

Federal Grants to State and Local Governments, 1967-68

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REVISION OF HISTORICAL GRANTS SERIES

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 quantitatively, 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.

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

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.

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amounts and percent of total grants, by purpose, fiscal year 1967-68

[Amounts in thousands]

Social welfare—Continued				Highways		Urban affairs	Agriculture and natural resources	Miscellaneous	States ranked by 1965-67 average per capita personal income
Miscellaneous social welfare				Amount	Percent of all grants				
Total		Economic opportunity	Other						
Amount	Percent of all grants								
\$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.
1,535,598	18.0	565,493	950,106	1,887,080	22.1	398,963	35,204	264,283	High-income group.
58,349	32.8	35,780	22,569	36,764	20.7	5,736	19	15,143	District of Columbia.
41,634	17.6	13,368	28,266	70,534	29.9	27,983	1,700	6,578	Connecticut.
167,934	21.5	62,230	105,704	191,997	24.6	24,288	1,973	27,425	Illinois.
329,647	18.1	122,486	207,161	206,009	11.3	76,552	3,130	40,305	New York.
8,037	15.5	2,785	5,252	18,395	35.4	1,685	783	1,741	Delaware.
289,700	14.2	119,996	169,704	428,657	21.0	68,325	6,245	46,714	California.
11,332	11.4	6,773	4,558	36,943	37.1	7,504	2,015	17,525	Alaska.
10,062	15.2	3,534	6,528	27,401	41.4	2,372	890	5,178	Nevada.
401,004	23.8	37,859	63,146	115,320	27.2	31,233	1,305	8,868	New Jersey.
86,923	17.2	32,510	54,413	74,695	14.8	48,451	1,760	11,199	Massachusetts.
113,668	19.3	41,750	71,918	145,803	24.7	27,562	2,697	14,679	Michigan.
50,514	16.9	17,686	32,828	97,344	32.6	8,503	2,367	12,404	Washington.
48,600	11.3	16,014	32,586	53,819	19.1	10,950	1,959	12,467	Maryland.
12,153	14.9	3,321	8,832	23,859	29.3	3,197	1,470	3,448	Hawaii.
18,560	17.6	6,164	12,396	29,919	28.3	2,003	412	7,982	Rhode Island.
137,956	19.9	47,917	90,040	209,786	30.3	41,574	2,459	25,218	Ohio.
49,525	17.6	15,320	34,205	119,836	42.6	11,035	4,020	7,409	Indiana.
927,723	18.7	357,608	570,115	1,348,137	27.1	159,266	53,030	184,744	Middle-income group.
183,234	20.7	55,899	127,335	217,307	24.6	63,058	4,292	38,178	Pennsylvania.
54,787	18.8	15,504	39,283	57,968	19.8	7,880	3,240	9,514	Wisconsin.
39,178	17.8	13,686	25,492	53,291	24.2	8,147	3,046	6,207	Iowa.
40,085	18.0	18,097	21,989	56,854	25.5	1,615	1,899	6,365	Colorado.
31,657	18.4	10,327	21,330	62,679	36.4	3,543	4,156	4,975	Oregon.
59,822	16.6	22,739	37,082	119,794	33.2	10,786	2,476	14,617	Minnesota.
21,098	17.3	7,080	14,019	31,158	25.5	776	2,613	4,483	Nebraska.
23,658	14.2	7,547	16,111	37,339	22.3	5,510	4,587	6,363	Kansas.
11,003	17.6	4,743	6,260	21,591	34.6	2,411	1,412	4,372	New Hampshire.
77,532	19.4	35,349	42,183	82,571	20.7	17,584	2,283	10,766	Missouri.
6,721	10.6	2,648	4,073	39,068	61.8	12,700	1,507	1,170	Wyoming.
88,925	22.6	34,575	54,350	90,772	20.5	758	3,066	12,138	Florida.
13,897	14.4	6,193	7,704	48,082	49.8	513	1,423	4,434	Montana.
8,641	11.9	3,729	4,912	33,259	45.7	758	821	3,052	Vermont.
61,427	18.3	23,977	37,449	111,812	33.3	7,037	3,009	22,406	Virginia.
46,709	24.0	27,805	18,904	68,017	35.0	2,324	2,341	5,712	Arizona.
59,349	17.6	67,710	91,639	226,575	25.0	14,624	10,859	29,992	Texas.
939,371	21.8	389,594	549,779	950,011	22.1	88,861	52,077	187,142	Low-income group.
18,603	14.5	6,145	12,457	51,796	40.3	682	1,794	5,360	Utah.
14,814	17.3	6,570	8,244	20,813	24.3	4,657	1,850	3,730	Maine.
52,360	15.8	19,793	32,566	48,528	14.7	7,229	8,422	7,180	Oklahoma.
10,388	13.6	3,374	7,014	30,064	39.2	1,034	1,287	2,584	Idaho.
14,873	15.9	7,602	7,272	37,380	40.0	129	910	4,290	South Dakota.
11,921	15.0	4,663	7,258	29,190	36.7	547	1,348	2,453	North Dakota.
29,464	18.2	15,283	14,181	44,596	27.6	1,735	1,750	6,593	New Mexico.
93,923	21.4	31,641	62,282	88,053	20.1	12,133	6,035	15,646	Georgia.
80,219	19.5	31,847	48,372	81,394	19.8	2,181	2,440	16,759	Louisiana.
99,831	25.3	40,282	59,550	58,629	14.8	12,558	2,965	20,425	North Carolina.
79,130	19.2	37,370	41,761	98,689	24.0	14,184	2,790	26,069	Kentucky.
81,099	22.0	30,897	50,203	92,929	25.2	15,047	2,160	14,415	Tennessee.
53,214	23.1	25,251	27,963	70,436	30.6	1,312	2,953	19,222	West Virginia.
84,126	23.1	30,867	53,259	72,606	19.9	6,382	3,416	12,383	Alabama.
55,542	27.4	23,562	31,980	41,567	20.5	979	2,005	7,980	South Carolina.
53,688	20.7	20,063	33,625	42,489	17.2	6,321	4,025	11,501	Arkansas.
106,176	37.8	54,984	51,192	40,852	14.5	1,751	5,927	10,552	Mississippi.
69,106	53.6	22,684	46,422	9,952	7.7	2,617	316	2,541	Outlying areas.
2,025	13.3	325	1,700			28	60	553	Puerto Rico.
3,082	6.1	1,816	1,266				115	4,390	Virgin Islands.
									Other.

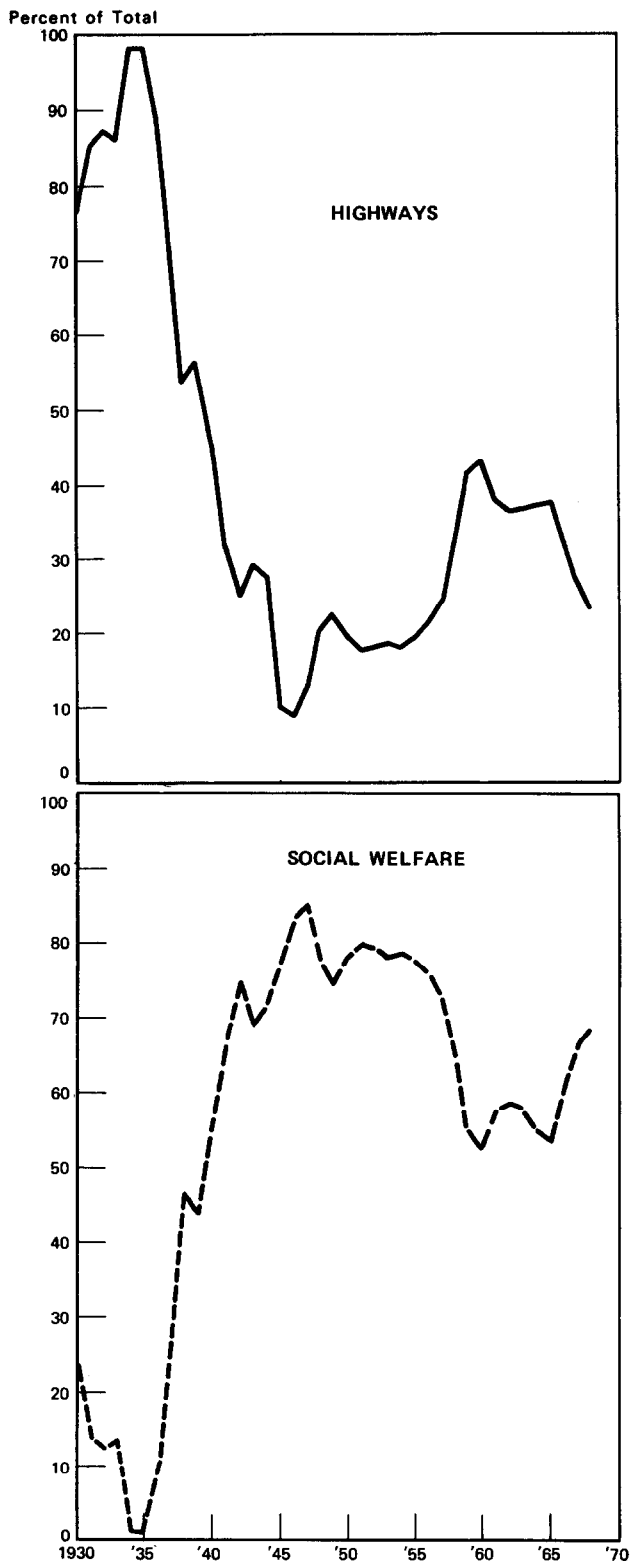
* Includes a small amount of undistributed sums.

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

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 startlingly noticeable. 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.

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 ¹

States ranked by 1965-67 average per capita personal income	Total grants as percent of—			Per capita grants						
	Personal income, 1968	Total State-local general revenues, 1966-67 ²	State-local direct general revenues, 1966-67 ³	Total	Public assistance	Health	Education	Miscellaneous 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.....	2.4	16.9	19.9	87.23	30.22	3.90	10.98	15.70	19.29	7.14
District of Columbia.....	5.3	38.6	56.6	220.26	21.93	17.20	37.55	72.21	45.50	25.86
Connecticut.....	2.0	17.8	20.6	80.98	16.72	3.19	10.17	14.28	24.19	12.44
Illinois.....	1.9	17.3	20.0	71.67	19.91	3.46	10.26	15.44	17.66	4.94
New York.....	2.6	16.2	18.3	101.31	51.72	4.34	8.85	18.31	11.44	6.66
Delaware.....	2.7	18.3	21.1	99.05	17.38	4.18	19.01	15.34	35.10	8.03
California.....	2.9	17.0	21.0	107.79	47.18	3.62	12.57	15.33	22.68	6.42
Alaska.....	0.8	34.3	71.3	366.09	15.73	6.58	66.87	41.66	135.82	99.43
Nevada.....	4.2	22.4	29.3	150.38	16.33	6.21	23.51	22.87	62.28	19.18
New Jersey.....	1.6	14.2	16.1	60.81	12.18	1.75	9.91	14.49	16.54	5.94
Massachusetts.....	2.6	19.1	22.2	93.46	36.29	5.90	10.09	16.05	13.79	11.34
Michigan.....	2.0	14.4	16.8	68.40	20.66	3.97	8.45	13.19	16.92	5.22
Washington.....	2.7	17.5	21.0	92.75	21.39	4.24	13.89	15.71	30.28	7.24
Maryland.....	2.2	17.0	19.4	76.51	19.39	5.07	17.34	13.20	14.62	6.89
Hawaii.....	3.4	17.3	22.6	106.92	16.97	6.17	25.79	15.97	31.35	10.66
Rhode Island.....	3.5	26.9	33.7	117.42	30.89	5.34	15.71	20.64	33.28	11.56
Ohio.....	2.1	17.8	20.7	66.02	14.61	3.12	8.57	13.14	19.99	6.60
Indiana.....	1.8	12.9	14.7	56.00	7.16	2.90	7.74	9.86	23.87	4.47
Middle-income group.....	2.8	19.4	23.3	83.13	20.39	4.20	13.80	15.53	22.56	6.64
Pennsylvania.....	2.4	19.2	22.7	75.69	18.54	4.20	9.58	15.70	18.62	9.04
Wisconsin.....	2.2	14.4	16.4	69.68	25.29	3.28	9.29	13.07	13.83	4.92
Iowa.....	2.6	16.5	19.5	80.10	23.04	3.19	13.93	14.24	19.37	6.32
Colorado.....	3.6	20.5	25.2	110.63	28.50	7.76	21.43	19.86	28.17	4.90
Oregon.....	2.8	16.7	20.7	87.02	16.04	4.06	12.85	16.00	31.67	6.40
Minnesota.....	3.2	18.6	22.2	99.41	24.88	4.39	12.91	15.50	33.04	7.69
Nebraska.....	2.8	19.4	25.8	84.60	19.09	8.03	15.79	14.63	21.61	5.46
Kansas.....	2.4	15.8	18.6	73.26	20.23	3.52	15.54	10.37	16.37	7.22
New Hampshire.....	3.0	24.3	29.2	90.43	11.55	4.78	14.99	15.95	31.29	11.88
Missouri.....	2.9	21.9	26.8	87.13	26.51	4.83	14.23	16.90	17.99	6.68
Wyoming.....	6.7	27.1	39.8	197.42	12.83	5.57	27.57	21.00	122.09	8.37
Florida.....	2.3	15.4	17.9	65.16	15.01	3.84	13.63	14.71	13.36	4.62
Montana.....	5.0	26.8	35.7	138.26	15.09	4.59	20.30	19.91	68.88	9.48
Vermont.....	6.2	35.8	47.8	174.50	29.96	12.99	20.55	20.72	79.76	10.52
Virginia.....	2.6	20.5	25.0	73.92	7.79	3.17	17.70	13.51	24.60	7.14
Arizona.....	4.4	23.1	29.5	118.24	15.27	5.00	21.27	28.41	41.37	6.31
Texas.....	3.0	22.7	27.7	83.67	25.04	3.47	14.46	14.69	20.89	5.11
Low-income group.....	4.5	27.8	36.1	106.90	27.60	4.53	19.73	23.32	23.58	8.14
Utah.....	4.8	25.4	34.4	125.67	19.47	6.45	23.19	18.20	50.68	7.67
Maine.....	3.3	22.4	27.5	86.93	21.88	4.08	14.46	15.02	21.11	10.38
Oklahoma.....	5.0	28.6	38.0	131.74	57.95	3.26	21.33	20.83	19.30	9.08
Idaho.....	4.3	23.3	28.6	109.02	19.46	5.20	19.84	14.78	42.77	6.98
South Dakota.....	5.4	29.0	37.3	140.00	21.74	4.21	27.85	22.27	55.96	7.98
North Dakota.....	5.0	23.0	28.7	126.08	27.97	3.29	22.78	18.89	46.26	6.89
New Mexico.....	6.5	28.2	40.2	160.03	30.75	6.49	39.58	29.14	44.11	9.97
Georgia.....	3.8	25.8	32.7	97.14	27.31	4.72	17.26	20.83	19.53	7.50
Louisiana.....	4.6	25.1	32.0	111.86	43.93	4.09	13.98	21.86	22.18	5.83
North Carolina.....	3.2	23.1	28.2	77.87	16.50	5.14	17.90	19.68	11.56	7.09
Kentucky.....	5.3	33.2	45.3	128.43	33.11	4.59	21.88	24.67	30.76	13.42
Tennessee.....	4.0	26.8	35.2	93.65	19.55	4.72	17.18	20.59	23.59	8.03
West Virginia.....	5.5	33.5	45.7	126.95	25.28	3.38	17.04	29.38	38.89	12.97
Alabama.....	4.8	30.0	39.9	103.02	28.78	4.42	19.29	23.76	20.50	6.26
South Carolina.....	3.5	25.1	31.2	76.00	9.93	3.69	21.82	20.85	15.60	4.12
Arkansas.....	6.0	36.0	49.5	123.78	33.96	5.36	25.30	26.91	21.30	10.95
Mississippi.....	6.3	33.6	45.0	120.00	23.27	4.46	21.74	45.32	17.44	7.78
Outlying areas:										
Puerto Rico.....				47.83	11.65	3.25	1.59	25.62	3.69	2.03
Virgin Islands.....				272.76	7.35	217.81		36.16		11.44
Other.....				281.24	3.03	7.91	227.77	17.28		25.25

¹ See the appropriate footnote to table 1 for the programs in each group of grants and for components of total and United States lines.

² Revenues (except trust revenues) from all sources.

³ Revenues (except trust revenues) from own sources.

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

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.

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

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

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TABLE M-27.—Gross national product and personal income, by type, 1940-69

[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]

Period	Gross national product	Personal income							
		Total	Wage and salary disbursements ¹	Social insurance and related payments ²		Public assistance payments ³		Other income ⁴	Less: personal contributions for social insurance ⁵
				Amount	Percent of personal income	Amount	Percent of personal income		
1940.....	\$09.7	\$78.3	\$48.2	\$1.7	2.1	\$2.7	3.4	\$26.4	\$0.7
1945.....	211.9	171.1	117.5	2.9	1.7	1.0	.6	52.1	2.3
1950.....	284.8	227.6	146.7	6.7	3.0	2.3	1.0	74.7	2.9
1955.....	398.0	310.9	211.3	12.7	4.1	2.5	.8	89.7	5.2
1960.....	503.7	401.0	270.8	23.3	5.8	3.2	.8	112.9	9.3
1961.....	520.1	416.8	278.1	26.8	6.4	3.4	.8	118.2	9.6
1962.....	560.3	442.6	296.1	27.8	6.3	3.5	.8	125.5	10.3
1963.....	590.5	465.5	311.1	29.4	6.3	3.6	.8	133.2	11.8
1964.....	632.4	497.5	333.7	30.5	6.1	3.8	.8	142.0	12.5
1965.....	684.9	538.9	358.9	33.1	6.1	4.0	.7	156.3	13.4
1966.....	747.6	586.8	394.6	36.3	6.2	4.3	.7	169.4	17.8
1967.....	789.7	628.8	423.4	42.9	6.8	4.9	.8	177.9	20.4
1968.....	860.8	685.8	463.5	48.8	7.1	5.6	.8	190.9	22.9
1968									
May.....		678.2	457.5	48.7	7.2	5.5	.8	189.3	22.8
June.....	852.9	683.7	462.2	49.0	7.2	5.5	.8	180.9	22.9
July.....		689.2	465.4	49.2	7.1	5.6	.8	192.1	23.1
August.....		694.1	468.7	49.8	7.2	5.7	.8	193.1	23.2
September.....	871.0	699.7	472.8	49.9	7.1	5.8	.8	194.5	23.3
October.....		703.2	474.9	50.3	7.2	5.9	.8	195.5	23.4
November.....		708.0	478.9	50.5	7.1	6.0	.8	196.1	23.5
December.....	887.4	713.5	483.3	51.0	7.1	5.9	.8	196.8	23.5
1969									
January.....		716.1	486.5	51.5	7.2	5.9	.8	197.6	25.4
February.....		721.2	490.4	52.0	7.2	6.0	.8	198.3	25.5
March.....	903.3	727.7	495.7	52.2	7.2	6.1	.8	199.3	25.6
April.....		731.2	498.0	52.7	7.2	6.2	.8	200.1	25.8
May.....		735.0	500.6	53.0	7.2	6.4	.9	200.9	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.

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; and court-awarded benefits for work injuries sustained by railroad, maritime, and other workers under Federal employer liability acts.

³ 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; 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).

⁴ 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 servicemen, 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. Data regrouped to highlight items of special interest to the social security program.

FEDERAL GRANTS

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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.