

Federal Grants to Individuals and Institutions

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IN THE fiscal year 1960-61 more than \$1.4 billion was granted by the Federal Government directly to individuals and institutions. Almost half this sum was granted for research and training in social welfare fields. The bulk of the remainder was granted under programs having the dual purpose of conserving the Nation's natural resources and promoting agriculture through the supplementation of farm income.

FISCAL DEVICES

The Federal Government has at its disposal several financial devices for the promotion and encouragement of programs in which the national interest is involved. It may operate such programs directly through the use of its own facilities and employees. It may provide income-maintenance and related benefits through compulsory social insurance programs financed by the proceeds of certain taxes set aside in trust funds or through programs financed from general revenues. It may share the cost of programs with State or local governments through a system of grants-in-aid in which Federal payments bear a stated relationship to the expenditures of those governments. Finally, it may employ the grant-in-aid device as a means of furnishing directly to private individuals and institutions funds for activities considered by Congress in the public interest.

Because all four methods are used to promote social welfare purposes, the Division of Program Research has had a continuing interest in collecting and analyzing data with respect to these approaches to Federal financing. It has developed several integrated statistical series on benefits and expenditures under social insurance and related programs, financed from trust funds and from general revenues;¹ on Federal grants to State and local governments;² and on the totality of public social

welfare expenditures.³ There have been, however, no compilation of data and little analysis dealing with the fiscal device of grants to private individuals and institutions.

This review analyzes recent developments in Federal grants to private individuals and institutions as a separate category and builds up a systematic, consistent statistical series going back to 1949-50. For brevity, the grants will hereafter be referred to as "grants to individuals," but it should be held in mind that the term includes payments to academic and other institutions. It does not, of course, include Federal grants to State and local governments. Also excluded are income-maintenance payments made through social insurance and such related programs as veterans' pensions and compensation.

TRENDS

Table 1 shows the Federal grants to individuals in 8 of the past 12 years. In grouping the individual programs according to general purpose for tabular presentation, two major clusterings emerge—grants for social welfare purposes, broadly defined, and grants in the general area of agriculture and natural resources.

Social welfare grants of \$658 million accounted for close to half the total of \$1.4 billion granted to individuals in 1960-61. An almost equal sum, \$646 million, was granted for the dual-purpose programs of agricultural conservation and income supplementation. National Science Foundation grants made up practically all the remainder. Twelve years earlier, in 1949-50, 90 percent of the total of more than \$3.0 billion represented social welfare grants and 10 percent the agriculture programs.

The \$1.6 billion decline in grants to individuals from 1949-50 to 1960-61 can be traced almost exclusively to the drop (from \$2,706 million to \$248 million) in the amounts expended under veterans' programs. Increases during this period in research

³ See the November 1961 *Bulletin*, pages 3-11, for the most recent in an annual series of articles on social welfare expenditures.

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¹ See the 1960 *Annual Statistical Supplement*, page 5, and similar tables in earlier *Supplements*.

² See the June 1962 *Bulletin*, pages 23-34, for the most recent in an annual series (note or article) on Federal grants to State and local Governments.

and training grants in other social welfare areas and in agricultural and conservation grants were, of course, far from sufficient to counteract the drop of 91 percent in total veterans' grants.

The veterans' programs follow a cycle of their own that is of considerable interest, since they bulk so large in total grants. The cycle starts with a rather steep rise shortly after enactment of the authorizing legislation and/or the cessation of hostilities. Then follows a high plateau, after which there is a sharp falling-off, almost equal to the rise, as (1) the majority of the participants complete their training or exhaust their benefit rights, and (2) the cut-off date for new entrants recedes into the past.

In 1949-50 the veterans' programs accounted for 99 percent of social welfare grants and 89 percent of all grants that year. Practically all these veterans' payments were for the training (education) of veterans of World War II under the Servicemen's Readjustment Act of 1944 (the "GI Bill of Rights"). In the succeeding years, educational payments were extended to veterans of the Korean conflict (1952) and to all war orphans (1956). The 1952 extension shortly accounted for the major share of the veterans' training payments and hit a peak of \$767 million in 1956-57. This peak figure was far less than the highs reached under the 1944

act; nevertheless it represented 98 percent of veterans' training grants for that year. By 1960-61, education payments under the 1944 act had diminished to a negligible trickle, and payments under the 1952 act were down to \$221 million. Even the combined total of these and all other veterans' grants represented only 38 percent of social welfare grants and 18 percent of all grants to individuals for that year. The amounts of the veterans' training grants at the beginning, mid-point, and end of the 12-year period are shown in the following tabulation.

Grant and purpose	Amount (in millions)		
	1949-50	1955-56	1960-61
Training under veterans' legislation, total	\$2,658.8	\$779.3	\$242.8
Readjustment benefits (World War II):			
Education and training:			
Subsistence allowances	1,829.1	19.1	(1)
Tuition	682.0	17.4	.2
Supplies, equipment, and fees	84.6	2.1	(1)
Supervision of veterans' on-the-job training	4.4	2.6	1.4
Readjustment benefits (Korean conflict):			
Education and training allowances		728.3	220.8
Vocational rehabilitation (World War II and Korean conflict):			
Tuition	51.1	8.6	3.6
Supplies and equipment	7.6	1.3	.6
War orphans' education			16.3

¹ Less than \$50,000.

Veterans' subsistence payments are included with the funds for tuition and supplies granted for the

TABLE 1.—Federal grants to individuals for social welfare and other purposes, fiscal years 1949-50 and 1954-55 through 1960-61
(In thousands)

Fiscal year	Total	Social welfare					National Science Foundation research	Agriculture and natural resources ⁴
		Total	Research and training		Other social welfare ³			
			Total	Veterans ¹				
1949-50	\$3,043,473	\$2,726,316	\$2,679,050	\$2,658,759	\$20,291	\$47,219		\$317,204
1954-55	1,076,508	738,126	729,569	676,852	52,717	8,556	\$7,857	330,525
1955-56	1,159,284	848,964	842,359	779,318	63,041	6,605	16,543	293,776
1956-57	1,826,809	928,021	922,798	787,775	135,023	5,223	31,490	867,298
1957-58	1,741,534	870,174	865,663	708,335	157,328	4,510	26,074	845,286
1958-59	1,947,256	820,877	816,750	583,063	233,686	4,127	93,044	1,033,335
1959-60	1,419,163	734,588	730,619	390,320	340,299	3,970	93,478	591,097
1960-61	1,414,960	658,237	653,146	242,802	410,344	5,091	110,550	646,173

¹ Subsistence, tuition, and supplies and equipment under the educational titles of the Servicemen's Readjustment Act of 1944, 1949-50 to date and, under the Veterans' Readjustment Assistance Act of 1952, 1954-55 to date; tuition and supplies and equipment under the Veterans' Rehabilitation Vocational Training Act of 1943 and under the 1950 extension of that act, 1949-50 to date; supervision of veterans' on-the-job training, 1949-50 to date; payments under the War Orphans' Educational Assistance Act of 1956, 1956-57 to date.

² Research grants and fellowships in the fields of cancer, dental health, heart disease, general health (Division of Research Grants of the National Institutes of Health), and mental health, 1949-50 to date; microbiology, 1954-55; arthritis and metabolic diseases, neurological diseases, and blindness, 1954-55 to date; allergy and infectious diseases, 1955-56 to date. Research in sanitary engineering, 1956-57, and in hospital construction, 1956-57 to date. Training and/or teaching grants in the fields of cancer, heart disease, and mental health, 1949-50 to date; arthritis and metabolic diseases and neurological diseases and blindness, 1954-55 to date; dental health, nursing, general health, sanitary engineering, and general health assistance to States, 1956-57 to date. Health research facilities construction, cooperative education re-

search, and vocational rehabilitation special research projects, 1956-57 to date. Training in allergy and infectious diseases, 1957-58 to date. Education of dependents of river and harbor personnel, 1949-50. Subsistence of merchant marine cadets, vocational rehabilitation training grants, and National Science Foundation fellowships, 1954-55 to date. Atomic Energy Commission fellowships and school assistance, 1956-57 to date. National Defense Education Act activities, 1958-59 to date. Training of teachers of the mentally retarded, 1959-60 to date. Cooperative research and demonstration projects in the field of social security, beginning 1960-61.

³ Specially adapted automobiles for disabled veterans, homes for paraplegic veterans, and gratuities on veterans' housing loans, 1949-50 to date.

⁴ Farm housing repair, and flood and disaster relief, 1949-50; agricultural conservation and Sugar Act administration, 1949-50 to date; forest highways, 1949-50 to 1955-56; soil bank (conservation reserve), 1956-57 to date; Great Plains conservation, 1959-60 to date.

Sources: *Annual Reports of the Secretary of the Treasury on the State of the Finances*, *Annual Reports of the Administrator of Veterans Affairs*, and unpublished tables of the Public Health Service.

education of nondisabled veterans under both the 1944 and the 1952 servicemen's readjustment acts. Subsistence payments for veterans receiving vocational rehabilitation are not included because disabled veterans are entitled to pensions varying with the degree of disability, and they receive their pensions whether or not they receive vocational rehabilitation training at Government expense.

RESEARCH AND TRAINING GRANTS

Research and training grants account for the bulk of grants to individuals for what are here classified as social welfare purposes; there is a minuscule residue of programs (and dollars) for veterans' welfare. As already noted, the grants to veterans in the research and training group, which consist exclusively of training (education) grants, far overshadowed all other grants for research and training, especially in the years shortly after World War II. By the late 1950's, however, the picture had changed, and in 1960-61, for the first time, non-veteran research and training grants were larger than the veterans' grants.

Health Grants

One of the areas of greatest expansion in research and training grants has been in the health fields in which the National Institutes of Health operate. In 1949-50 there were four National Institutes of Health awarding grants—the National Cancer Institute, the National Institute of Dental Research, the National Heart Institute, and the National Institute of Mental Health—in addition to the Division of Research Grants of the National Institutes, which awarded less than \$6 million in that year. By 1960-61, three more institutes had been established—the National Institute of Allergy and Infectious Diseases, the National Institute of Neurological Diseases and Blindness, and the National Institute of Arthritis and Metabolic Disorders—and the Division of Research Grants was awarding grants of more than \$50 million annually, \$30 million for research alone. Grant programs had also been started in new areas: training of nurses and construction of health research facilities, to name but the largest.

The grants of the older institutes were also increased in the interim. The National Cancer Insti-

tute, for example, awarded \$5 million to individuals and institutions in 1949-50 for research, training, teaching, fellowships, and special control projects; it granted \$43 million in 1960-61 for these purposes. The National Institute of Mental Health granted \$4 million in 1949-50 and \$53 million in 1960-61. Grants made by the Dental Research Institute grew from less than \$250,000 to more than \$7 million, and National Heart Institute grants advanced from \$5 million to \$51 million.

Training Grants for Nonveterans

In the areas of education and training grants to individuals other than veterans and war orphans, the trend has been about the same as that in the health grants: a steady increase in the amounts granted and a growing number of programs. Payments for these purposes rose from less than \$1 million to more than \$61 million in the 12 years.

The growth in the nonveterans' education grants betokens the increasing activity of the Federal Government in the field of education, per se. True enough, the veterans' education payments represented vastly increased Federal expenditures for education, but their stated purpose was to make up to the veterans for the wars' interruption of their normal lives. The emphasis was on "readjustment." The education was a byproduct, even though in the process a large number of men and women were able to secure formal education or training far beyond the level they might otherwise have attained. The veteran chose his own field, but in the non-service-connected education programs the Federal Government in large measure pinpointed the area of education it wished to encourage.

National Science Foundation Grants

Beginning with 1954-55, the grant series includes the National Science Foundation research grants and fellowship awards. The fellowships are classified as training grants and are grouped with "social welfare research and training" grants, as are the fellowships of the Atomic Energy Commission and the National Institutes of Health. The research grants that the Foundation is "authorized and directed" to make are for "basic scientific research in the mathematical, physical, medical, biological, engineering, and other sciences." This mandate

of the National Science Foundation Act of 1950 creates support for research of a character entirely different from that of other research grants to individuals. Accordingly, they have been listed separately. From 1957-58 through 1960-61 small amounts of the National Science Foundation grants were made in connection with research related to the International Geophysical Year.

Relative Importance of Research Grants and Training Grants

The totality of Federal expenditures for all research and training through the fiscal device of grants to individuals is set forth in table 2. The table shows the distribution between grants for research and grants for training; it also brings together in one total the sums granted for research in the social sciences and areas related to social welfare and for research in the basic physical sciences. Table 2 indicates the relatively far greater fiscal importance of the training grants and—among the training grants—the greater importance of those for veterans' and war orphans' education.

The table points up the steady increase in grants for the major component of social welfare research—warfare against disease. If quickened awareness of problems is demonstrable by increased financial participation in their solution, the quickened interest of the Federal Government in the Nation's health problems is nowhere more clearly demonstrated than by the great expansion of Federal grants to individuals for health research and health training during the past 12 years. From \$13 million in 1949-50, grants for health research increased to about 18 times that amount, or \$238 million, in 1960-61. Programs of research grants were insti-

tuted in education and in vocational rehabilitation in 1956-57 and in social welfare in 1960-61. They totaled only \$10 million in 1960-61—about 4 percent of the sum granted for health research in that year.

Grants for training in the health area (under programs other than those for veterans and war orphans) also started with the training and teaching grants and fellowships of the National Institutes of Health. Health training and teaching grants in 1960-61 amounted to \$101 million or more than 14 times the \$7 million granted during 1949-50. By 1960-61 the grant device had been expanded to include, in addition, subsistence for merchant marine cadets, vocational rehabilitation traineeships, National Science Foundation fellowships (all starting in 1954-55), Atomic Energy Commission fellowships and school assistance (1956-57), National Defense Education Act activities (1958-59), and training of teachers and teacher supervisors for the mentally retarded (1959-60).⁴ Health training grants, however, had risen steadily in the interim and by 1960-61 still totaled 60 percent more than all the other nonveteran training grants combined.

A difference in the reporting bases among the research and training programs vitiates any attempt at a State distribution of the grants to individuals. Atomic Energy fellowships are "included in the State in which the awards are to be used," and National Science Foundation research grants are reported by that agency "by State of the recipient institution," which amounts to the same thing. The Foundation fellowships, however, are "based on State of permanent residence of recipient"

⁴ Grants to States and localities are also made for marine schools, national defense education activities, and training of teachers of the mentally retarded.

TABLE 2.—Federal grants to individuals for research and training,¹ fiscal years 1949-50 and 1954-55 through 1960-61
[In millions]

Fiscal year	Total	Research				Training			
		Total	Social welfare		National Science Foundation	Total	Veterans	Health	Other
			Health	Other					
1949-50	\$2,670.1	\$12.9	\$12.9						
1954-55	737.4	44.1	36.3		\$7.9	\$2,658.8	\$6.8	\$6.8	
1955-56	858.9	57.3	40.7		16.5	676.9	13.8	2.7	
1956-57	954.3	121.6	87.0	\$3.1	31.5	801.6	779.3	17.8	
1957-58	891.7	131.3	100.0	5.1	26.1	760.5	787.8	35.9	
1958-59	909.8	245.8	147.2	5.5	93.0	708.3	708.3	37.0	
1959-60	824.1	309.9	208.3	8.1	93.5	583.1	583.1	61.6	
1960-61	763.7	358.6	238.1	10.0	110.6	514.2	390.3	82.6	
						405.1	242.8	101.0	61.2

¹ See table 1 for list of grant programs and sources.

(which includes "small amounts to certain foreign countries"), irrespective of the location of the institution he attends.

Agriculture and Natural Resources Grants

With few exceptions, grants to individuals under agricultural and natural resources programs have been for the combined purposes of reducing the agricultural surpluses while supplementing the farmers' income and for soil conservation. (These payments are, of course, in addition to the large Federal outlays for surplus crop removal and the price-support programs of the Commodity Credit Corporation, the money for which is channeled through State agencies.) A forest highway program was among the grants made through 1955-56, and drought relief grants were made by the Commodity Credit Corporation in three or four years.

In the first part of the period, the dual-purpose programs of income supplementation and soil conservation operated through acreage allotments and marketing-quota payments under the several agricultural conservation acts and sugar acts. Together, payments granted under these acts amounted to \$250-300 million a year. A new program was added in 1956-57 when, under the Soil Bank Act of 1956, farmers were offered (a) acreage-reserve payments to reduce production of basic crops even below their established allotments or basic acreages, and (b) conservation-reserve payments for contracting to shift general cropland into the reserve and put it to conservation use.

In its first year, the soil bank grants of \$496 million were nearly double the grants under the older support and conservation programs, and they have since moved independently while the older programs remained at about the \$280-290 million level. Acreage-reserve payments ended with the crop year 1958, and the highest soil bank grants (\$746 million) were paid in 1958-59. The following year, when only conservation-reserve grants were made, the soil bank grants dropped to \$306 million. In 1960-61 they rose slightly, to \$351 million. Legislative authority to accept new contracts under the conservation-reserve provision ended with the crop year 1960, but agreements then in effect will continue to their full term of 3-10 years.

The following tabulation shows the volume of soil bank grants and their relation to the other grants and to the income of farm proprietors.

Fiscal year	Soil bank grants (in thousands)	As a percent of—		
		All "agriculture and natural resources" grants	All grants to individuals	Farm proprietors' total income
1956-57	\$495,571	57	27	4
1957-58	563,183	67	32	4
1958-59	745,983	72	38	6
1959-60	306,051	52	22	3
1960-61	350,548	54	25	3

TECHNICAL NOTE

The series on grants to individuals has been compiled from three sources: the annual reports of the Secretary of the Treasury and of the Administrator of Veterans Affairs and unpublished tables of the Public Health Service. The Treasury Department grant data, in turn, are reported by the agencies administering the various grant programs, usually on a checks-issued basis.

Part A of a many-page table shows in each Treasury Department *Annual Report* the grants to State and local units of government, listed by State, and forms the basis of the review of grants to State and local governments that appears annually in the BULLETIN. Part B includes what in recent years has been titled "payments to individuals, etc. within the States," and the current series on grants to individuals draws heavily on these data. One program listed in Part A—supervision of veterans' on-the-job training—is included with the grants to individuals rather than among grants to States because the payments were made directly to the training supervisors.

The *Annual Reports* of the Administrator of Veterans Affairs were used to split into its component programs the monolithic figure reported in Part B of the Treasury Department grant tables each year as "readjustment benefits and vocational rehabilitation." The Veterans Administration *Reports* divide this sum into 11 separate "programs," nine of which have been included here among the grants to individuals. Some of them are very closely related—for example, payments for tuition, supplies, and subsistence under the education sections of the Servicemen's Readjustment Act of 1944. The two programs that are part of the Treasury Department's category of "readjustment benefits and vocational rehabilitation" but not

(Continued on page 30)

TABLE 9.—Amount of vendor payments for medical care for recipients of public assistance, by program and State, May 1962¹

State	Old-age assistance	Medical assistance for the aged	Aid to dependent children	Aid to the blind	Aid to the permanently and totally disabled	General assistance
Total.....	\$32,831,989	\$23,220,666	\$8,679,579	\$852,482	\$6,657,366	² \$9,927,000
Alabama.....	526,139	27,699	1,188	2,333	33,358	25
Alaska.....					⁽³⁾	⁴ 74,292
Arkansas.....	475,353	69,802	29,830	14,559	98,553	54,414
California.....	3,606,771	4,873,483	1,280,342	194,332	429,617	97,122
Colorado.....	1,000,093		30,891	4,157	263,128	108,254
Connecticut.....	530,486	<i>566,475</i>	98,871	14,955	120,840	⁽⁵⁾
Delaware.....				1,577		
District of Columbia.....	87,679		3,593	508	13,701	1,474
Florida.....	941,660		42,997	11,842	125,282	
Georgia.....	408,707					
Guam.....		⁽⁵⁾				
Hawaii.....	24,853	112,138	66,575	1,591	37,731	29,171
Idaho.....	71,147	174,693		235	34,163	
Illinois.....	2,412,320	106,562	1,268,030	72,525	788,624	⁴ 940,283
Indiana.....	643,780		206,963	35,251	⁽³⁾	
Iowa.....	530,865		126,698	13,034		⁴ 290,000
Kansas.....	434,091		104,326	7,479	69,723	84,722
Kentucky.....	215,302	47,405	113,853	8,115	35,218	
Louisiana.....	1,779,995	82,539	28,971	5,836	73,197	10,329
Maine.....	233,814	72,888	6,074	5,175	29,458	81,983
Maryland.....	89,084	222,025		835	11,167	3,106
Massachusetts.....	1,070,787	3,538,764	300,781	33,222	700,023	164,403
Michigan.....	704,915	1,542,488	158,587	13,872	132,673	484,038
Minnesota.....	2,564,178		304,067	43,521	36,335	593,295
Mississippi.....	127,623					
Missouri.....	688,237		37,368		23,000	9,732
Montana.....	1,659			150		⁴ 338,551
Nebraska.....	418,682		12,959	23,522	59,681	⁴ 91,567
Nevada.....	47,315			3,142	⁽³⁾	⁴ 182,740
New Hampshire.....	101,168	1,311	21,425	4,573	15,713	⁽⁵⁾
New Jersey.....	852,901		133,948	9,094	206,377	442,617
New Mexico.....	173,250		74,895	3,950	44,366	15,572
New York.....	970,423	9,828,568	1,989,431	82,277	1,422,898	220,332
North Carolina.....	251,912		112,935	15,994	190,265	⁴ 151,236
North Dakota.....	134,194	162,107	32,041	855	52,226	⁴ 27,049
Ohio.....	1,543,358		336,697	40,963	227,005	⁴ 1,758,611
Oklahoma.....	1,282,980	102,927	176,010	26,190	194,760	⁽⁵⁾
Oregon.....	509,264	85,738	94,637	3,995	122,823	89,112
Pennsylvania.....	543,902	1,320,548	459,709	69,211	188,530	134,572
Puerto Rico.....	21,232	38,252				
Rhode Island.....	93,675		111,153	1,811	41,625	⁴ 52,043
South Carolina.....	78,220	77,309	13,792	3,647	23,634	17,510
South Dakota.....	98,100					⁴ 103,995
Tennessee.....	238,952	30,418	45,156	1,007	18,307	
Texas.....	2,167,091					
Utah.....	133,759	80,632	30,916	2,869	84,317	1,744
Vermont.....	154,558			578	8,907	
Virgin Islands.....	2,971	4,542		4	194	347
Virginia.....	201,035		38,736	11,737	68,899	⁴ 14,285
Washington.....	1,713,990	133,282	352,020	21,942	279,289	129,834
West Virginia.....	119,915	118,071	188,173	5,749	43,531	⁴ 9,184
Wisconsin.....	1,774,462		238,764	33,691	301,698	328,000
Wyoming.....	35,142		6,177	577	5,630	41,241

¹ For the special types of public assistance figures in italics represent payments made without Federal participation. For State programs not shown, no vendor payments were made during the month or such payments were not reported.

² Includes an estimated amount for States making vendor payments for medical care from general assistance funds and from special medical funds

and reporting these data semiannually but not on a monthly basis.

³ No program for aid to the permanently and totally disabled.

⁴ Includes payments made in behalf of recipients of the special types of public assistance.

⁵ Data not available.

⁶ Partly estimated.

GRANTS TO INDIVIDUALS

(Continued from page 7)

included here are the unemployment and self-employment allowances under the 1944 and 1952 servicemen's readjustment acts. As income-maintenance programs, they are excluded by definition (they are included in other Social Security Administration series). Two other Part B programs are also excluded: the Army and Air Force National Guard payments, which are considered to be com-

pensation for services rendered and/or expected to be rendered in the future.

The third source—the unpublished reports of the Public Health Service—continues the distribution of health grants into research, training, fellowships, and construction grants that until 1958-59 was published in detail in Part B of the Treasury Department grant table. Without this source, analysis of the data for years after 1957-58, in terms of grants for research, training, and all other purposes, would not be possible.