

# Federal Grants to State and Local Governments, 1955-56\*

Federal grants to the States and localities during the fiscal year 1955-56 continued the upward trend started at the end of World War II, with an annual rate of increase higher than in any of the preceding 5 years except 1952-53. Although grants for education decreased somewhat, there were increases of varying size in

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Table 1.—Federal grants to State and local governments, by purpose, fiscal years 1934-35 through 1955-56

[In thousands]

Fiscal year	Total		Public assistance <sup>1</sup>	Employment security administration <sup>2</sup>	Health services <sup>3</sup>	Other welfare services <sup>4</sup>	Education <sup>5</sup>	All other <sup>6</sup>
	Amount	Annual change, percent						
1934-35	\$2,196,577			\$1,257		\$1,516	\$12,722	\$2,181,082
1935-36	995,138	-54.7	\$28,424	3,068	\$4,389	2,117	13,322	943,818
1936-37	808,668	-18.7	143,934	11,484	11,484	3,089	15,651	621,752
1937-38	800,466	-1.1	216,074	45,939	15,329	3,655	24,625	494,843
1938-39	1,029,557	+28.6	246,898	62,858	14,754	3,893	25,411	675,743
1939-40	965,239	-6.2	271,135	61,539	21,873	4,558	25,137	581,001
1940-41	858,591	-11.0	330,408	65,632	25,870	5,078	25,620	405,984
1941-42	827,478	-3.6	374,568	74,034	29,057	5,541	25,811	318,467
1942-43	850,995	-2.9	395,623	36,480	30,396	5,824	26,158	356,514
1943-44	896,926	+5.4	404,942	35,229	60,223	8,616	25,644	362,272
1944-45	864,905	-3.6	410,364	33,730	78,555	9,670	25,131	307,454
1945-46	840,098	-2.9	439,132	54,547	71,169	13,361	25,341	236,549
1946-47	1,187,478	+41.3	613,831	99,252	63,134	98,757	31,145	281,359
1947-48	1,452,644	+22.3	718,350	133,610	55,309	91,958	35,813	417,594
1948-49	1,814,751	+24.9	927,897	140,314	66,646	98,843	36,951	544,100
1949-50	2,195,473	+21.0	1,123,418	207,617	119,158	113,163	38,501	593,617
1950-51	2,242,921	+2.2	1,185,764	173,838	168,938	102,553	49,123	562,706
1951-52	2,322,238	+3.5	1,177,688	182,804	182,865	114,802	112,003	551,986
1952-53	2,753,083	+18.6	1,329,933	197,779	168,822	114,020	215,205	727,323
1953-54	2,953,964	+7.3	1,437,516	209,136	138,042	115,248	203,691	859,331
1954-55	3,092,312	+4.7	1,426,599	188,898	117,581	141,421	239,444	978,369
1955-56	3,404,839	+10.1	1,455,273	226,961	133,166	177,246	209,135	1,208,057

<sup>1</sup> Old-age assistance, aid to dependent children, aid to the blind, and, beginning 1950-51, aid to the permanently and totally disabled under the Social Security Act as amended.

<sup>2</sup> Unemployment insurance administration under the Social Security Act beginning 1935-36; employment service administration, 1934-35 through December 1941 and, after wartime emergency nationalization of State employment services, from Nov. 16, 1946, to date.

<sup>3</sup> Maternal and child health services and services for crippled children under the Social Security Act and general public health services from 1935-36 to date; from inception of the program through 1948-49, emergency maternity and infant care; from inception of the program to date: venereal disease, tuberculosis, cancer, and heart disease control, mental health activities, hospital survey and construction, and water pollution control; and, for 1955-56 emergency poliomyelitis vaccination program.

<sup>4</sup> Child welfare services under the Social Security Act from 1935-36 to date; vocational rehabilitation and State and Territorial homes for disabled soldiers and sailors from 1934-35 to date; community war service day care for 1942-43; school lunch program from 1946-47 to date; and school milk program beginning 1954-55.

<sup>5</sup> Colleges for agriculture and mechanic arts, vocational education, education of the blind, and State marine schools from 1934-35 to date; emergency Office of Education grants from 1935-36 to 1940-41; maintenance and operation of schools in certain areas from 1946-47 to date; school survey and construction in certain areas from 1950-51 to date; and, for 1954-55,

grants for public assistance and other welfare services, employment security administration, health services, and all other purposes. As a result, total grants increased 10 percent from the \$3,092 million of 1954-55 to \$3,405 million for 1955-56 (table 1).

Existing Federal aids to States and localities vary considerably in purpose and financial characteristics. The term "grants," as used here, is confined to grants for cooperative Federal-State or Federal-local programs administered at the State and/or local level and for 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 have been included when they conform to this definition. Federal aid granted directly to individuals and private institutions and reimbursements to State and local governments for expenses incurred by them as agents of the Federal Government in administering programs primarily national in character have been excluded. Shared revenues have also been excluded.

Grants for public assistance payments and administration amounted to \$1,455 million in the fiscal year 1955-56, \$29 million or 2 percent more than the \$1,427 million granted in 1954-55. The amounts granted for each of the four categorical assistance programs and the percentage change from the preceding year are shown below. The relative proportion

Program	Amount (in millions)		Percentage change
	1955-56	1954-55	
Old-age assistance	\$928	\$920	+0.9
Aid to the permanently and totally disabled	92	82	+12.2
Aid to dependent children	397	388	+2.3
Aid to the blind	38	36	+5.6

of all public assistance grants represented by grants for each of the four categorical assistance programs in 1955-56 remained the same as in 1954-55: for the aged, 64 percent; for the disabled, 6 percent; for dependent children, 27 percent; and for the blind, 3 percent.

The largest increase (12.2 percent) occurred in the youngest of the four categorical aid programs—aid to the permanently and totally disabled, which completed its fifth full year in 1955-56. During the year, the plans submitted by Florida and Nebraska were approved for Federal participation, bringing to 45 the total number of approved State plans (and of States receiving grants in 1955-56). Seven States and Alaska still had no federally approved plan in this assistance category at the end of the fiscal year.

Despite a slight increase from the preceding year in the dollar amount

State and local preparation for the White House Conference on Education.

<sup>6</sup> Federal Emergency Relief Administration grants from 1934-35 to 1937-38; agricultural experiment stations and extension work from 1934-35 to date; cooperative projects in marketing from 1947-48 to date; forestry cooperation from 1934-35 to date and wildlife restoration from 1938-39 to date; supply and distribution of farm labor from 1942-43 to 1948-49; removal of surplus agricultural commodities under sec. 32 of the Act of Aug. 24, 1935, from 1935-36 to date; commodities furnished by the Commodity Credit Corporation from 1949-50 to date; Federal annual contributions to public housing authorities from 1930-40 to date; regular and emergency highway construction from 1934-35 to date; Federal airport program from 1947-48 to date; Public Works Administration grants and liquidation thereof from 1934-35 through 1949-50; wartime public works from 1941-42 through 1948-49; community facilities and disaster and emergency relief from 1941-42 to date; civil defense from 1951-52 to date; slum clearance and urban redevelopment from 1952-53 to date; drought relief from 1953-54 to date; and urban planning assistance beginning 1955-56.

Source: *Annual Reports of the Secretary of the Treasury, the Combined Statements of Receipts, Expenditures, and Balances of the United States Government*, and other Treasury reports. (Grants for part of the school lunch program for 1946-47 and for the removal of surplus agricultural commodities for 1935-36 through 1946-47, as reported by the Department of Agriculture.)

granted for each public assistance program, their total represents only 42.7 percent of all Federal grants—the lowest proportion since 1940–41. This drop is explainable partially in terms of the growing importance of other continuing grant programs and the addition of new grant programs, as well as in terms of the changing economic conditions and continuing expansion of the old-age and survivors insurance program that have led to a considerable degree of stabilization in State public assistance outlays. Grants for public assistance are the largest made by the Federal Government for any one purpose. Second in order of dollar magnitude are the regular and emergency highway construction grants. From 1950–51, when the fourth public assistance program was added and assistance grants reached the alltime peak percentage-wise, grants for public assistance and highway construction have represented the following proportions of total Federal grants:

Year	Percent of total grants	
	Public assistance	Highway construction
1950–51.....	52.9	17.8
1951–52.....	50.7	18.1
1952–53.....	48.3	18.8
1953–54.....	48.7	18.2
1954–55.....	46.1	19.3
1955–56.....	42.7	21.7

Public assistance grants represented 79.2 percent of the grants administered by the Department of Health, Education, and Welfare in 1955–56, compared with 78.6 percent in 1954–55. For the past 3 fiscal years they accounted for 98 percent of the Social Security Administration grants; the remainder was for the three Children's Bureau grant programs.

Federal grants for the administration of the State unemployment insurance and employment service programs amounted to \$227 million, 20 percent more than the \$189 million of 1954–55. Although these grants, like all grants, are made from the general funds of the Treasury, they have been regarded as coming from the portion of the Federal unemployment tax against which employers are not permitted to offset their

payments under State unemployment insurance laws. Administrative costs of the employment security programs in the States have never equaled the amount of the Federal collections (0.3 percent of taxable payrolls). Under the Employment Security Financing Act of 1954 (Public Law No. 567, Eighty-third Congress, second session) the excess—up to \$200 million—of collections over administrative costs is appropriated to the Federal unemployment account within the unemployment trust fund. From the fund thus established, States with depleted reserves may borrow to help pay benefits.<sup>1</sup> Amounts in excess of \$200 million are allocated to the accounts in the unemployment trust fund of the various States in the same proportion that their covered payrolls bear to the aggregate payroll of all States. Such an allocation was made on July 1, 1956, of the \$33.4 million above the legal maximum paid into the Federal unemployment account up to the end of the fiscal year 1955–56.

Grants for health services in 1955–56 totaled \$133 million, 13.3 percent more than the 1954–55 sum but still less than in 1953–54. Health grants reached an alltime peak of \$183 million in 1951–52 and then declined each subsequent year through 1954–55. In 1955–56, grants under continuing programs totaled \$105 million, 10.5 percent less than the amounts granted for the same programs in the preceding fiscal year. In addition, a total of \$28 million was granted in 1955–56 for the emergency poliomyelitis vaccination program—\$24 million under the Poliomyelitis Vaccination Assistance Act of 1955<sup>2</sup> to be used by the States for purchasing the vaccine and/or for administration and \$4 million under the general health assistance emergency grant authority to aid State health departments in the administration of

<sup>1</sup> One loan of \$3 million to Alaska has so far been made. Alaska repaid this loan Dec. 28, 1956, but then immediately (Jan. 3, 1957) took out another, for \$2.6 million (the legal maximum, based on the largest amount paid in benefits in any of the 4 preceding quarters).

<sup>2</sup> Public Law No. 377, Eighty-fourth Congress, first session. This act has since been extended to June 20, 1957. (69 Statute 704.)

the poliomyelitis vaccination program. These two emergency programs account for the rise in total health grants. Among the continuing programs, grants were about the same as in 1954–55 for maternal and child health services and for control of tuberculosis, cancer, and heart disease. Grants were lower for hospital construction (a decline of \$18.5 million or 25 percent) and for construction of community water-treatment facilities in defense-impacted areas (a program in liquidation). They were somewhat higher for general health assistance, crippled children's services, control of venereal disease, and mental health activities.

Grants for welfare programs other than public assistance rose \$36 million (25 percent) in 1955–56 to a total of \$177 million. Vocational rehabilitation grants increased 29 percent to \$33 million. The greatest growth occurred in the school milk grant program, new in 1954–55, which more than doubled in 1955–56 to a total of \$50 million. Grants for the other programs in the group remained at about the 1954–55 level. Grants for health services and for welfare services other than public assistance together represented 9.1 percent of all Federal grants in 1955–56, a slightly higher proportion than in the 2 preceding fiscal years.

Education grants amounted to \$209 million in 1955–56, \$30 million less than in 1954–55. The reduction was attributable almost entirely to a decrease of \$31 million or 26 percent in school construction grants. All other education grants either remained approximately the same or increased very slightly. From 1934–35 through 1950–51, grants for education ranged from less than 1 percent to slightly more than 3 percent of all Federal grants and averaged 2.4 percent of the total. In 1951–52 they increased sharply, both in dollar amount and as a percent of the total. In that year they formed 4.8 percent of total grants; in 1952–53, 7.8 percent; in 1953–54, 6.9 percent; in 1954–55, 7.7 percent; and in 1955–56, 6.1 percent.

Grants for all other purposes totaled \$1,203 million in 1955–56, \$225 million or 23 percent more than in 1954–55. The components of this

heterogeneous group, which are administered by half a dozen Federal agencies, and the amounts granted in recent fiscal years are shown below.

Purpose	Amount (in millions)		
	1955-56	1954-55	1953-54
	Total.....	\$1,203.1	\$978.4
Agricultural experiment.....	23.7	18.6	13.3
Agricultural extension.....	43.0	38.4	31.5
Airport construction.....	16.5	8.4	17.5
Civil defense.....	9.6	10.5	13.7
Commodity Credit Corporation.....	91.4	110.5	.1
Cooperative marketing.....	2.4	2.2	1.3
Defense community facilities.....	.6	2.4	8.6
Disaster relief.....	16.2	8.9	1.5
Drought relief.....	(1)	4.9	4.0
Forestry cooperation.....	10.5	9.8	9.7
Highway construction.....	740.0	596.7	538.5
Low-rent public housing.....	75.0	60.9	38.2
Surplus commodity removal.....	144.7	56.4	154.7
Urban planning.....	.3		
Urban renewal.....	13.6	33.5	11.6
Wildlife restoration.....	15.7	16.4	15.1

<sup>1</sup> Less than \$0.1 million.

Highway construction grants continued in 1955-56 to be the largest of the miscellaneous group (61.5 percent of the total). One new grant program appeared in this group—urban planning assistance. Under the Housing Act of 1954,<sup>3</sup> these grants are made to State planning boards on a 50-50 matching basis to provide planning assistance to towns with populations of less than 25,000 and to metropolitan areas or similar urban regions in evolving comprehensive plans for their growth and development. Grants may also be made directly to metropolitan area planning authorities.

*Per capita grants.*—Per capita grants are shown in table 2 by State and by major purpose. The States have been ranked by average 1953-55 per capita personal income and divided into high-, middle-, and low-income groups. Within each income group the States vary widely in per capita grants received. Total grants received in 1955-56 by the high-income group, for example, averaged \$16.58 per capita, but the range was

<sup>3</sup> Public Law No. 560, Eighty-third Congress, second session (68 Statute 590), section 701.

Table 2.—Per capita Federal grants to States and localities, by State and purpose, fiscal year 1955-56

States ranked by 1953-55 average per capita personal income	Average per capita personal income, 1953-55	Population July 1, 1955 (in thousands)	Per capita grants						
			Total	Public assistance <sup>1</sup>	Employment security administration <sup>2</sup>	Health services <sup>3</sup>	Other welfare services <sup>4</sup>	Education <sup>5</sup>	All other <sup>6</sup>
Total <sup>7</sup>		167,358	\$20.34	\$8.70	\$1.36	\$0.80	\$1.06	\$1.25	\$7.19
Continental United States..	\$1,801	164,303	20.42	8.80	1.37	.77	1.05	1.22	7.20
High-income group		89,728	16.58	7.12	1.61	.55	.87	1.02	5.41
Delaware.....	2,470	390	17.89	4.52	1.27	.81	1.24	.96	9.09
Connecticut.....	2,428	2,200	14.07	5.87	1.60	.48	.99	1.37	3.75
Nevada.....	2,393	235	59.80	6.07	3.14	2.91	.70	7.02	39.97
District of Columbia.....	2,284	857	14.94	4.80	1.17	1.18	.65	1.15	6.72
New Jersey.....	5,324	10,777	2.97	1.86	.38	.64	.51	4.42	4.42
California.....	2,212	12,961	23.81	12.41	1.84	.61	.91	2.99	5.64
Illinois.....	2,201	9,301	15.96	6.94	1.06	.41	.99	.51	6.06
New York.....	2,191	16,021	15.32	6.79	1.98	.53	.74	.36	4.92
Michigan.....	2,086	7,326	15.14	5.84	1.55	.56	.99	1.00	5.21
Ohio.....	2,014	8,945	13.65	6.35	1.09	.41	.82	.84	4.12
Massachusetts.....	2,006	4,773	18.84	10.47	1.90	.66	1.06	.48	4.27
Maryland.....	1,975	2,744	14.94	3.91	1.32	.88	.87	3.69	4.27
Washington.....	1,974	2,607	25.44	12.76	1.78	.49	1.16	3.05	6.22
Rhode Island.....	1,912	817	25.25	7.67	2.52	.78	1.02	1.61	11.65
Indiana.....	1,870	4,329	12.93	4.36	1.01	.43	.85	.57	5.70
Pennsylvania.....	1,868	10,898	14.34	4.62	1.67	.61	.81	.32	6.31
Middle-income group		40,561	23.02	9.59	1.08	.86	1.08	1.59	8.83
Wyoming.....	1,804	312	45.78	7.38	2.11	1.05	1.28	2.51	31.45
Oregon.....	1,802	1,685	20.35	6.90	1.73	.62	.93	.70	9.46
Montana.....	1,788	629	33.97	9.09	1.84	.90	1.09	2.44	18.61
Wisconsin.....	1,752	3,702	15.66	5.93	.87	.83	1.22	.39	6.42
Missouri.....	1,745	4,201	31.06	17.26	.86	.87	1.01	1.00	9.96
Colorado.....	1,729	1,547	32.89	17.70	1.22	.63	.94	2.94	9.45
Minnesota.....	1,663	3,190	20.29	8.36	1.01	.96	1.35	.61	8.10
Kansas.....	1,658	2,060	25.21	9.08	.87	1.16	.97	2.57	10.56
New Hampshire.....	1,643	553	21.43	5.96	1.93	1.09	1.00	1.41	10.05
Iowa.....	1,597	2,671	20.25	7.79	.71	.61	1.30	.44	9.40
Arizona.....	1,595	1,007	31.19	9.52	2.22	.52	1.12	2.64	15.16
Florida.....	1,595	3,580	21.46	10.91	1.17	.95	1.11	1.25	6.07
Nebraska.....	1,588	1,394	24.83	6.77	.80	.93	.97	1.40	13.96
Texas.....	1,579	8,748	21.71	10.57	1.08	.66	.90	2.48	7.02
Utah.....	1,528	797	31.08	8.29	2.05	.96	1.02	1.70	16.06
Virginia.....	1,500	3,579	17.36	3.50	.61	1.26	1.21	4.58	6.21
Maine.....	1,498	906	24.57	9.20	1.40	1.25	1.12	1.44	10.15
Low-income group		34,013	27.41	12.27	1.07	1.27	1.50	1.31	9.99
Oklahoma.....	1,470	2,210	43.29	23.34	1.20	.99	1.34	3.72	12.70
Vermont.....	1,470	370	27.98	10.34	2.06	1.28	1.52	.76	12.02
Idaho.....	1,463	612	30.67	8.23	1.96	1.15	1.22	1.65	16.45
New Mexico.....	1,408	793	42.16	10.12	1.66	.93	1.24	7.90	20.31
Louisiana.....	1,308	2,934	36.71	23.21	1.00	1.40	1.37	.42	9.31
South Dakota.....	1,305	683	30.84	8.92	.84	1.05	1.29	2.56	16.18
Georgia.....	1,265	3,662	25.23	12.96	.91	1.41	1.64	1.57	6.73
North Dakota.....	1,265	643	29.34	7.47	1.20	1.59	1.36	.86	16.86
West Virginia.....	1,250	1,984	23.69	10.31	.90	1.00	1.50	.41	9.58
Tennessee.....	1,225	3,414	22.15	9.52	.99	1.55	1.46	.94	7.70
Kentucky.....	1,221	3,011	23.72	9.77	.89	1.16	1.26	.71	9.94
North Carolina.....	1,191	4,344	19.60	7.52	.99	1.18	1.43	.60	7.88
Alabama.....	1,105	3,110	30.30	13.14	1.11	1.36	1.80	1.43	11.46
South Carolina.....	1,098	2,308	20.18	8.44	1.13	1.23	1.41	.95	7.02
Arkansas.....	1,012	1,802	31.54	12.40	1.22	1.19	1.94	1.43	13.36
Mississippi.....	890	2,133	26.80	11.57	1.09	1.32	1.79	.70	10.33
Territories and possessions		3,056	16.55	3.19	.86	2.02	1.38	2.73	6.38
Alaska.....		209	43.40	8.23	4.78	6.17	.79	19.22	4.20
Hawaii.....		560	24.91	6.44	1.28	2.38	.95	6.29	7.57
Puerto Rico.....		2,263	11.80	1.88	.38	1.48	1.53	.33	6.20
Virgin Islands.....		24	34.92	6.60	1.63	8.58	2.87	1.58	13.67

<sup>1</sup> Old-age assistance, aid to dependent children, aid to the blind, and aid to the permanently and totally disabled.

<sup>2</sup> Unemployment insurance and employment service administration.

<sup>3</sup> Maternal and child health services; services for crippled children; general public health services; venereal disease, tuberculosis, heart disease, and cancer control; mental health activities; hospital survey and construction; water pollution control; and emergency poliomyelitis vaccination.

<sup>4</sup> Child welfare services, vocational rehabilitation, State and Territorial homes for disabled soldiers and sailors, and school lunch and school milk programs.

<sup>5</sup> Colleges for agriculture and mechanic arts, vocational education, education of the blind, State marine schools, school survey and construction in certain areas, and maintenance and operation of schools in certain areas.

<sup>6</sup> Agricultural experiment stations and extension work, cooperative projects in marketing and commodities donated by the Commodity Credit Corpo-

ration, forestry cooperation, removal of surplus agricultural commodities, wildlife restoration, annual contributions to public housing agencies, Federal airport program, regular and emergency highway construction, community facilities, disaster and emergency relief, slum clearance and urban redevelopment, civil defense, drought relief, and urban planning assistance.

<sup>7</sup> Includes small amount undistributed, as well as civil defense contributions to the Canal Zone.

Source: Grants data are from the *Annual Report of the Secretary of the Treasury on the State of the Finances for the Fiscal Year Ended June 30, 1956*, and are on the basis of checks issued in the fiscal year. Per capita grants are based on estimates by the Bureau of the Census for the total population, excluding Armed Forces overseas, as of July 1, 1955, which appear in *Current Population Reports, Population Estimates*, Series P-25, No. 145. Personal income data used are from the *Survey of Current Business*, August 1956.

more than \$49—from \$10.77 in New Jersey to \$59.80 in Nevada. Among the low-income group of States, average total grants per capita were \$27.41, with a range of less than \$24—from \$19.60 in North Carolina to \$43.29 in Oklahoma. In the high-income States the range widened by

about \$10 from the \$39 of the preceding year, while in the low-income group the range increased by about 50 cents. For the middle-income group, average total grants per capita rose from \$21.56 in 1954-55 to \$23.02 in 1955-56. Here, too, the range widened; it was \$30.17 in 1955-56 (from \$15.66 in Wisconsin to \$45.78 in Wyoming), compared with \$23.84 in 1954-55 (from \$13.41 in Wisconsin to \$37.25 in Wyoming).

Table 3.—Federal grants to States and localities in relation to personal income and State general revenues, by State, fiscal year 1955-56

States ranked by 1953-55 average per capita personal income	Total grants to States			Grants under programs administered by Social Security Administration				
	Amount (in thousands)	As percent of personal income	As percent of total State general revenues	Amount (in thousands)	As percent of personal income	As percent of total State general revenues	As percent of total grants	Per capita
Total Continental United States.....	\$3,404,839			\$1,488,897			44	\$8.90
High-income group.....	1,487,793	.8	15	650,639	.3	7	44	7.25
Delaware.....	6,976	.7	10	1,983	.2	3	28	5.08
Connecticut.....	30,963	.6	12	13,341	.2	5	43	6.06
Nevada.....	14,053	2.5	28	1,610	.3	3	11	6.85
District of Columbia.....	12,807	.6	(*)	4,645	(*)	(*)	36	5.42
New Jersey.....	57,364	.5	15	16,284	.1	4	28	3.06
California.....	308,560	1.0	15	162,314	.6	8	53	12.52
Illinois.....	148,404	.7	18	65,492	.3	8	44	7.04
New York.....	245,501	.7	15	109,824	.3	7	45	6.86
Michigan.....	110,950	.7	15	43,810	.3	4	39	5.98
Ohio.....	122,057	.7	15	57,903	.3	7	47	6.47
Massachusetts.....	89,910	.9	17	50,613	.5	10	56	10.60
Maryland.....	41,007	.8	13	11,470	.2	4	28	4.18
Washington.....	66,328	1.3	15	33,773	.7	8	51	12.95
Rhode Island.....	20,630	1.3	25	6,518	.4	8	32	7.98
Indiana.....	55,980	.7	15	19,366	.2	5	35	4.47
Pennsylvania.....	156,302	.8	17	51,692	.2	6	33	4.74
Middle-income group.....	933,845	1.4	20	397,867	.6	9	43	9.81
Wyoming.....	14,284	2.6	21	2,490	.5	4	17	7.98
Oregon.....	34,282	1.1	15	11,925	.4	5	35	7.08
Montana.....	21,367	1.8	24	5,998	.5	7	28	9.54
Wisconsin.....	57,961	.9	14	22,648	.3	5	39	6.12
Missouri.....	130,496	1.7	33	73,361	1.0	19	56	17.46
Colorado.....	50,884	1.9	23	27,814	1.0	12	55	17.98
Minnesota.....	64,738	1.2	16	27,334	.5	7	42	8.57
Kansas.....	51,939	1.5	22	19,127	.6	8	37	9.28
New Hampshire.....	11,852	1.2	24	3,435	.4	4	29	6.21
Iowa.....	54,095	1.3	17	21,434	.5	7	40	8.02
Arizona.....	31,405	2.0	21	9,736	.6	7	31	9.67
Florida.....	76,827	1.3	17	39,770	.7	9	52	11.11
Nebraska.....	34,607	1.6	26	9,713	.5	7	28	6.97
Texas.....	189,943	1.3	20	94,024	.7	10	50	10.75
Utah.....	24,770	2.0	24	6,991	.6	7	28	8.77
Virginia.....	62,135	1.1	20	13,460	.2	4	22	3.76
Maine.....	22,259	1.5	21	8,606	.6	9	39	9.50
Low-income group.....	932,239	2.2	23	428,875	1.0	11	46	12.61
Oklahoma.....	95,663	2.9	28	52,192	1.6	15	55	23.02
Vermont.....	10,352	1.8	23	4,053	.7	9	39	10.95
Idaho.....	18,769	2.1	22	5,310	.6	6	28	8.68
New Mexico.....	33,432	2.9	21	8,340	.7	5	25	10.52
Louisiana.....	107,719	2.8	19	68,935	1.8	12	64	23.50
South Dakota.....	21,062	2.5	25	6,356	.7	7	30	9.31
Georgia.....	92,378	1.9	23	48,590	1.0	12	53	13.27
North Dakota.....	18,897	2.1	19	5,055	.6	5	27	7.86
West Virginia.....	46,993	1.8	24	21,087	.8	11	45	10.63
Tennessee.....	75,625	1.8	23	33,523	.8	10	44	9.82
Kentucky.....	71,434	1.9	29	30,421	.8	12	43	10.10
North Carolina.....	85,128	1.6	18	34,109	.6	7	40	7.85
Alabama.....	34,242	2.6	28	42,034	1.1	12	45	13.52
South Carolina.....	46,583	1.8	19	20,324	.8	6	44	8.81
Arkansas.....	56,828	3.0	32	23,025	1.2	13	41	12.78
Mississippi.....	57,165	2.8	26	25,522	1.3	12	45	11.97
Territories and possessions.....	50,568			11,515			23	3.77
Alaska.....	9,070			2,015			22	9.64
Hawaii.....	13,947			3,943			28	7.04
Puerto Rico.....	29,712			5,214			20	2.30
Virgin Islands.....	838			344			41	14.33

\* Includes small amount undistributed, as well as civil defense contributions to the Canal Zone.

† General revenue data for the District of Columbia for 1955-56 not yet available.

Source: Grants data are from the *Annual Report of the Secretary of the Treasury on the State of the Finances for the Fiscal Year Ended June 30, 1956*, and are on the basis of checks issued in the fiscal year.

Personal income data are for calendar year 1955 and are from the *Survey of Current Business*, August 1956. State general revenue data are for the fiscal year 1956 and are from the *Summary of State Government Finances in 1956* (Bureau of the Census). Per capita grants are based on estimates by the Bureau of the Census for the total population, excluding the Armed Forces overseas, as of July 1, 1955.

Both the total grants and those for public assistance, health, other welfare services, and education tend to vary inversely with per capita personal income. In general, the grants average somewhat higher per capita in the low-income States than in the middle-income group, and higher in the middle-income States than in those of the high-income range. In many of the programs the grant-in-aid formula for distribution of Federal funds is designed to achieve at least a minimum degree of equalization in the program among all States. In 1955-56, as in previous years, there was an observable tendency for per capita grants for employment security administration to vary in direct relationship to State per capita income. The "all other" category, including as it does grants for activities at least partly concentrated in urban and suburban areas as well as exclusively rural programs, cannot be analyzed on the basis of income and population relationships.

Grants for many purposes are higher per capita in the sparsely populated "public land" States than in other States as a result of the operation of minimum allotment provisions and certain allocation formulas. In Nevada, for example, which ranked third highest in terms of per capita income and where grants amounted to \$59.80 per capita, in comparison with \$20.42 for the continental United States, 57.0 percent of total grants to the State went for highway construction. Wyoming, first in the middle-income group, received \$45.78 per capita in grants, and 59.9 percent of the grants was for highways. New Mexico, fourth among the 16 low-income States, received \$42.16 per capita in grants. Of this total, 34.5 percent was for highways and 24.0 percent for public assistance. The

situation was similar in other Western States.

Total grants per capita are also significantly high in States that spend relatively large sums from State and local funds for their public assistance programs, because of the Federal matching requirement in the Social Security Act. Oklahoma, for example, with total per capita grants of \$43.29, received 53.9 percent of its total grants for public assistance. More than 63 percent of total grants to Louisiana went for public assistance; total grants per capita were \$36.71. In 1954-55, however, grants for public assistance were 57.7 percent and 68.5 percent of total grants in these two States, and grants per capita were \$39.91 and \$32.66, respectively.

In 1955-56, total grants per capita were slightly higher for the Territories and possessions, taken as a group, than in 1954-55 (\$16.55 compared with \$14.24). The average for the group, however, continued to be less than per capita total grants for the continental United States, mainly because of the significantly low per capita grants to Puerto Rico—the most populous of the Territories and possessions. These low per capita grants are occasioned, in turn, by the fact that the maximums on individual assistance payments in which the Federal Government will share and the Federal share of the payments are lower for Puerto Rico and the Virgin Islands than for the States; in addition there is an overall dollar maximum on the Federal payment to these possessions.

*Relation to personal income.*—Total grants to State and local governments as a percent of personal income received and of total State general revenues tend to be higher, on the average, in States with low per capita income (table 3). These percentages are also high in the sparsely populated public land States and the States that make relatively heavy expenditures for public assistance. Federal grants represented 1.1 percent of personal income for the continental United States and 18.0 percent of State general revenues. Grants to State and local governments are presented here as percentages of total State general revenues,

but they would be more meaningfully related to combined State and local general revenues. There is available, however, no complete and consistent series for recent years on total local government revenues, by State.

Grants administered by the Social Security Administration totaled \$1,489 million in 1955-56—\$33 million or 2.3 percent more than the \$1,456 million of 1954-55 and \$22 million or 1.5 percent more than the sums granted in 1953-54. They represented 43.7 percent of all Federal grants, compared with 47.1 percent in the fiscal year 1954-55 and exactly half the total in 1953-54. These grants, on the average, equaled 0.5 percent of personal income in the continental United States and 8.0 percent of State general revenues. Here, too, the proportion tended to be larger in States with low per capita income. The percentage that Social Security Administration grants were of total grants varied only slightly among the three income groups of States, although State-by-State variation was considerably wider—ranging from 11 percent for Nevada in the high-income group to 64 percent for Louisiana in the low-income group. For the Territories and possessions, Social Security Administration grants constituted 23 percent of all grants and amounted to \$3.77 per capita, compared with \$8.99 for the continental United States.

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### Expenditures for Assistance Payments from State-Local Funds, 1955-56\*

For the country as a whole, State and local fiscal effort to support public assistance in the fiscal year 1955-56 was about the same as it was a year earlier. The concept of fiscal effort used in the following analysis is a measure of the relationship between the expenditures for public assistance payments from State and local funds and personal income. Nationally, the State and local share

\*Prepared by Frank J. Hanmer, Division of Program Statistics and Analysis, Bureau of Public Assistance.

of assistance payments for 1955-56 amounted to 46 cents per \$100 of personal income, compared with 47 cents per \$100 of personal income in the preceding year (table 1).<sup>1</sup> This insignificant shift in fiscal effort for the United States resulted from a slightly higher percentage increase in personal income than in assistance payments from State-local funds.

Expenditures for assistance payments from State and local funds rose moderately in the fiscal year 1955-56, mainly as a result of higher assistance standards in each of the five public assistance programs. The increase of 3.8 percent in the non-Federal share of assistance payments for the United States represented an increase of \$52.3 million. Underlying the total change in expenditures from State and local funds, however, was a rise of \$68.7 million for the four federally aided categories and a decline of \$16.4 million for general assistance, which is financed entirely from State and local funds. Despite higher average payments to recipients of general assistance, annual expenditures for that program dropped because of a 14-percent decline in the number of individuals receiving assistance.

Personal income for the year also rose moderately, but the percentage increase was slightly greater than that in assistance expenditures from State and local funds. The 6.5-percent rise pushed the total personal income for the United States to a new high of \$304.3 billion in 1955.

All but four States shared in the increase in total personal income that occurred between 1954 and 1955 (table 2). Percentage changes in income were much greater for the States with increases, moreover, than for those with declines. Shifts amounted to 5 percent or more in only two of the States with decreases but in 40 of the States with increases. North Dakota experienced the largest rise in personal income (16.1 per-

<sup>1</sup> In this note, assistance expenditures for the fiscal years 1954-55 and 1955-56 are related to personal income for the calendar years 1954 and 1955, respectively. Since income data for Alaska, Puerto Rico, and the Virgin Islands are not available, totals represent data for the continental United States and Hawaii.