,373 35,927	34.6 10.0 20.6 27.8 51.0 17.5 43.8 4.3 10.9 20.0 38.8 30.2 23.1 15.9 26.3 12.8	381,406 13,895 9,314 37,662 2,190 68,333 1,789 2,732 12,181 31,937 34,161 13,636 18,654 4,697 4,804 32,715	4.5 7.8 3.9 4.8 4.3 4.2 3.4 4.1 2.9 6.3 5.8 4.6 6.6 6.8 4.6 7	244,614 10,771 6,922 23,494 54,851 1,597 40,978 1,049 1,541 7,974 22,831 21,797 43,139 3,833 2,945 17,007 6,928	136,791 3,125 2,392 14,168 23,271 593 27,355 740 1,190 4,207 9,106 12,461 6,582 5,514 804 1,859 15,708 7,656	1,074,420 30,341 29,651 111,573 159,290 9,963 237,548 18,189 10,346 69,079 54,640 72,776 44,647 63,813 19,629 14,120 89,952 38,863	12.6 17.0 12.6 14.3 8.7 19.2 11.7 18.3 15.6 16.3 10.8 12.3 15.0 22.7 24.1 13.4 13.0	949, 248 26, 6,05 25, 714 103, 090 141, 325 6, 658 225, 318 17, 942 6, 751 61, 410 47, 068 59, 970 35, 910 54, 635 14, 863 10, 416 76, 671 34, 902	125,173 3,736 3,937 8,483 17,965 3,3,96 12,23J 247 3,595 7,669 7,572 12,8,6 8,737 9,178 4,706 3,704 13,281 3,961
Middle-income group Pa. Wis. Iowa. Colo Oreg. Minn. Nebr. Kans. N.H Mo. Wyo. Fla. Mont. Vt. Va. Ariz. Texas.	220,305 223,259 172,210 360,454 121,996 167,097 62,398 399,847 63,176 393,980 96,506 72,765 336,032	3, 222, 279 560, 476 213, 512 149, 674 156, 527 96, 857 212, 781 82, 965 113, 298 32, 612 286, 643 21, 430 225, 304 41, 809 35, 120 191, 769 115, 999 625, 503	64.9 63.5 73.1 67.9 70.1 56.2 59.0 67.8 52.3 71.7 33.9 72.4 43.3 57.1 59.7 68.9	1,218,610 216,403 106,016 63,386 57,522 31,740 90,226 27,524 46,155 7,970 121,655 4,105 90,753 10,532 12,495 35,432 251,112 271,584	24.5 24.5 36.3 28.8 25.8 25.8 25.6 27.6 12.6 27.6 17.2 10.5 12.9 29.9	251,179 49,043 13,749 8,778 15,664 8,035 15,925 11,577 8,030 3,299 22,166 1,781 23,200 3,207 5,416 14,429 9,204 37,676	5.1 5.6 4.7 4.0 7.0 4.7 4.8 5.5 2.8 5.5 2.8 5.7 4.3 4.7	142,026 28,107 7,639 4,738 10,989 5,352 8,659 4,113 5,923 1,668 15,296 1,055 13,030 1,939 2,270 7,631 3,386 19,731	109,155 20,937 6,110 4,040 4,675 2,683 7,266 7,484 2,107 1,631 6,871 1,267 3,146 6,798 5,318 17,945	824,767 111,796 38,960 38,333 43,256 25,425 46,808 22,767 35,456 10,340 65,289 8,823 82,427 14,173 8,567 8),481 34,973 156,883	14.8 13.0 18.7 21.2 16.6 16.3 14.0 20.9 14.7 11.8 24.0 18.0	28,652 34,181 16,790 38,446 18,583 31,955 6,946 55,423 5,450 73,849 10,410 4,985 71,097 29,125	122,057 7,520 10,3.8 4,152 9,183 8,635 8,362 4,194 3,501 3,395 9,866 3,373 8,578 3,762 3,582 9,384 5,848 18,424
Low-income group. Utah. Malne. Okla. Idaho. S. Dak. N. Dak. N. Mex. Ga. Le. N. C. Ky. Tenn. W. Vs. Ala S.C. Ark. Miss. Outlying areas:	229,912 364,781 202,476	270,267 244,350 135,990 269,995 149,945 182,610	75.0 76.1 65.6 66.2 59.1 74.0 74.1	14,525 17,651 31,085 123,125 161,228 83,678 106,217 77,013 45,782 101,924 26,443 67,755	25.8 15.5 25.2 44.0 17.8 15.5 22.2 28.1 19.2 25.8 20.9 27.9 13.1 27.4	182,331 6,591 4,019 8,195 3,657 2,813 2,073 6,560 21,270 15,017 26,080 14,731 18,580 6,124 15,550 9,831	4.9 3.7 6.6 3.6 5.0 2.7 4.3 4.9	93,752 4,180 1,723 4,650 1,844 1,216 1,434 3,101 12,613 6,019 12,025 7,674 9,399 3,895 9,562 5,201 4,804 4,412	3,460 8,657 8,998 14,055 7,057 9,181 2,230 6,088 4,630 5,897	90,793 70,188 67,658 30,868 68,295 58,129 50,466	18.5 16.6 2 16.2 18.2 19.9 18.1 2 24.7 3 17.8 12.5 4 23.0 17.0 3 18.3 13.4 13.4 13.7	16,105 10,937 143,487 10,134 15,233 9,916 29,947 60,021 60,021 60,260 62,212 60,260 62,707 78,028 62,212 60,260 60,260 77,078 60,400 78,028 78	3,348 4,457 10,064 8,801 4,600 12,767 7,976 7,398 3,791 10,133 8,181 7,528
P.R V.I Other	15,274	14,634	95.8	412		8,763 12,198 1,412	79.9	8,372 640 1,412	11,557		-		

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

1945-46, to highways and other public works). Comparison of the two curves discloses that one is almost an exact reverse image of the other, thus clearly displaying the reciprocal nature of the fluctuations between these two major grant purposes, as well as the degree to which the two groups dominate the Federal grants picture. The chart is based on percentages shown in table 2.

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

Social welfare—Continued Miscellaneous social welfare			Highy	vays					
						Agriculture		States ranked by	
Tot Amount	Percent of all grants	Economic opportunity	Other	Amount	Percent of all grants	Urban affairs	and natural resources	Miscel- laneous	1965-67 average per capita personal income
\$3,522,827	19.5	\$1,357,519	\$2,165,308	\$4,197,489	23.2	\$651,500	\$139,961	\$647,543	Total.
3,402,693	19.1	1,332,694	2,069,999	4,185,226	23.5	647,090	140,313	636,169	United States.
1,535,568 58,349 41,634 167,934 329,647 8,037 289,700 11,332 10,062 101,004 86,923 113,668 50,514 48,600 12,153 18,560 137,956 49,525	18.0 32.8 17.6 21.5 18.1 15.5 14.2 11.4 15.2 23.8 17.2 19.3 16.9 11.9 17.6	585, 403 35, 780 13, 388 62, 230 122, 486 2, 785 119, 996 6, 773 3, 534 37, 859 32, 510 41, 750 17, 686 16, 014 3, 321 6, 164 47, 917 15, 320	950,106 22,569 28,266 105,704 207,161 5,252 169,704 4,558 6,528 63,146 54,413 71,918 32,828 8,832 12,396 90,040 34,205	1,887,080 36,764 70,534 191,997 206,008 18,395 428,657 36,943 27,401 115,320 74,695 145,803 97,344 53,819 23,859 29,919 209,786 119,836	22.1 20.7 29.9 24.6 11.3 35.4 21.0 37.1 41.4 27.2 14.8 24.7 32.6 19.1 20.3 28.3 30.3 42.6	308, 963 5,736 27,993 24,288 76,552 1,685 68,325 7,504 2,372 31,233 48,451 27,562 8,503 10,950 3,197 2,003 41,574 11,035	35,204 19 1,700 1,973 3,130 783 6,245 2,015 890 1,305 2,697 2,367 1,959 1,470 412 2,459 4,020	264,283 15,143 6,578 27,425 40,305 1,741 46,714 17,525 5,178 8,868 11,199 12,404 12,467 3,448 7,982 25,218 7,409	High-income group District of Columb Connecticut. Illinois. New York. Delaware. Calliornia. Alaska. Newada. New Jersey. Massachusetts. Michigan. Washington. Maryland. Hawaii. Rhode Island. Ohio. Indiana.
927, 723 183, 234 54, 787 39, 178 40, 085 31, 657 59, 822 21, 098 23, 658 11, 003 77, 532 6, 721 88, 925 13, 897 8, 641 61, 709 59, 349	18.7 20.7 18.8 17.8 18.0 16.6 17.3 14.2 17.6 22.6 10.6 22.6 14.4 11.9 18.3 24.0	357, 608 55, 899 16, 504 13, 686 18, 097 10, 327 22, 739 7, 080 7, 547 4, 743 35, 349 2, 648 34, 575 6, 193 3, 729 23, 977 27, 805 67, 710	570,115 127,335 39,283 25,492 21,989 21,330 37,082 14,019 16,111 6,260 42,183 4,073 54,350 7,704 4,912 37,449 18,904 91,639	1,348,137 217,307 57,968 53,291 56,854 62,679 119,794 31,158 37,339 21,591 82,571 39,068 80,772 48,082 33,259 111,812 68,017 226,575	27.1 24.6 19.8 24.2 25.5 36.4 33.2 25.5 22.3 34.6 20.7 61.8 20.5 45.7 33.6 20.5	159, 266 63,058 7,890 8,147 1,615 3,543 10,786 776 5,510 2,411 17,584 12,700 758 513 7,037 2,324 14,624	53,030 4,292 3,240 1,899 4,156 2,476 2,613 4,587 1,412 2,283 1,507 3,066 1,423 821 3,009 2,341 10,859	184,744 38,178 9,514 6,207 6,365 4,975 14,617 4,483 6,363 4,372 10,766 1,170 12,138 4,434 3,052 22,406 5,712 29,992	Middle-income group Pennsylvania. Wisconsin. Iowa. Colorado. Oregon. Minnesota. Nebraska. New Hampshire. Missouri. Wyoming. Florida. Montana. Vermont. Virginia. Arizona. Texas.
939, 371 18, 603 14, 814 52, 360 10, 388 14, 873 11, 921 29, 464 93, 923 80, 219 99, 831 79, 130 81, 099 53, 214 84, 126 55, 542 53, 688 106, 176	21.8 14.5 17.3 16.8 13.6 15.9 15.0 18.2 21.4 19.5 25.3 19.2 22.0 23.1 27.4 20.7 37.8	6, 145 6, 570 19, 793 3, 374 7, 502 4, 663 15, 283 31, 641 31, 347 40, 282 37, 370 30, 897 25, 251 30, 867 23, 562 20, 063	549,779 12,457 8,244 32,566 7,014 7,372 7,258 14,181 62,282 48,872 59,550 41,761 50,203 27,963 53,259 31,980 33,625 51,192	950,011 51,796 20,813 48,528 30,064 37,380 22,190 44,596 88,053 81,394 58,629 98,689 92,929 70,436 72,606 41,567 42,489 40,852	22.1 40.3 24.3 14.7 39.2 40.0 36.7 27.6 20.1 19.8 14.8 25.2 30.6 19.9 20.5 17.2	88,861 682 4,657 7,229 1,034 129 547 1,735 12,133 2,181 12,558 14,184 15,047 1,312 6,382 979 6,321 1,751	2,160 2,953 3,416 2,005 4,025	187,142 5,360 3,730 7,180 2,584 4,290 2,453 6,593 15,646 16,759 20,425 26,069 14,415 19,222 12,383 7,980 11,501	Low-income group Utah. Maine. Oklahoma. Idaho. South Dakota. North Dakota. North Dakota. North Carolina. Louistana. North Carolina. Kentucky. Tennessee. West Virginia. Alabama. South Carolina. Arkansas. Mississippi.
69,106 2,025 3,082	53.6 13.3 6.1	325	46,422 1,700 1,266	9,952	7.7	2,617 28	316 60 115	2,541 553 4,390	Outlying areas. Puerto Rico. Virgin Islands. Other.

² Includes a small amount of undistributed sums.

Source: Annual Report of the Secretary of the Treasury on the State of the Finances for the Fiscal Year Ended June 30, 1968.

In the 2-year period immediately preceding passage of the Social Security Act in August 1935, social welfare grants as a proportion of all Federal grants were at their all-time low—1.3

percent in 1933-34 and 1.4 percent in 1934-35. At that time the only social welfare grants of consequence were being made for education: \$22 million of the \$24 million social welfare total in

Table 2.—Federal grants to State and local governments, total amount, by purpose, fiscal years 1929–30 to 1967–68 [Amounts in millions]

					1221		11111101101							
		Social welfare												
Fiscal year	All grants ¹	Total		Public assistance ²		Health ³		Education 4		Miscellaneous social welfare 5		Highways ⁶		All other 7
		Amount	Percent of all grants	Amount	Percent of all grants	Amount	Percent of all grants	Amount	Percent of all grants	Amount	Percent of all grants	Amount	Percent of all grants	
1929-30 1930-31 1931-32 1932-33	\$100 180 214 190	\$23 25 26 25	23.2 13.9 12.1 13.2			\$10	(8)	\$22 24 24 23	21.8 13.1 11.3 12.3	\$1 1 2 2	1.3 .8 .8	\$76 154 186 163	75.5 85.2 87.1 86.0	\$1 2 2 2
1933-34 1934-35 1935-36 1936-37	1,803 2,197 1,015 818	24 28 107 230	1.4 1.3 10.5 28.1	\$28 144	2.8 17.6	4 13	0.4 1.6	22 26 37 38	1.2 1.2 3.6 4.6	3 37 36	.1 .1 3.7 4.4	222 275 224 341	12.3 12.5 22.1 41.6	1,557 1,893 684 247
1937-38 1938-39 1939-40 1940-41	790 1,031 967 915 926	365 446 531 624 694	46.2 43.2 54.9 68.2 74.9	216 247 271 330 375	27.3 24.0 28.0 36.0	15 15 22 26 29	1.9 1.4 2.3 2.8 3.1	48 50 51 113	6.1 4.8 5.2 12.3	86 134 187 156 139	10.8 13.0 19.4 17.0 15.0	247 192 165 171	31. 2 18.6 17.0 18.7	178 393 272 120 74
1941-42 1942-43 1943-44 1944-45	991 983 917 844	691 700 700 701	69.7 71.3 76.3 83.1	396 405 410 439	40.4 39.9 41.2 44.7 52.0	30 60 79 71	3.1 6.1 8.6 8.4	151 171 136 103 58	16.3 17.2 13.8 11.3 6.8	94 99 108 133	9.5 10.1 11.7 15.7	158 174 144 87 75	17.1 17.6 14.7 9.5 8.8	126 138 130
1946-47 1947-48 1948-49 1949-50	1,549 1,581 1,840 2,212 2,253	1,302 1,229 1,366 1,731 1,802	84.1 77.8 74.2 78.2 80.0	614 718 928 1,123 1,186	39.6 45.4 50.4 50.8 52.6	63 55 67 123 174	4.1 3.5 3.6 5.6 7.7	65 120 76 82 93	4.2 7.6 4.2 3.7	560 335 295 402 350	36.2 21.2 16.0 18.2 15.5	199 318 410 429 400	12.8 20.2 22.3 19.4	68 48 33 64 53
1950-51 1951-52 1952-53 1953-54 1954-55	2,329 2,759 2,958 3,096	1,802 1,854 2,162 2,346 2,403	79.6 78.4 79.3 77.6	1,178 1,330 1,438 1,427	50.6 48.2 48.6 46.1	174 187 173 140 119	8.0 6.3 4.7 3.8	156 259 248 296	4.1 6.7 9.4 8.4 9.6	333 400 519 561	14.3 14.5 17.6 18.1	420 517 538 597	17.8 18.0 18.8 18.2 19.3	56 80 74 97
1955-56 1956-57 1957-58 1958-59	3,441 3,936 4,794 6,316 6,838	2,615 2,848 3,095 3,450 3,610	76.0 72.4 64.6 54.6 52.8	1,455 1,556 1,795 1,966 2,059	42.3 39.6 37.4 31.1	133 162 176 211 214	3.9 4.1 3.7 3.3	276 280 308 376	8.0 7.1 6.4 6.0	751 848 816 897 896	21.8 21.6 17.0 14.2	740 955 1,519 2,614 2,942	21.5 24.3 31.7 41.4	85 133 181 251
1959-60	6,921	3,610 3,950 4,535 4,825 5,352	52.8 57.1 58.9 58.0 54.8	2,167 2,432	30.1 31.3 31.6 32.8 30.1	214 240 263 292 322	3.1 3.5 3.4 3.5 3.3	441 460 491 558 579	6.5 6.6 6.4 6.7 5.9	1,083 1,348 1,246 1,507	13.1 15.6 17.5 15.0 15.4	2,623 2,783 3,023 3,644	43.0 37.9 36.1 36.3 37.3	286 349 385 477 778
1964-65 1965-66 1966-67 1967-68	10,630 12,519 14,820 18,096	5,671 7,634 9,858 12,460	53.4 61.0 66.5 68.8	3,059 3,528 4,175	28.8 28.2 28.2 29.4	346 365 449 837	3.3 2.9 3.0 4.6	705 1,595 2, 3 70	6.6 12.7 16.0 15.4	1,560 2,147 2,864 3,523	14.7 17.2 19.3 19.5	4,018 3,975 4,021	37.8 31.8 27.1 23.2	941 909 940 1,439

¹ On checks-issued basis for most programs; includes small amounts to American Samoa, Canal Zone, Guam, and the Trust Territory of the Pacific Islands.

distribution to State accounts in unemployment insurance trust fund of certain tax collections, 1955-56 to 1957-58; White House Conference on Aging, 1959-60 to 1960-61; Federal share of value of food stamps redeemed, 1961-62 to date; manpower development, 1962-63 to date; housing demonstration,

to date; manpower development, 1962-63 to date; housing demonstration, 1963-64 and 1964-65; economic opportunity programs: work experience, community action, and Neighborhood Youth Corps, 1964-65 to date; adult training and development, and veterans' nursing homes, 1966-67 to date.

6 Cooperative construction of rural post roads, 1929-30 to 1939-40; Federal-aid highways (regular and emergency, prewar and postwar) and trust fund activities, restoration of roads and bridges, flood relief, secondary and feeder roads, grade-crossing elimination, 1930-31 to date; National Industrial Recovery Act highway activities, 1933-34 to 1943-44, 1946-47 to 1948-49, and 1950-51; emergency relief activities, 1935-36 to 1943-44 and 1946-47 to 1951-52; access roads, flight strips, strategic highway network, 1941-42 to 1956-57 and 1958-59; public land highways, 1942-43 to date; payment of claims, 1945-46 to 1951-52; war damage in Hawaii, 1947-48 to 1955-56; reimbursement of 19istrict of Columbia highway fund, 1954-55 and 1957-58; forest highways, 1957-58 to date; Appalachia highways, 1965-66 to date; and beautification and control of outdoor advertising, highways afety, and landscaping and scenic enhancement, 1966-67 to date.

Forestry cooperation including watershed protection and flood preven-

ment, 1966-67 to date.

7 Forestry cooperation including watershed protection and flood prevention, 1929-30 to date; Civil Works Administration, 1933-34; Federal Emergency Relief Administration, 1933-34 to 1937-38; Federal Emergency Administration of Public Works, 1933-34 to 1939-40; Reclamation Service (emergency), 1935-36; wildlife restoration, 1938-39 to date; war public works, 1941-42 to 1943-44; Public Works Administration, 1941-42 to 1949-50; farm labor supply, 1942-43 to 1948-49; community facilities and defense community facilities, 1944-45 to 1948-49, 1952-53, and 1954-55 to 1958-59; public works advance planning, 1946-47 to 1948-49; Federal airport program, 1947-48 to date; cooperative marketing project and disaster, drought, and other 48 to date; cooperative marketing project and disaster, drought, and other emergency relief, 1948-49 to date; civil defense, 1951-52 to date; slum clearemergency relet, 1948-49 to date; civil detense, 1951-52 to date; sium clear-ance, 1952-53 to 1954-55; urban planning and renewal, 1955-56 to date; library services and waste-treatment-works construction, 1956-57 to date; National Science Foundation installations, 1957-58; small business management re-search, 1958-59 to 1964-65; area redevelopment assistance and accelerated public works, 1962-63 to date; open space land, 1963-64 to date; urban mass transportation, water resources research, commercial fisheries research, arts and humanities, law enforcement, State technical services of Commerce Department, and rural water and waste disposal, 1965-66 to date; economic development facilities, Appalachian assistance, and technical and community assistance, 1966-67 to date; model cities, meat inspection, and economic

development planning, 1907-08.

Less than 0.05 percent.
Source: Annual Reports of the Secretary of the Treasury, Combined Statement of Receipts, Expenditures and Balances of the United States Government, and gency reports

<sup>181811108.
2</sup> Old-age assistance, aid to families with dependent children, and aid to the blind, 1935-36 to date; aid to the permanently and totally disabled, 1950-51 to date; medical assistance for the aged, 1960-61 to date; aid to the aged, blind, or disabled, 1963-64 to date; and medical assistance, 1965-66

aged, blind, or disabled, 1905-04 to date; and medical assistance, 1905-06 to date.

3 Promotion of welfare and hygiene of maternity and infancy, 1929-30; maternal and child health services, services for crippled children, and general public health services, 1935-36 to date; venereal disease control, 1940-41 to date; emergency maternity and infant care, 1942-43 to 1948-49 and 1950-51; construction of community facilities, 1944-45 and 1953-54 to 1955-56; tuberculosis control, 1944-45 to date; mental health activities, cancer control, and hospital survey and construction, 1947-48 to date; heart disease control, 1949-50 to date; construction of heart disease research facilities and industrial waste studies, 1949-50 to 1952-53; construction of cancer research facilities, 1949-50 to 1953-54; emergency poliomyellitis vaccination, 1955-56 to 1960-61; waste studies, 1949-50 to 1952-53; construction of cancer research facilities, 1949-50 to 1953-54; emergency poliomyelitis vaccination, 1955-56 to 1960-61; water pollution control (sanitary engineering, environmental health activities), health research construction, 1956-57 to date; chronic diseases and health of the aged, 1961-62 to date; padiological health, 1962-63 to date; vaccination assistance, 1963-64; dental services, 1964-65 to date; nursing services, 1965-66 to date; medical care services, 1966-67; comprehensive health planning and services, and regional medical services, 1967-68.

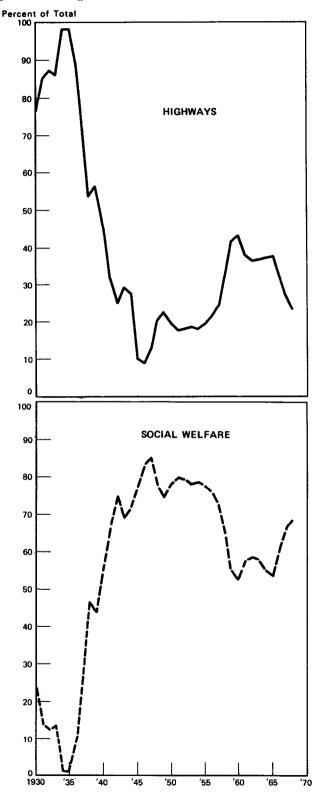
4 Colleges for agriculture and mechanic arts, vocational education, education of blind cooperative State research service (agricultural experiment).

Colleges for agriculture and mechanic arts, vocational education, education of blind, cooperative State research service (agricultural experiment stations), agricultural extension work, State marine schools, 1929-30 to date; education emergency grants, 1935-36 to 1940-41; training of defense workers, 1940-41 to 1945-56; maintenance of schools, 1946-47 to date; veterans' education facilities, 1947-48 to 1949-50; survey and construction of schools, 1950-51 to date; White House Conference on Education, 1954-55; defense education 1958-59 to date; education of handicapped, 1959-60 to date; educational television and adult education, 1964-65 to date; elementary, secondary, and higher education and equal education opportunity, 1965-66 to date; Teacher Corps and health manpower education and utilization, 1967-68.

Socational rehabilitation and State homes for disabled servicemen, 1929-30 to date; employment service administration 1933-34 to 1942-43 and 1946-47 to date; child welfare services and unemployment insurance administration under the Social Security Act and removal of surplus agricultural reading the service of the security and the service of the service and removal of surplus agricultural reading the service and removal of surplus agricultural

¹⁹⁴⁶⁻⁴⁷ to date; child welfare services and unemployment insurance administration under the Social Security Act and removal of surplus agricultural commodities under Act of Aug. 24, 1935 (sec. 32), 1935-36 to date; school lunch and Federal annual contributions to public housing authorities, 1939-40 to date; community war-service day care, 1942-43, veterans' re-use housing, 1946-47 to 1950-51; administration of veterans' unemployment and self-employment allowances, 1947-48 to 1952-53; veterans' on-the-job training 1947-48 to date; commodities furnished by Commodity Credit Corporation, 1949-59 to date; defense public housing, 1953-54; school milk, 1954-55 to date;

Federal grants for highways¹ and for social welfare as a percent of all grants



1 For 1934-46, data include public works.

1933-34 and \$26 million of the following year's total of \$28 million. They were at their peak proportion in the first 2 years after World War II, when they accounted for 83.1 percent in 1945-46 and 84.1 percent in 1946-47. In the first of these years, public assistance grants of \$439 million made up 63 percent of social welfare grants. In the following year, although public assistance grants had increased 40 percent, they then comprised only 47 percent of all social welfare grants, which had been augmented by \$357 million for veterans' housing.

From this peak of prominence the social welfare grants rapidly descended to about 75–80 percent of all Federal grants where they remained, more or less, for the next decade. Their decline in relative importance continued throughout the late 1950's and early 1960's, with a low for that period of 52.5 percent in 1959–60. By 1966–67 and 1967–68, they rose gradually to more than two-thirds of all Federal grants.

The component grant groups of the social welfare total—public assistance, health, education, and miscellaneous social welfare programs—are also shown in table 2. From the second year of their existence (1936–37), the public assistance grants have dominated the social welfare group. For several years immediately before and after 1950 they comprised more than half of all grants and about two-thirds of all grants for social welfare. Grants for health purposes have shown sizable increases in dollar amounts since these grants were initiated. They have never represented as much as 10 percent of all grants, however, and relatively rarely as much as 5 percent.

Education grants have followed a somewhat similar pattern. Their increasing and decreasing proportion of the grants total, however, has been determined more by the rise and fall of the proportion spent for other purposes since their dollar total from 1949-50 on has been almost steadily on the rise. The increases have been especially notable since the Federal Government began to participate financially in the construction and operation of elementary and secondary schools and, more recently, in the area of higher education. At their two lowest points after passage of the Social Security Act-1935-36 and 1949-50-education grants represented 3.6 and 3.7 percent, respectively, of all grants. In the earlier year (the first with public assistance

grants) that level represented more than one-third of social welfare grants, but it represented only one-twentieth of the social welfare total in 1949-50.

The group of miscellaneous social welfare grants has long been dominated by and subject to the annual fluctuations of the several domestic food distribution programs. In 1939–40 this group accounted for almost 20 percent of total grants and more than a third of the social welfare grants. A decade later it represented only one percentage point less in relation to all grants but had dropped to between one-fourth and one-fifth of social welfare grants. Within the past few years, grants under economic opportunity legislation have more than made up for the gradual exhaustion of these agricultural surpluses.

The foregoing discussion has been cast in the framework of the proportion of total grants and of social welfare grants rather than in terms of dollar amounts. With continual increase in population and progressive erosion of the value of money it is not possible to make meaningful statements about program growth by reference to increases in the amount of current dollars expended. Each year's grants article has carried per capita grants expenditures for the current year, and comparisons have been made with the immediately preceding year. Sometime in the future, staff time may become available to subject the entire revised series to similar treatment and also to recast the current dollar historical series into constant dollars.

GRANTS IN FISCAL YEAR 1967-68

The most recent half-decade has witnessed an expansion of the rate of increase in the amount of grants for all purposes that is about double their growth in the immediately preceding 5 years. Grants in 1967-68, at \$18.1 billion, were 22 percent more than in 1966-67. This \$18.1 billion was 85 percent more than the total of \$9.8 billion in 1963-64, which in its turn was only 43 percent higher than the total in 1959-60 (\$6.8 billion).

The growth of social welfare grants during the same time span is even more spectacular: The \$12.5 billion granted for social welfare purposes in 1967-68 represented a 26-percent increase from the preceding year and a rise of 133 percent from

the 1963-64 total; growth in the preceding 4 years was only 48 percent.

Several factors contributed to the most recent annual increase in the social welfare grants total. Public assistance grants of \$5.3 billion were 27 percent higher than they were in the preceding year. They accounted for 43 percent of social welfare grants—about the same proportion as in 1966-67. The 1967-68 rise is attributable largely to the maturing of the medical assistance program (Medicaid): All States, or almost all, have now initiated Medicaid programs, which accounted for three-fifths of the \$1.1 million increase in assistance grants.

Grants for health services and construction, at \$837 million, rose 86 percent from their 1966-67 total. Since they form one of the smallest groups (dollarwise), their relative increase—from 5 percent of social welfare grants in 1966-67 to 7 percent in 1967-68—is not startingly noticable. The substantial growth in mental health grants, which went from less than \$7 million in 1966-67 to more than \$175 million the following year, accounts for the largest part of the increase.

Health grants now run close to five times their total a decade ago. Introduction of two new health grant programs in 1967-68 helped swell the total: \$55 million was disbursed for a new program of comprehensive health planning and services, and grants of \$21 million initiated a regional medical services program.

Grants for education services and construction totaled \$2.8 billion in 1967-68 and were 22 percent of the social welfare grants of that year. They were 17 percent higher than in the preceding year but formed about the same relative proportion of the total. Two new grant programs were added to the education group in 1967-68: \$16 million went for a Teacher Corps program and \$33 million for health manpower education and utilization.

The miscellaneous social welfare grants increased 23 percent in 1967-68 to \$3.5 billion. In 1966-67 and 1967-68 these grants represented about two-sevenths of social welfare grants. Economic opportunity grants of \$1.4 billion (excluding those for education programs, which are listed with the other education grants) were 29 percent higher in 1967-68 than in the preceding year; they represented about two-fifths of the miscellaneous social welfare group.

20 SOCIAL SECURITY

The remaining grants—the non-social-welfare grants—accounted for somewhat less than one-third of all 1967-68 grants, and totaled \$5.6 billion, as follows: Highways, \$4.2 billion, about 4 percent more than 1966-67; urban affairs, \$651 million, a 42-percent increase; agriculture and natural resources, \$140 million, up 8 percent; and a general miscellany amounting to \$648 million. New programs among the last three groups—which are combined into an "all other" group in presenting per capita and historical data—include grants for model cities, meat inspection, and economic development planning.

Tentatively, the multipurpose model cities program has been classified with the urban affairs group outside the social welfare orbit, since the \$1.6 million granted in 1967-68 was largely for planning purposes. A change in classification may be necessary in future years, depending on the extent to which model cities grants become identifiable as serving social welfare purposes, according to the present definition.

RELATION TO OTHER INDICATORS

Grants per capita are presented in table 3. Exactly \$90 of Federal grants was received during 1967-68 for every man, woman, and child in the United States, an increase of \$16.03 per person from the national average grant of 1966-67. 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 that 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 States that receive the largest per capita assistance grants include some with

the highest per capita incomes in the country as well as some with the lowest.

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 of fiscal capacity or both. Formula grants continue to dominate the series despite the increasing use of project grants in recent years.

Comparison of Federal grants with State and local revenues provides an indication of the role of Federal grants in the finances of the States and localities as well as further confirmation of the equalization effect of many formula grants. It would perhaps be more appropriate to compare the grants and revenues of the same year, but release time of data from the Bureau of the Census makes such a comparison impossible. Comparisons of 1967-68 grants with 1966-67 revenues are of considerable value for two reasons. First, State and local revenues change relatively little from one year to the next. At most the overall change would be slight since the ratios are averaged for the three income groups of States. Second, most closed-end grant formulas refer to per capita income for preceding years, not (for the obvious reason) for the current year in which the grants are actually disbursed, and the income received in a State is the dominant factor in the amount of revenues collected in that State.

Nationwide, Federal grants represented 19.4 cents of every dollar of total State and local general revenues (which include the grants receipts). This is an increase of 2 cents on the dollar from 1966-67. In the low-income States the grants accounted for 28 cents of each general revenue dollar; in the high-income States, for 17 cents. To every dollar collected by all the States and localities from their own sources (direct general revenues), the Federal Government added 23 cents in grants. In the low-income States the Government added grants of 36 cents to each State and local dollar; in the high-income group it added 20 cents. The individual State figures are shown in table 3.

Federal grants averaged 2.8 percent of total personal income received in the country. In the high-income States, grants represented 2.4 percent of personal income, and in the low-income States they represented 4.5 percent of personal income.

Table 3.—1967-68 Federal grants in relation to personal income, to State and local general revenues and direct general revenues, and to population, by State I

	Total gr	ants as perce	ent of—	Per capita grants								
States ranked by 1965–67 average per capita personal income	Personal income, 1968	Total State-local general revenues, 1966-67 2	State-local direct general revenues, 1966-67 3	Total	Public assistance	Health	Education	Miscella- neous social welfare	Highways	All other		
Total				\$90.12	\$26.49	\$4.17	\$13.85	\$17.54	\$20.90	\$7.17		
United States	2.8	19.4	23.4	90.00	26.72	4.12	13.62	17.20	21.15	7.19		
High-income group District of Columbia Connecticut Illinois New York Delaware California Alaska Nevada Nevada New Jersey Michigan Wassachusetts Michigan Washington Maryland Hawaii Rhode Island	2.4 5.3 2.0 1.9 2.6 2.7 2.9 0.8 4.2 1.6 2.0 2.7 2.3	16.9 38.6 17.8 16.2 18.3 17.0 34.3 22.4 14.2 19.1 14.4 17.5 17.0	19.9 56.6 20.0 18.3 21.1 21.0 71.3 29.3 16.1 22.2 16.8 21.0 19.4	87.23 220.26 80.98 71.67 101.31 99.05 107.79 366.09 150.33 60.81 93.46 68.40 92.75 76.51	30.22 21.93 16.72 19.91 51.72 17.38 47.18 16.33 12.18 36.29 20.66 21.39 19.39	3.90 17.20 3.19 3.46 4.34 4.18 3.62 6.58 6.21 1.75 5.90 3.97 4.24 5.07 6.17	10.98 37.55 10.17 10.26 8.85 19.01 12.57 66.87 23.51 9.91 10.09 8.45 13.89 17.34	15.70 72.21 14.28 15.44 18.31 15.33 41.66 22.87 14.49 16.05 13.19 15.71 13.20	19.29 45.50 24.19 17.66 11.44 35.10 22.68 135.82 62.28 16.54 13.79 16.92 30.28 14.62	7.1 25.8 12.4 4.9 6.6 8.0 6.4 99.4 19.1 5.2 7.2 6.8		
Rhode Island Ohio Indiana	$\begin{array}{c} 3.5 \\ 2.1 \\ 1.8 \end{array}$	26.9 17.8 12.9	33.7 20.7 14.7	117.42 66.02 56.00	30.89 14.61 7.16	5.34 3,12 2.90	15.71 8.57 7.74	20.64 13.14 9.86	33.28 19.99 23.87	11.5 6.6 4.6		
Middle-income group Pennsylvania. Wisconsin Iowa Colorado Oregon Minnesota. Nebraska Kansas New Hampshire Missouri Wyoming Florida Montana Vermont Virginia Arizona Texas. Low-income group	2.8 2.4 2.2 2.6 3.6 3.8 3.2 2.8 3.0 2.9 6.7 2.3 5.0 6.2 2.6 4.4 3.0	19.4 19.2 14.4 16.5 20.5 16.7 18.6 19.4 15.8 24.3 21.9 27.1 15.4 26.8 35.8 20.5 23.1 22.7	23.3 22.7 16.4 19.5 25.2 20.7 22.2 23.8 18.6 29.2 26.8 39.8 39.8 17.9 35.7 47.8 25.0 29.5 27.7	83.13 75.69 69.68 80.10 110.63 87.02 99.41 84.60 73.26 90.43 87.13 197.42 65.16 138.26 174.50 73.92 118.24 83.67	20.39 18.54 25.29 23.04 28.50 16.04 24.88 19.09 20.23 11.55 26.51 12.83 15.01 15.09 29.96	4.20 4.20 3.28 3.19 7.76 4.06 4.39 8.03 3.52 4.78 4.83 5.57 3.84 4.53 9.317 5.60 3.47	13.80 9.58 9.29 13.93 21.43 12.85 12.91 15.79 14.23 27.57 13.63 20.30 20.55 17.70 21.27 14.46	15.53 15.70 13.07 14.24 19.86 16.00 16.50 14.63 10.37 15.95 16.90 21.00 14.71 19.91 20.72 13.51 28.41 14.69	22.56 18.62 13.83 19.37 28.17 31.67 33.04 21.61 16.37 31.29 17.99 122.09 13.36 68.88 79.76 24.60 41.37 20.89	6.4 9.4 4.1 6.3 4.4 6.7 7.1 1.6 8.4 9.10 7.6 5.8		
Utah Maine Oklahoma Idaho South Dakota North Dakota North Dakota New Mexico Georgia Louisiana North Carolina Kentucky Tennessee West Virginia Alabama South Carolina Arkansas Mississippi	4.8 3.3 5.0 4.3 5.4 5.0 6.5 3.8 4.6 3.2 5.3 4.0 5.5 6.6 6.6	27. 8 22. 4 22. 4 28. 6 23. 3 29. 0 28. 2 25. 8 25. 1 23. 1 33. 2 26. 8 33. 6 33. 6	34.4 27.5 38.0 28.6 37.3 28.7 40.2 32.7 32.0 28.2 45.3 35.2 45.7 39.9 31.2 49.5	106.90 125.67 86.93 131.74 109.02 140.00 126.08 160.03 97.14 111.86 77.87 128.43 93.65 126.95 103.02 76.00 123.78	19.47 21.88 57.95 19.46 21.74 27.97 30.75 27.31 43.93 16.50 33.11 19.55 25.28 28.78 9.93 33.39	4 .63 6 .45 4 .08 3 .26 5 .20 4 .21 3 .29 6 .49 4 .72 4 .09 5 .14 4 .59 4 .72 3 .38 4 .42 2 .3 .69 5 .36	19.73 23.19 14.46 21.33 19.84 27.85 22.78 39.58 17.26 13.98 17.10 17.18 17.19 22.5 22.5 22.5 21.74	18. 20 15.02 20. 83 14. 78 22. 27 18. 89 29. 14 20. 83 21. 86 24. 67 20. 53 23. 76 20. 35 26. 61	38.89 20.50 15.60 21.30	8. 7. 10. 9. 6. 7. 6. 9. 7. 5. 7. 13. 8. 12. 6. 4. 10. 7		
Outlying areas: Puerto Rico Virgin Islands Other	-			47.83 272.76 281.24	7.35	3.25 217.81 7.91	1.59	36.16		2 11 25		

See the appropriate footnote to table 1 for the programs in each group of grants and for components of total and United States lines.
 Revenues (except trust revenues) from all sources.
 Revenues (except trust revenues) from own sources.

Federal grants for social welfare purposes represented 11.5 percent of 1967-68 social welfare expenditures by all governments in the United States. They accounted for more than 20 percent of all Federal social welfare expenditures and were the equivalent of more than 26 percent of the State and local government expenditures from of the Bureau of the Census. 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, 1967. Personal income data are for calendar years and are from the Survey of Current Business, August 1968.

expenditures made by State and local governments from their own sources for social welfare purposes.

The tabulation below shows the proportion of total social welfare expenditures that Federal social welfare grants to States and localities

(Continued on page 54)

Source: State and local revenues data from Government Finances in 1966-67

[Amounts in billions. Before 1960, data are for the 48 States and the District of Columbia, except where otherwise noted. Beginning 1960, includes Alaska and Hawaii]

	Gross national product	Personal income										
Period			Wage and	Social insu related pa		Public as payme			Less: personal			
		Total	salary dis- bursements	Amount Percent of personal income		Amount Percent of personal income		Other income 4	contribu- tions for social insurance ⁵			
1940	\$09.7 211.9 284.8 398.0 503.7	\$78.3 171.1 227.6 310.9 401.0	\$48.2 117.5 146.7 211.3 270.8	\$1.7 2.9 6.7 12.7 23.3	2.1 1.7 3.0 4.1 5.8	\$2.7 1.0 2.3 2.5 3.2	3.4 .6 1.0 .8 .8	\$26.4 52.1 74.7 89.7 112.9	\$0.7 2.3 2.9 5.2 9.3			
1961	520.1 560.3 590.5 632.4 684.9 747.6 789.7 860.8	416.8 442.6 465.5 497.5 538.9 586.8 628.8 685.8	278.1 296.1 311.1 333.7 358.9 394.6 423.4 463.5	26.8 27.8 29.4 30.5 33.1 36.3 42.9 48.8	6.4 6.3 6.3 6.1 6.1 6.2 6.8 7.1	3.4 3.5 3.6 3.8 4.0 4.3 4.9 5.6	.8 .8 .8 .7 .7 .8	118. 2 125. 5 133. 2 142. 0 156. 3 169. 4 177. 9 190. 9	9.6 10.3 11.8 12.5 13.4 17.8 20.4 22.9			
1968 May	852.9 871.0	678.2 683.7 689.2 694.1 699.7 703.2 708.0 713.5	457.5 462.2 465.4 468.7 472.8 474.9 473.9 483.3	48.7 49.0 49.2 49.8 49.9 50.3 50.5	7.2 7.2 7.1 7.2 7.1 7.2 7.1 7.1	5.5 5.5 5.6 5.7 5.9 6.0 5.9	.8 .8 .8 .8 .8 .8	189.3 189.9 192.1 193.1 194.5 195.5 196.1 196.8	22.8 22.9 23.1 23.2 23.3 23.4 23.5 23.5			
1966 JanuaryFebruaryMarchAprilMay	903.3	716.1 721.2 727.7 731.2 735.0	486.5 490.4 495.7 498.0 500.6	51.5 52.0 52.2 52.7 53.0	7.2 7.2 7.2 7.2 7.2 7.2	5.9 6.0 6.1 6.2 6.4	.8 .8 .8 .8	197.6 198.3 199.3 200.1 200.9	25.4 25.5 25.6 25.8 25.9			

¹ Includes payments in kind; includes pay of Federal civilian and military personnel in all areas. Excludes earnings under work-relief programs in effect during 1935-43.

FEDERAL GRANTS

(Continued from page 22)

represented in the fiscal year under review, a year earlier, and 10 years earlier.

Fiscal year	All social welfare	Public assistance	Health	Education
1967-68 ¹	11.5	53.3	10.4	7.2
1966-67	10.3	53.1	5.9	6.6
1957-58	7.1	50.7	4.3	2.0

¹ Preliminary.

Public assistance grants provided approximately the same proportion of all public expenditures for public assistance in each of the 3 years: 53 percent, 53 percent, and 51 percent a decade ago. The big advance in the health field occurred from 1966-67 to 1967-68 when the proportion of public health and medical care expenditures provided by Federal health grants nearly doubled. In the education sector, although there was a relatively small gain in the part played by Federal grants during the single year, in the 10-year period their proportion of all public education expenditures more than tripled.

² Includes government transfer payments to beneficiaries under OASDHI, railroad retirement, public employee retirement, unemployment insurance, and veterans' pensions and compensation programs: cash and medical payments under workmen's compensation and temporary disability insurance;

ments under workmen is compensation and temporary dissolity insurance, and court-awarded benefits for work injuries sustained by railroad, maritime, and other workers under Federal employer liability acts.

Includes government transfer payments to recipients of direct relief under programs of old-age assistance, aid to families with dependent children, aid to the blind, aid to the permanently and totally disabled, and general assistance, included during 1026 42 complient under work relief programs and the ance; includes, during 1935-43, earnings under work-relief programs and the

value of surplus food stamps. Excludes payments made in behalf of recipients to suppliers of medical care (vendor payments).

'Includes proprietors' income, dividends, personal interest, and rental income; other transfer payments not enumerated in footnotes 2 and 3 (such as Government life insurance payments, World War bonus payments, mustering-out pay and terminal-leave benefits to discharged servicements. subsistence allowances to veterans at school); and employer contributions to private pension and welfare funds and other labor income (except compensation for injuries)

⁵ Includes life insurance premium payments for veterans.

Source: Department of Commerce. Office of Business Economics. regrouped to highlight items of special interest to the social security program.