

Social Welfare Expenditures, 1967-68

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THE UPSURGE in social welfare expenditures under public programs that began in the fiscal year 1966 continued throughout fiscal year 1968. In the later year, total outlays for social welfare programs amounted to \$112.4 billion, an increase of \$12.9 billion from the preceding year. The increases in fiscal years 1966 and 1967 were of similar magnitude, thus producing a total rise of \$35.3 billion in social welfare expenditures since fiscal year 1965. For the 3 years immediately before 1966, the total growth had been only \$14.5 billion or less than \$5 billion a year.

The major factors in this acceleration have been (1) the expansion of the old-age, survivors, disability, and health insurance (OASDHI) program as a result of increased cash benefits and the introduction of health insurance for the aged (Medicare); (2) increased educational expenditures, spurred on by the introduction of general programs of Federal aid for education; and (3) the medical assistance program (Medicaid) under the Social Security Act.

The spurt in social welfare expenditures since 1965 has had an effect on the various indicators used to measure this Nation's commitment to public programs directly concerned with income security and the health, education, and welfare of individuals and families. As a proportion of the gross national product (GNP), social welfare expenditures in fiscal year 1968 amounted to 13.7 percent; they were 11.8 percent of the GNP in 1965. By way of contrast, the ratio in the preceding 3 years had been almost unchanged (chart 1).

In relation to total government expenditures (Federal, State, and local), the amount spent for social welfare rose from 42.5 percent in 1965 to 43.7 percent in 1968. Even at the Federal level, with mounting expenditures for national defense, the proportion of the total outlay for social welfare rose from 32.7 percent in 1965 to 36.1 percent in 1968.

The distribution of expenditures between the Federal and the State and local sectors also changed. In fiscal year 1968, Federal funds pro-

vided 54 percent of all public expenditures for social welfare. They were 49 percent of the total in 1965. In the 3 years before 1965, the ratio had shown hardly any change.

Also affected by developments since 1965 is the distribution of expenditures by major function. Expenditures for all health purposes (including health and medical programs under social insurance, public assistance, etc.) rose from 12 percent of total social welfare expenditures in 1965 to 17 percent in 1968. Education dropped from 36 percent to 35 percent, and income-maintenance and welfare programs dropped from 51 percent to 48 percent.

During 1968, the long-promised monograph on social welfare expenditures under public programs in the United States was published.¹ The Office of Research and Statistics study presents year-by-year figures on social welfare expenditures carried back to 1929, together with a description of the concepts and classifications used in the series and an explanation of the sources of data, the methods of estimation, and the limitations of both.

Last year's social welfare article² incorporated the revisions appearing in the monograph. The changes in this article are therefore minimal and limited for the most part to correction of preliminary or estimated data. No changes have been made in any of the dollar figures for years before 1965 that appear in the monograph (and in last year's article).

One methodological change of major significance has been made this year. In the compilation of table 4, which relates social welfare expenditures to government expenditures for all purposes, changes have been made to accommodate the table to the new unified comprehensive budgetary concept adopted for the United States Budget for the fiscal year 1969.

¹ Ida C. Merriam and Alfred M. Skolnik, *Social Welfare Expenditures Under Public Programs in the United States, 1929-66*, Research Report No. 25, Social Security Administration, Office of Research and Statistics, 1968. (Available at U.S. Government Printing Office, \$2 a copy.)

² Ida C. Merriam, "Social Welfare Expenditures, 1929-67," *Social Security Bulletin*, December 1967.

* Office of Research and Statistics.

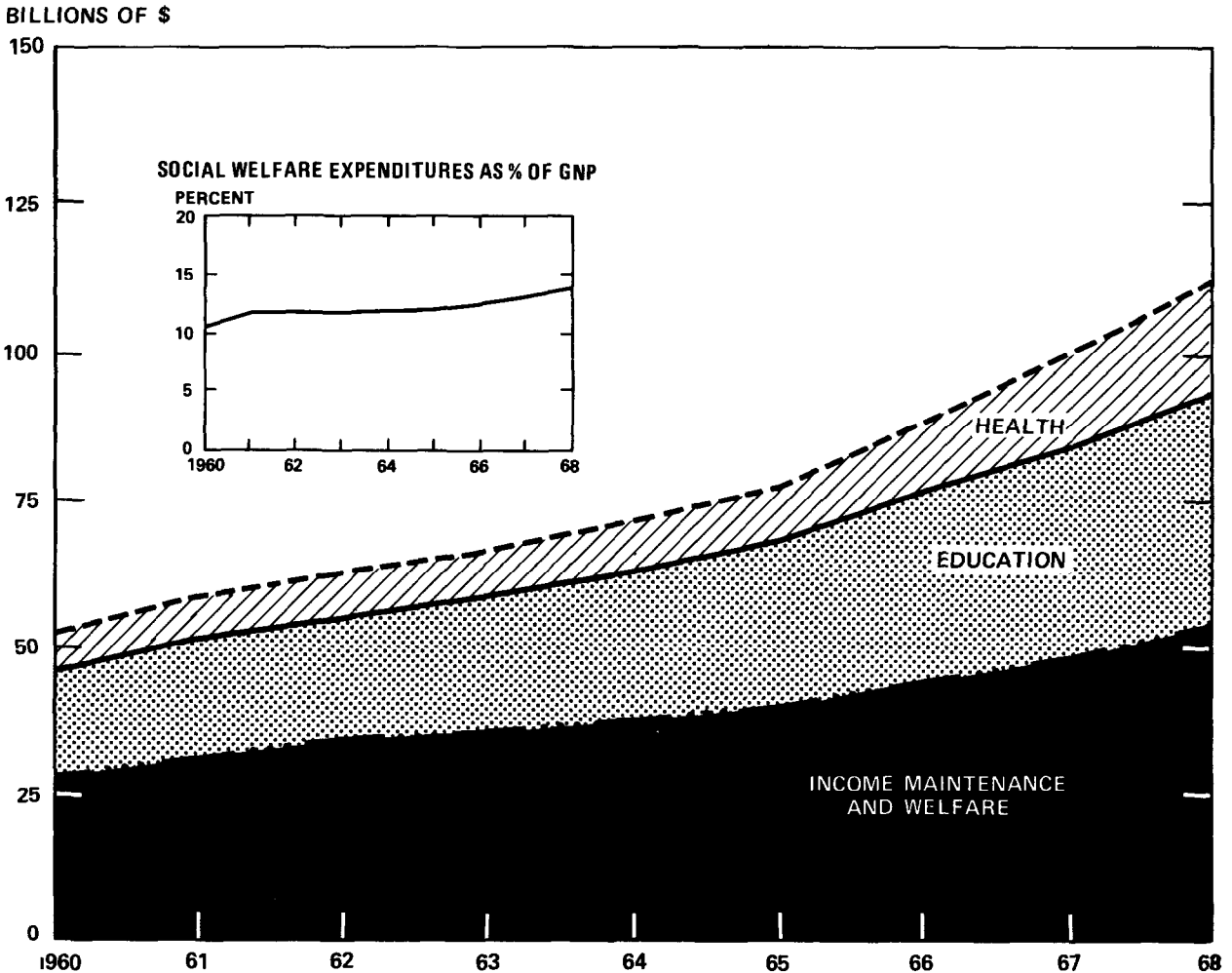
Under this concept, a total Federal expenditure figure has become available from which all Federal lending is excluded. As a basis for comparison, this figure is preferable to the budgetary figure previously used of "cash payments to the public" because the social welfare expenditure series also excludes all lending. In addition to the usual subtraction of State withdrawals for unemployment insurance benefits (treated as State expenditures in the social welfare series) and of Government contributions to civil-service retirement (reflected in disbursements under public employee retirement systems), premiums paid by the insured for veterans' life insurance have been added to balance the expenditures for this insurance that are now included in the social welfare series. Total Federal social welfare ex-

penditures are then related to the "net Federal expenditure" figure derived in this fashion.

In the process of reexamining table 4, the estimates of total State and local government expenditures were also reviewed and some adjustments made to avoid duplicated items (such as government contributions to State and local retirement systems).

Because of the increasing extent to which general revenues are used as a source of income for trust-fund programs, the format and grouping of the data in table 4 were revised. A new section was added to the table to show the relation of social welfare expenditures from trust funds (regardless of source of income) to total government expenditures, subdivided by level of government. The former section of table 4

CHART 1.—Public social welfare expenditures, by function and as a percent of gross national product, fiscal years, 1959-60 through 1967-68



described as "social welfare expenditures from general revenue" has been more precisely designated "social welfare non-trust-fund expenditures." It is largely in the area of non-trust-fund expenditures that latitude exists in year-to-year legislative appropriation of funds.

As defined by these concepts, social welfare trust-fund expenditures in the fiscal year 1968 amounted to \$38.7 billion and social welfare non-trust-fund expenditures to \$69.5 billion.³ Of the \$38.7 billion, an estimated \$8.5 billion could be attributable to general revenue sources—\$7.4 billion paid by Federal, State, and local government retirement trust funds as employer contributions and \$1.1 billion as transfers to the four Federal social security trust funds for military wage credits, hospital insurance benefits for noninsured persons, special cash benefits for those aged 72 and over, Federal matching of supplementary medical insurance premiums, and State "buy-ins" of supplementary medical insurance for the aged on their public assistance rosters.⁴

EXPENDITURES IN 1968

The \$12.9 billion rise in total social welfare expenditures in the fiscal year 1968 was the largest absolute annual increase during the period covered by the data. In relative terms, the 1968 increase of 13 percent was not as great as the increases registered for the 2 preceding years but was almost twice the 7–8 percent increase for the years immediately before 1966 (table 1).

One-third of the \$12.9 billion increase was attributable to the OASDHI program. Total expenditures under that program were higher by \$4.2 billion, almost \$2 billion of which was accounted for by Medicare. Largely as the result of the 1965 and 1967 amendments to the Social Security Act, expenditures under OASDHI rose from \$17.0 billion in 1965 to \$28.8 billion in 1968 (chart 2).

³ These figures do not add to \$112.4 billion, mainly because the data have been adjusted to exclude that part of workmen's compensation and temporary disability insurance payments made through private carriers and self-insurance.

⁴ An additional \$2.7 billion of general revenues was earned on the Government securities investments of all social insurance trust funds, but these are not program expenditures and would have been paid to any owners of the Government securities involved.

Other social insurance programs accounted for \$1.4 billion of the 1968 increase, with public employee retirement systems responsible for most of this rise.

About one-fourth of the 1968 increase was attributable to education programs. Expenditures for education amounted to \$38.8 billion in 1968—\$3.2 billion more than the 1967 total. Most (\$3.0 billion) of this increase took place at the State and local level as the number of children of school age continued to increase rapidly. The growth in Federal expenditures (\$200 million) was confined almost exclusively to the field of elementary and secondary school education; Federal expenditures for higher education showed an actual dip in 1968. Since 1965, however, Federal outlays have more than doubled as the programs under the Elementary and Secondary Education Act of 1965 and the Higher Education Act of 1965 moved into high gear. During this period, State and local expenditures increased by a bit under a third.

Almost one-fifth or \$2.3 billion of the 1968 increase was attributable to the "public aid" sector. Greater vendor payments for medical care under public assistance were responsible for about half of the rise. Since 1965, expenditures for public aid have expanded from \$6.3 billion to \$11.1 billion, with almost \$4 billion of the growth attributable to public assistance. As a result of the introduction of Medicaid in fiscal year 1966, vendor medical payments have showed a rise of more than \$2.0 billion from 1965 to 1968.

Totals for other components of the social welfare series were also higher in 1968, but together they accounted for only \$1.9 billion of the overall rise. Health and medical programs showed an unusually small increase of \$400 million in 1968. This slack-off took place mainly in the State and local sector as, apparently, Medicare and Medicaid programs picked up some of the unpaid hospital and medical care bills that formerly were absorbed by public charity.

When expenditures for programs specifically concerned with health are combined with expenditures for medical care under social insurance, public assistance, and veterans' and other programs, however, the total amount expended in 1968 for health and medical care from public funds was \$3.7 billion more than in 1967. The Medicare and assistance programs, which in-

creased expenditures by \$3.1 billion from 1967 to 1968, were chiefly responsible for this rapid growth. Other major areas in which medical expenditures increased during fiscal year 1968 include medical research (\$140 million), Veterans Administration and Defense Department (including military dependents') hospital and medical care (\$280 million together), and public health activities (\$170 million).

Among veterans' programs the largest 1968

increase occurred in the education program for veterans who served after the Korean conflict. This item showed a jump of \$220 million, largely the result of Vietnam discharges. Expenditures under other veterans' programs increased normally, but life insurance payments dropped somewhat during the year.

Almost all the programs gathered together under the heading "other social welfare" showed unusual increases in expenditures in fiscal year

TABLE 1.—Social welfare expenditures under public programs, selected fiscal years, 1928–29 through 1967–68 ¹

(In millions)

Program	1928–29	1934–35	1939–40	1944–45	1949–50	1954–55	1959–60	1964–65	1965–66	1966–67	1967–68 ²
	Total expenditures										
Total	\$3,921.2	\$6,548.3	\$8,795.1	\$9,205.3	\$23,508.4	\$32,639.9	\$52,293.3	\$77,119.8	\$87,758.2	\$99,516.0	\$112,399.9
Social insurance	342.4	406.3	1,271.8	1,409.4	4,946.6	9,834.9	19,306.7	28,091.1	31,887.1	37,303.7	42,850.6
Old-age, survivors, disability, and health insurance ³			40.4	266.8	784.1	4,436.3	11,032.3	16,997.5	20,295.3	24,580.8	28,748.2
Health insurance for the aged ⁴									63.6	3,394.6	5,347.2
Railroad retirement ⁵			116.8	145.0	306.4	556.0	934.7	1,128.1	1,211.6	1,278.4	1,401.0
Public employee retirement ⁵	113.1	208.8	283.4	355.0	817.9	1,388.5	2,569.9	4,528.5	5,145.4	5,902.5	6,739.4
Unemployment insurance and employment service ⁶		9.2	553.0	216.7	2,190.1	2,080.6	2,829.6	3,002.6	2,662.3	2,752.4	2,924.3
Railroad unemployment insurance			18.9	4.3	119.6	158.7	215.2	76.7	52.4	38.5	41.6
Railroad temporary disability insurance					31.1	54.2	68.5	46.5	42.6	38.3	41.2
State temporary disability insurance ⁷				5.1	72.1	217.5	347.9	483.5	507.5	529.8	550.0
Hospital and medical benefits ⁸					2.2	20.0	40.2	50.9	54.3	53.7	53.0
Workmen's compensation ⁹	229.3	188.4	259.2	416.6	625.1	943.0	1,308.5	1,827.7	1,970.1	2,182.9	2,404.9
Hospital and medical benefits ⁸	75.0	65.0	90.0	122.0	193.0	315.0	420.0	580.0	630.0	700.0	770.0
Public aid	60.0	2,997.6	3,597.0	1,030.6	2,496.2	3,003.0	4,101.1	6,283.4	7,305.1	8,839.1	11,135.3
Public assistance ¹⁰	59.9	623.9	1,124.3	1,028.8	2,490.2	2,941.1	4,041.7	5,874.9	6,501.2	7,860.4	9,862.2
Vendor medical payments ⁸					51.3	211.9	492.7	1,367.1	1,714.1	2,408.2	3,511.1
Other ¹¹	.1	2,373.7	2,472.7	1.7	6.0	61.9	59.4	408.5	803.9	978.6	1,273.1
Health and medical programs ¹²	351.1	427.2	615.5	2,354.2	2,063.5	3,103.1	4,463.8	6,235.4	6,915.5	7,614.9	8,037.1
Hospital and medical care	146.3	253.1	343.0	1,995.9	1,222.3	2,042.4	2,853.3	3,451.5	3,827.1	4,133.5	4,142.0
Civilian programs	117.1	225.3	297.6	364.8	886.1	1,297.6	1,973.2	2,514.7	2,720.4	2,701.8	2,550.6
Defense Department ¹³	29.2	27.7	45.4	1,631.1	336.2	744.8	880.1	936.8	1,106.7	1,431.7	1,591.4
Maternal and child health programs ¹⁴	6.2	6.9	13.8	62.1	29.8	92.9	141.3	228.4	267.0	316.7	349.6
Medical research ¹⁵		.3	2.6	2.5	69.2	132.8	448.9	1,165.2	1,301.9	1,440.6	1,579.0
School health (educational agencies)	9.4	10.0	16.4	23.3	30.6	65.9	101.0	132.0	135.0	140.0	145.9
Other public health activities ¹⁵	88.8	112.2	154.5	178.0	350.8	383.7	401.2	669.9	726.8	831.8	999.8
Medical-facilities construction	100.4	44.8	85.2	92.4	360.8	385.4	518.1	588.3	657.7	722.3	820.9
Defense Department				38.9	1.1	33.0	40.0	31.1	41.3	49.7	26.1
Other	100.4	44.8	85.2	53.5	359.8	352.4	478.1	557.2	616.4	702.6	794.7
Veterans' programs	657.9	597.5	629.0	1,125.8	6,865.7	4,833.5	5,479.2	6,038.8	6,360.5	6,878.2	7,324.5
Pensions and compensation ¹⁶	434.7	386.5	443.3	766.6	2,092.1	2,689.7	3,402.7	4,156.0	4,423.8	4,511.6	4,640.9
Health and medical programs	50.9	50.8	75.8	101.8	748.0	761.1	954.0	1,239.0	1,301.9	1,355.2	1,477.5
Hospital and medical care	46.7	47.8	61.5	85.5	582.8	721.5	879.4	1,120.9	1,175.2	1,259.3	1,381.6
Hospital construction	4.2	3.0	14.3	16.3	161.5	34.1	59.6	81.2	86.0	51.1	49.5
Medical and prosthetic research					3.7	5.6	15.1	36.9	40.7	44.8	46.4
Education				9.8	2,691.6	706.1	409.6	43.4	37.0	305.6	525.9
Life insurance ¹⁷	136.4	122.8	77.0	201.2	475.7	490.2	494.1	446.9	455.4	557.1	516.0
Welfare and other ¹⁸	35.8	37.5	32.9	46.4	858.3	186.5	218.8	153.6	142.5	148.7	164.2
Education ¹⁸	2,433.7	2,007.5	2,561.2	3,076.3	6,674.1	11,157.2	17,626.2	28,087.3	32,625.2	35,598.3	38,782.4
Elementary and secondary	2,216.2	1,820.1	2,267.4	2,620.6	5,596.2	9,734.3	15,109.0	22,367.9	25,392.8	27,791.7	30,408.1
Construction ^{8 19}	377.0	123.3	258.0	82.5	1,019.4	2,231.9	2,661.8	3,267.0	3,553.7	3,800.0	4,000.0
Higher	182.1	147.9	217.6	314.4	914.7	1,214.4	2,190.7	4,795.6	6,020.0	6,526.6	6,907.4
Construction ⁸	.2	(20)	20.6	42.3	310.3	198.6	357.9	1,115.1	1,523.3	1,621.3	1,559.8
Vocational and adult ¹⁹	34.9	39.1	75.4	139.2	160.8	204.9	298.0	853.9	1,105.3	1,138.7	1,305.5
Housing ¹⁵		13.2	4.2	11.1	14.6	89.3	176.8	318.2	334.9	374.5	415.3
Public housing		13.2	4.2	11.1	14.5	74.7	143.5	234.5	249.2	275.5	291.1
Other					.1	14.6	33.2	83.6	85.7	99.0	124.2
Other social welfare	76.2	99.0	116.4	197.9	447.7	619.0	1,139.4	2,065.6	2,329.9	2,907.4	3,854.8
Vocational rehabilitation	1.6	2.3	4.2	10.2	30.0	42.4	96.3	210.5	298.6	410.2	483.7
Medical services ⁸	.1	2.0	.3	1.4	7.4	9.1	17.7	34.2	48.0	67.4	99.6
Medical research ⁸						.3	6.6	22.4	27.9	30.4	32.7
Institutional care ²¹	74.7	70.7	62.4	82.9	145.5	195.3	420.5	789.5	751.7	925.2	1,487.3
School meals ²²			4.0	47.4	160.2	239.6	398.7	617.4	537.4	588.5	710.7
Child welfare ²³		26.0	45.0	55.5	104.9	135.1	211.5	354.3	400.6	453.9	507.3
Special OEO programs ²⁴								51.7	287.3	451.7	569.8
Social welfare, not elsewhere classified ²⁵			.9	2.0	7.1	6.5	12.4	42.3	54.2	77.9	96.0

See footnotes at end of table.

1968. The Federal antipoverty programs (excluding the Job Corps and other work-experience programs and Head Start) spent some \$120 million more in 1968 than in 1967. Institutional care programs (including a small amount of State and local expenditures for antipoverty activities and a variety of miscellaneous public welfare functions) showed an increase of \$560 million in 1968. Expenditures for school meals, which include the new school breakfast program, rose by \$120 million.

Continuing the trend of recent years, the 1968 increase in Federal spending for social welfare programs (\$7.6 billion or 14 percent) was larger than the growth in State and local expenditures for these purposes (\$5.2 billion or 11 percent). Through fiscal year 1965, State and local funds had provided more than half of all public expenditures for social welfare. Since then, the introduction of new Federal programs in the fields of social insurance, health, and education has reversed the relative positions of the governments.

TABLE 1.—Social welfare expenditures under public programs, selected fiscal years, 1928–29 through 1967–68¹—Continued

(In millions)

Program	1928–29	1934–35	1939–40	1944–45	1949–50	1954–55	1959–60	1964–65	1965–66	1966–67	1967–68 ²
	From Federal funds										
Total	\$798.4	\$3,207.2	\$3,443.1	\$4,339.4	\$10,541.1	\$14,622.9	\$24,956.7	\$37,719.6	\$45,382.6	\$53,352.0	\$60,987.2
Social insurance.....	55.9	118.9	393.8	734.9	2,103.0	6,385.0	14,307.2	21,806.6	25,663.5	30,544.2	35,531.1
Old-age, survivors, disability, and health insurance ³			40.4	266.8	784.1	4,436.3	11,032.3	16,997.5	20,295.3	24,580.8	28,748.2
Health insurance for the aged ⁴			116.8	145.0	306.4	556.0	934.7	1,128.1	1,211.6	1,278.4	1,401.0
Railroad retirement ⁵			136.3	158.7	507.9	808.5	1,519.9	2,780.5	3,220.4	3,724.6	4,314.4
Public employee retirement ⁵	51.9	102.6									
Unemployment insurance and employment service ⁶		7.4	67.1	145.5	328.6	320.8	473.5	699.8	761.8	789.8	874.3
Railroad unemployment insurance.....			18.9	4.3	119.6	158.7	215.2	76.7	52.4	38.5	41.6
Railroad temporary disability insurance.....					31.1	54.2	68.5	46.5	42.6	38.3	41.2
Workmen's compensation ⁷	4.0	8.9	14.2	14.7	25.1	50.5	63.1	77.6	79.5	93.7	110.4
Hospital and medical benefits ⁸.....	.6	3.0	5.2	4.7	5.2	6.9	9.0	11.3	11.8	13.9	16.5
Public aid.....		2,373.7	2,243.1	420.1	1,103.2	1,504.2	2,116.9	3,593.9	4,368.0	5,259.6	6,518.3
Public assistance ¹⁰			280.1	418.4	1,097.2	1,442.3	2,057.5	3,185.4	3,564.0	4,281.0	5,245.2
Vendor medical payments ⁹						23.3	199.8	550.0	760.1	1,170.3	1,732.9
Other ¹¹		2,373.7	1,963.1	1.7	6.0	61.9	59.4	408.5	803.9	978.6	1,273.1
Health and medical programs ¹²	46.7	49.5	96.6	1,801.4	603.5	1,150.3	1,737.1	2,780.6	3,146.3	3,717.1	4,128.7
Hospital and medical care.....	37.7	39.4	60.9	1,660.8	382.6	811.5	983.5	1,074.7	1,252.9	1,592.7	1,764.5
Civilian programs.....	8.5	11.6	15.5	29.7	46.4	66.7	103.4	137.9	146.2	161.0	173.1
Defense Department ¹³	29.2	27.7	45.4	1,631.1	336.2	744.8	880.1	936.8	1,106.7	1,431.7	1,591.4
Maternal and child health programs ¹⁴	1.2		7.8	55.2	20.1	23.7	35.3	73.4	102.0	139.0	160.6
Medical research ¹⁵			2.6	2.5	69.2	132.8	425.9	1,110.2	1,240.8	1,375.6	1,510.0
Other public health activities ¹⁵	6.9	6.6	22.7	44.0	63.8	65.0	57.3	222.9	228.8	237.4	302.8
Medical-facilities construction.....	.9	3.3	2.7	38.9	67.8	117.4	235.1	299.3	321.7	372.3	390.8
Defense Department.....				38.9	1.1	33.0	40.0	31.1	41.3	49.7	26.1
Other.....	.9	3.3	2.7	(26)	66.8	84.4	195.1	268.2	280.4	322.6	364.7
Veterans' programs.....	657.9	597.5	619.8	1,118.5	6,386.2	4,771.9	5,367.3	6,018.4	6,339.2	6,855.1	7,299.5
Pensions and compensation ¹⁶	434.7	386.5	443.3	766.6	2,092.1	2,689.7	3,402.7	4,156.0	4,423.8	4,511.6	4,640.9
Health and medical programs.....	50.9	50.8	75.8	101.8	748.0	761.1	954.0	1,239.0	1,301.9	1,355.2	1,477.5
Hospital and medical care.....	46.7	47.8	61.5	85.5	582.8	721.5	879.4	1,120.9	1,175.2	1,259.3	1,381.6
Hospital construction.....	4.2	3.0	14.3	161.3	161.5	34.1	59.6	81.2	86.0	51.1	49.5
Medical and prosthetic research.....				3.7	5.6	15.1	36.9	40.7	44.8	44.8	46.4
Education.....				9.8	2,691.6	706.1	409.6	43.4	37.0	305.6	525.9
Life insurance ¹⁷	136.4	122.8	77.0	201.2	475.7	490.2	494.1	446.9	455.4	557.1	516.0
Welfare and other ¹⁵	35.8	37.5	23.7	39.1	378.8	124.9	106.9	133.2	121.2	125.6	139.2
Education ^{15, 18}	36.5	52.7	74.7	187.3	156.7	485.1	807.9	2,469.8	4,574.0	5,338.3	5,528.3
Elementary and secondary.....	9.6	21.2	14.7	48.5	47.1	309.2	441.9	776.8	2,030.8	2,532.6	2,705.0
Construction ^{8, 19}	(20)	8.0	(20)	14.5	5.2	139.9	70.6	77.0	46.5	33.4	24.8
Higher.....	12.1	11.9	18.9	43.2	48.5	101.8	293.1	1,217.0	1,874.1	2,126.6	2,107.4
Construction ⁸.....	.2	(20)	(20)	(20)	5.7	5.1	1.2	324.0	664.3	710.1	565.7
Vocational and adult ¹⁹	14.3	19.1	40.4	93.5	58.7	70.5	104.5	406.2	542.0	537.8	554.5
Housing ¹⁵		13.2	4.2	11.1	14.6	74.7	143.5	238.2	250.8	279.7	315.3
Public housing.....		13.2	4.2	11.1	14.5	74.7	143.5	234.5	249.2	275.5	291.1
Other.....					.1			3.6	1.6	4.2	24.2
Other social welfare.....	1.4	1.7	10.9	66.1	174.0	251.7	416.7	812.0	1,040.8	1,358.0	1,666.0
Vocational rehabilitation.....	.7	1.1	2.1	7.5	21.0	27.1	64.3	143.3	218.0	319.3	377.1
Medical services ⁸.....	.1	.1	.1	1.0	5.1	5.7	11.2	21.2	32.4	50.6	74.7
Medical research ⁸.....						.3	6.6	22.4	27.9	30.4	32.7
Institutional care ²¹.....	.7	.7	2.4	7.9	20.5	40.3	20.5	34.5	21.7	20.2	27.3
School meals ²²			4.0	47.4	121.2	170.7	306.1	503.7	415.4	442.0	545.7
Child welfare ²³			1.6	1.4	4.2	7.1	13.4	36.5	44.0	46.9	50.2
Special OEO programs ²⁴								51.7	287.3	451.7	569.8
Social welfare, not elsewhere classified ²⁵.....			.9	2.0	7.1	6.5	12.4	42.3	54.2	77.9	96.0

See footnotes at end of table.

In fiscal year 1968, Federal funds accounted for 54 percent of all social welfare expenditures under public programs. Almost all categories in the series reflect this trend, although there are

some fluctuations from year to year (table 1a).

The role played by Federal funds, shows wide variation, however, from category to category. Social insurance, public aid, and veterans' and

TABLE 1.—Social welfare expenditures under public programs, selected fiscal years, 1928–29 through 1967–68 ¹—Continued

Program	(In millions)										
	1928-29	1934-35	1939-40	1944-45	1949-50	1954-55	1959-60	1964-65	1965-66	1966-67	1967-68 ²
	From State and local funds ²⁷										
Total.....	\$3,122.8	\$3,341.1	\$5,351.0	\$4,865.9	\$12,967.3	\$18,017.1	\$27,336.6	\$39,400.2	\$42,375.6	\$46,164.0	\$51,412.7
Social insurance.....	286.5	287.4	878.0	674.5	2,843.6	3,449.9	4,999.4	6,284.5	6,223.7	6,759.5	7,319.5
Public employee retirement ⁵	61.2	106.2	147.1	196.3	310.0	580.0	1,050.0	1,748.0	1,925.0	2,177.9	2,425.0
Unemployment insurance and employment service ⁶		1.7	485.9	71.2	1,861.5	1,759.9	2,356.1	2,302.8	1,900.5	1,962.6	2,050.0
State temporary disability insurance ⁷				5.1	72.1	217.5	347.9	483.5	507.5	529.8	550.0
Hospital and medical benefits ⁸				2.2	20.0	40.2	50.9	54.3	53.7	53.7	53.0
Workmen's compensation ⁹	225.3	179.5	245.0	401.9	600.0	892.5	1,245.4	1,750.1	1,890.7	2,089.2	2,294.5
Hospital and medical benefits ⁸	74.4	62.0	84.8	117.3	187.8	308.1	411.0	568.7	618.2	686.1	753.5
Public aid.....	60.0	623.9	1,352.8	610.4	1,393.0	1,498.8	1,984.2	2,689.5	2,937.2	3,579.4	4,617.0
Public assistance ¹⁰	59.9	623.9	843.2	610.4	1,393.0	1,498.8	1,984.2	2,689.5	2,937.2	3,579.4	4,617.0
Vendor medical payments ⁸					51.3	188.6	292.9	812.1	954.0	1,237.9	1,778.2
Other ¹¹.....	.1		509.6								
Health and medical programs ¹²	304.4	377.7	518.9	552.8	1,460.0	1,952.8	2,726.8	3,454.8	3,769.2	3,897.8	3,908.4
Hospital and medical care.....	108.6	213.7	282.1	335.1	839.7	1,230.9	1,869.8	2,376.8	2,574.2	2,540.8	2,377.5
Maternal and child health programs.....	5.0	6.9	6.0	6.8	9.7	69.2	106.1	155.0	165.0	177.6	189.0
Medical research ¹⁵							23.0	55.0	61.0	65.0	69.0
School health (educational agencies).....	9.4	10.0	16.4	23.3	30.6	65.9	101.0	132.0	135.0	140.0	145.9
Other public health activities ¹⁵	81.9	105.6	131.9	134.0	287.0	318.8	343.9	447.0	498.0	594.4	697.0
Medical-facilities construction.....	99.5	41.5	82.5	53.5	293.0	268.0	283.0	289.0	336.0	380.0	430.0
Veterans' programs.....			9.2	7.4	479.5	61.6	111.9	20.4	21.3	23.1	25.0
Education ¹⁵	2,397.2	1,954.8	2,486.6	2,889.0	6,517.5	10,672.1	16,758.3	25,617.4	28,051.2	30,260.0	33,254.1
Elementary and secondary.....	2,206.6	1,798.9	2,252.8	2,572.2	5,549.1	9,425.1	14,667.1	21,591.1	23,342.1	25,259.1	27,703.1
Construction ^{8 19}	377.0	115.3	258.0	68.0	1,014.2	2,091.9	2,591.2	3,190.0	3,507.3	3,766.6	3,975.2
Higher.....	170.0	136.0	198.7	271.2	866.3	1,112.6	1,897.7	3,578.6	4,145.9	4,400.0	4,800.0
Construction ⁸	(²⁰)	(²⁰)	20.6	42.3	304.6	193.4	356.7	791.1	859.0	911.2	994.1
Vocational and adult ¹⁹	20.6	19.9	35.1	45.6	102.1	134.4	193.5	447.7	563.2	600.9	751.0
Housing ¹⁵						14.6	33.2	80.0	84.1	94.8	100.0
Other social welfare.....	74.8	97.2	105.5	131.8	273.7	367.3	722.8	1,253.6	1,280.1	1,549.4	2,188.7
Vocational rehabilitation.....	.8	1.2	2.1	2.7	9.0	15.3	32.1	67.1	80.5	90.9	106.6
Medical services ⁸.....	.1	.1	.1	.4	2.3	3.5	6.6	13.0	15.5	16.9	24.9
Institutional care.....	74.0	70.0	60.0	75.0	125.0	155.0	400.0	755.0	730.0	905.0	1,460.0
School meals ²²					39.0	69.0	92.6	113.7	122.0	146.5	165.0
Child welfare ²³		26.0	43.4	54.1	100.7	128.0	198.1	317.8	356.5	407.0	457.1

¹ Expenditures from Federal, State, and local revenues (general and special) and trust funds and other expenditures under public law; includes capital outlay and administrative expenditures unless otherwise noted. Includes some expenditures and payments outside the United States. Fiscal years ended June 30 for Federal Government, most States, and some localities.

² Preliminary estimates.

³ Excludes financial interchange transactions between OASDHI and railroad retirement.

⁴ Hospital insurance and supplementary medical insurance included in total shown directly above. Benefit payments began July 1, 1966; 1965-66 data represent administrative expenses only.

⁵ Excludes refunds of employee contributions; includes payments to retired military personnel and survivors. Data for administrative expenses not available for Federal noncontributory retirement.

⁶ Includes unemployment compensation under State programs, programs for Federal employees and ex-servicemen, and trade adjustment and cash training allowances.

⁷ Cash and medical benefits in the 4 States with programs. Includes private plans where applicable and State costs of administering State plans and supervising private plans. Data for administrative expenses of private plans not available.

⁸ Included in total shown directly above; excludes administrative expenditures, not available separately but included for entire program in preceding line.

⁹ Cash and medical benefits paid under Federal laws and under State laws, by private insurance carriers, State funds, and self-insurers. Includes Alaska and Hawaii beginning 1959-60; excludes administrative costs of private carriers and self-insurers.

¹⁰ Represents payments under the Social Security Act and, from State and local funds, general assistance. Data for 1939-40 include \$1.0 million in administrative costs for which distribution by source of funds is not available.

¹¹ Work relief, other emergency aid, surplus food for the needy, food stamps, repatriate and refugee assistance, and Job Corps, Neighborhood Youth Corps, and work-experience programs under the Economic Opportunity Act.

¹² Excludes expenditures for domiciliary care in institutions other than

mental or tuberculosis and services in connection with OASDHI, State temporary disability insurance, workmen's compensation, public assistance, vocational rehabilitation, and veterans' and antipoverity programs. (Included in total expenditures for these programs.)

¹³ Includes cost of medical care for military dependent families.

¹⁴ Includes services for crippled children.

¹⁵ For detailed description of this item and its components, see monograph, *Social Welfare Expenditures Under Public Programs in the United States, 1929-66*.

¹⁶ Includes burial awards.

¹⁷ Excludes servicemen's group life insurance.

¹⁸ Federal expenditures for administrative costs (Office of Education) and research not shown separately but included in total.

¹⁹ Construction costs of vocational and adult education programs included under elementary-secondary construction expenditures.

²⁰ Not available.

²¹ Includes surplus food for institutions.

²² Surplus food for schools; cash and commodities under the National School Lunch Act; and special milk, pilot school breakfasts, and nonfood cash assistance under the Child Nutrition Act of 1966; and surplus food for schools. State and local funds represent direct appropriations only.

²³ Represents primarily child welfare services under title V of the Social Security Act.

²⁴ Includes community action, migrant workers, and VISTA programs and all administrative expenses of the Office of Economic Opportunity. Other OEO programs listed in appropriate subsections under public aid and education.

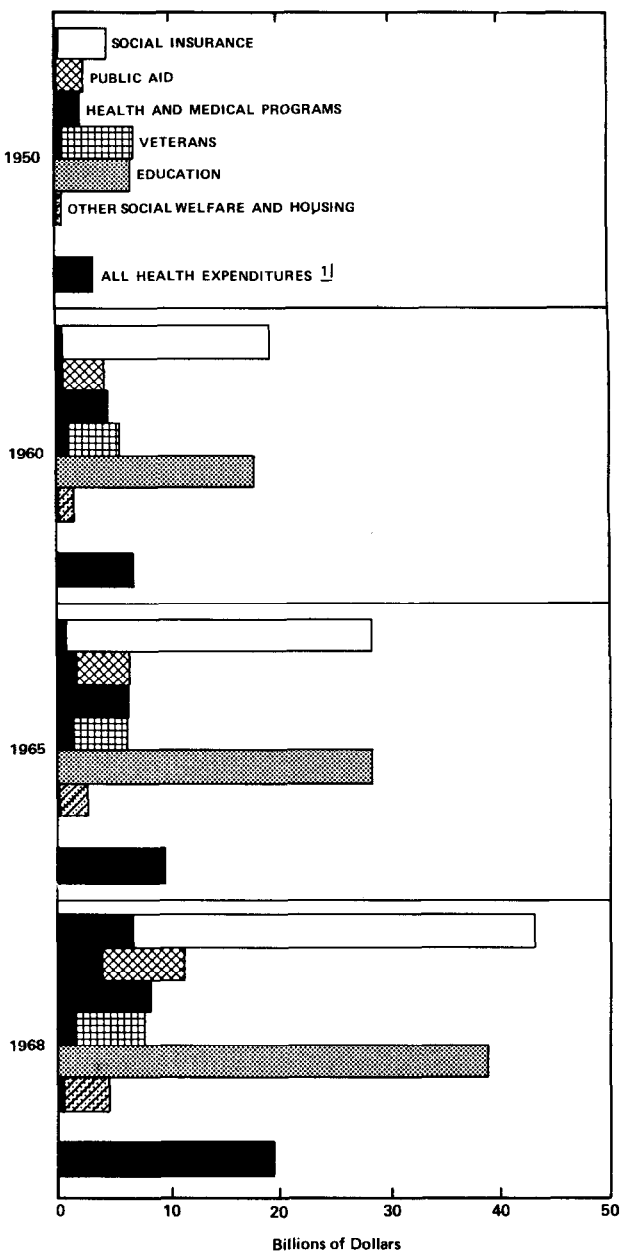
²⁵ Includes administrative expenses of the Secretary of Health, Education, and Welfare; Indian welfare and guidance; aging activities; certain manpower activities; and other items.

²⁶ Less than \$50,000.

²⁷ Except as otherwise noted (see footnotes 7 and 9).

Source: Data taken or estimated from Treasury reports, Federal budgets, and available reports of Federal, State and local administrative agencies. For detailed description of sources, see monograph, *Social Welfare Expenditures Under Public Programs in the United States, 1929-66*.

CHART 2.—Public social expenditures by type of program, selected fiscal years, 1949-50 through 1967-68



housing programs are predominately federally financed, but the converse is true of education and "other social welfare" programs, which are financed largely from State and local sources. Thus, in the fiscal year 1968 the Federal Government provided 83 percent of all social insurance expenditures and practically all expenditures for veterans but only 14 percent of public expenditures for education. For health and medical care expenditures as a whole, Federal funds provided

two-thirds in 1968, representing a considerable shift from 1965, when the proportion was less than half.

MEASURES OF GROWTH

Increases in aggregate expenditures give only one dimension to the growing involvement of government in social welfare programs and activities. A better perspective of the extent to which the resources of the United States are being utilized for these purposes may be obtained by relating these expenditures to the gross national product. Table 2 shows that just before the turn of the century, total social welfare expenditures under public programs amounted to about 2.4 percent of the Nation's output of goods and services. With the entrance of the Federal Government into the arena of social welfare in a major way as the result of the great depression, the ratio about quadrupled in the 1930's. During World War II, social welfare expenditures as a proportion of the GNP dropped and did not again reach the peak of the 1930's until the late 1950's. In the fiscal years 1960-65 the social welfare share inched ahead from 10.6 percent to 11.8 percent, with most of this small gain achieved in 1961. The increased tempo in expenditures starting in 1966 had boosted the ratio to 13.7 percent of the GNP by 1968.

Providing a major impetus to the advance since 1965 were social insurance expenditures, which rose to 5.2 percent of the GNP in 1968—a 3-year increase of 0.9 percentage points. Next in importance were education expenditures, the single largest component of the series as late as 1966; their 3-year increase of 0.4 percentage points took them to a new high of 4.7 percent of the GNP. Public aid also rose 0.4 percentage points during this period to 1.4 percent of the GNP. In contrast, the proportions of the national output used for health and medical programs and for veterans' programs showed no change in the 3-year period. Increasing expenditures for medical care under other programs, notably OASDHI and public assistance, have resulted in a higher proportion of the GNP going for publicly supported medical care—from 1.5 percent in 1965 to 2.4 percent in 1968.

TABLE 1a.—Social welfare expenditures under public programs: Federal funds as percent of total, selected fiscal years, 1928–29 through 1967–68

Program	1928-29	1934-35	1939-40	1944-45	1949-50	1954-55	1959-60	1964-65	1965-66	1966-67	1967-68 ¹
Total.....	20.4	49.0	39.1	47.1	44.8	44.8	47.7	48.9	51.7	53.6	54.3
Social insurance.....	16.3	29.3	31.0	52.1	42.5	64.9	74.1	77.6	80.5	81.9	82.9
Public aid.....		79.2	62.4	40.8	44.2	50.1	51.6	57.2	59.8	59.5	58.5
Health and medical programs.....	13.3	11.6	15.7	76.5	29.2	37.1	38.9	44.6	45.5	48.8	51.4
Veterans' programs.....	100.0	100.0	98.5	99.3	93.0	98.7	98.0	99.7	99.7	99.7	99.7
Education.....	1.5	2.6	2.9	6.1	2.3	4.3	4.9	8.8	14.0	15.0	14.3
Housing.....		100.0	100.0	100.0	100.0	83.7	81.2	74.9	74.9	74.7	75.0
Other social welfare.....	1.8	1.7	9.4	33.4	38.9	40.7	36.6	39.3	44.7	46.7	43.2
All health and medical care ²	20.6	19.0	22.7	74.0	44.4	44.1	45.6	48.6	49.9	62.5	66.5

¹ Preliminary estimates.

² Combines "health and medical programs" with medical services provided

in connection with social insurance, public aid, veterans', vocational rehabilitation, and antipoverty programs.

Per Capita Constant Dollar Expenditures

Another important dimension of growth is the extent to which expanded social welfare expenditures are attributable to population growth and price changes. Table 3 shows social welfare expenditures in per capita terms. In current dollars, government at all levels expended \$31.80 per person in 1929, compared with \$551.63 per person in 1968. This 16-fold increase is reduced to less than half, however, when the data are adjusted to reflect the inflation of prices.

For most of the period covered by the social welfare expenditure series, a large part of the rise in dollar expenditures can be attributable to population growth and price increases. Since the late 1950's however, and especially since 1965, the major part of the rise is attributable to an expansion of programs and services. For example, current dollar expenditures were 46 percent higher in fiscal year 1968 than in fiscal year 1965. After adjustment for population growth and

price changes, total expenditures in 1968 were still 31 percent greater than the 1965 total. This is the measure of the real increase in the level of publicly financed social welfare cash and service benefits.

Relation to Total Government Expenditures

Still another measure of considerable interest is the proportion of governmental resources that is devoted to social welfare purposes, contrasted with the proportion for national defense, space exploration, highways, etc. Table 4 shows that over the years the proportion of public funds spent by all levels of government for social welfare (44 percent in 1968) has been increasing, but the trends have not always been clear cut. At the State and local level, the long-term trend has been fairly stable since 1940, with year-to-year fluctuations. At the Federal level, the trend is clearly upward. Even from 1965 to 1968, despite mounting expenditures for national defense, the propor-

TABLE 2.—Social welfare expenditures under public programs as percent of gross national product, selected fiscal years, 1889–90 through 1967–68

Fiscal year	Gross national product (in billions)	Social welfare expenditures as percent of gross national product							Total health and medical expenditures as percent of GNP ²
		Total ¹	Social insurance	Public aid	Health and medical programs	Veterans' programs	Education	Other social welfare	
1889-90.....	\$13.0	2.4	(³)		0.1				(⁵)
1912-13.....	39.9	2.5	(³)	0.3	.4	0.9	1.1	(⁴)	(⁵)
1928-29.....	101.0	3.9	0.3	.1	.3	.7	2.4	(⁴)	(⁵)
1934-35.....	68.7	9.5	.6	4.4	.6	.9	2.9	0.1	0.5
1939-40.....	95.1	9.2	1.3	3.8	.6	.7	2.7	.1	.8
1944-45.....	211.1	4.4	.7	.5	1.1	.5	1.5	.1	1.2
1949-50.....	263.4	8.9	1.9	.9	.8	2.6	2.5	.2	1.2
1954-55.....	379.7	8.6	2.6	.8	.8	1.3	2.9	.2	1.2
1959-60.....	495.6	10.6	3.9	.8	.9	1.1	3.6	.2	1.3
1964-65.....	655.6	11.8	4.3	1.0	1.0	.9	4.3	.3	1.5
1965-66.....	717.5	12.2	4.4	1.0	1.0	.9	4.5	.3	1.5
1966-67.....	768.5	12.9	4.9	1.2	1.0	.9	4.6	.4	2.0
1967-68 ⁶	822.3	13.7	5.2	1.4	1.0	.9	4.7	.5	2.4

¹ Includes housing, not shown separately.

² Combines "health and medical programs" with medical services provided in connection with social insurance, public aid, veterans', vocational rehabilitation, and antipoverty programs.

³ Less than 0.05 percent.

⁴ "Other social welfare" included with "public aid."

⁵ Not available.

⁶ Preliminary estimates.

TABLE 3.—Per capita social welfare expenditures under public programs in the United States, Territories and possessions, in actual and 1967-68 prices, selected fiscal years, 1928-29 through 1967-68

Fiscal year	Per capita social welfare expenditures in actual prices ¹							Constant 1967-68 prices		
	Total ²	Social insurance	Public aid	Health and medical programs	Veterans' programs	Education	Other social welfare	Total social welfare expenditures ¹		Implicit price deflators (1967-68=100)
								Amount (in millions)	Per capita	
1928-29	\$31.80	\$2.78	\$0.49	\$2.85	\$5.31	\$19.75	\$0.62	\$8,247.8	\$66.95	47.5
1934-35	50.62	3.15	23.21	3.31	4.54	15.55	.77	17,293.7	133.92	37.8
1939-40	65.56	9.49	26.84	4.59	4.61	19.11	.87	22,524.1	168.10	39.0
1944-45	64.75	9.93	7.26	16.59	7.83	21.67	1.39	16,619.7	117.09	55.3
1949-50	152.59	32.20	16.26	13.44	44.20	43.47	2.92	33,464.7	217.99	70.0
1954-55	194.50	58.72	17.98	18.58	28.29	66.68	3.71	40,862.3	244.65	79.5
1959-60	286.46	105.74	22.54	24.54	29.64	96.76	6.26	59,288.9	325.89	87.9
1964-65	391.60	142.42	32.00	31.76	30.40	142.87	10.52	82,757.9	421.53	92.9
1965-66	440.10	159.63	36.75	34.79	31.64	163.88	11.72	92,572.2	465.71	94.5
1966-67	493.48	184.72	43.96	37.87	33.80	176.81	14.46	102,297.6	508.74	97.0
1967-68 ³	551.63	210.04	54.79	39.55	35.61	190.62	18.97	112,103.5	551.63	100.0
Percentage change for 1967-68 expenditures ² (1967-68 prices) from—										
1928-29	+724	+3,490	+5,219	+559	+219	+358	+1,348	+1,259	+724	-----
1934-35	+312	+2,421	-11	+351	+197	+363	+830	+548	+312	-----
1939-40	+153	+357	+136	+106	-44	+207	+355	+235	+153	-----
1944-45	+39	+75	+114	+42	+6	+73	+166	+89	+69	-----
1949-50	+31	+37	+59	+16	+9	+24	+68	+35	+31	-----
1954-55	+18	+24	+41	+7	+6	+10	+53	+21	+18	-----
1959-60	+8	+10	+21	+1	+2	+5	+27	+10	+8	-----

¹ Excludes expenditures within foreign countries for education, veterans' payments, and OASDHI benefits; see table 1 for data including such expenditures.

² Includes housing, not shown separately.

³ Preliminary estimates.

Source: Per capita figures based on January 1 data from the Bureau of

the Census for total U.S. population, including Armed Forces overseas and the civilian population of Territories and possessions. Deflators based on implicit price deflators for personal consumption expenditures prepared by National Income Division, Office of Business Economics, Department of Commerce.

tion of the total Federal budget that went for social welfare had advanced from 33 percent to 36 percent. These proportions, however, are still smaller than those of the 1930's when almost half of all Federal spending went for social welfare.

Like all government expenditures, those for social welfare can be divided into trust-fund expenditures and non-trust-fund expenditures. There is some interest in this kind of break because trust-fund expenditures generally repre-

sent commitments that are of a fixed character, at least for the short term, while non-trust-fund expenditures may more realistically reflect the areas where choices are available.

In the fiscal year 1968, 34 percent of the total non-trust-fund expenditures of all governments in the United States were devoted to social welfare, the same ratio as in 1965. The ratio has been as low as 26 percent in 1955 and as high as 48 percent in 1935. The proportion of non-trust-fund

TABLE 4.—Social welfare expenditures ¹ in relation to government expenditures for all purposes, selected fiscal years, 1928-29 through 1967-68

Item	1929	1935	1940	1945	1950	1955	1960	1965	1966	1967	1968 ²
All social welfare expenditures from public funds:											
Total, as percent of all government expenditures	36.3	48.6	49.0	8.4	37.6	32.7	38.0	42.5	43.6	42.7	43.7
Federal, as percent of all Federal Government expenditures	30.9	49.4	40.4	4.4	26.2	22.3	28.1	32.7	35.0	35.0	36.1
State and local, as percent of all State and local government expenditures ³	38.2	47.7	57.3	58.4	60.1	55.3	58.3	61.5	61.2	58.9	59.9
Social welfare trust-fund expenditures:											
Total, as percent of total government expenditures	2.3	1.3	5.7	1.0	6.8	9.1	13.1	14.5	14.8	15.1	15.6
Federal, as percent of all Federal Government expenditures	1.2	1.1	3.5	.7	4.5	9.1	15.2	17.8	18.6	19.0	19.9
State and local, as percent of all State and local government expenditures ³	2.6	1.5	7.9	5.2	11.3	8.9	8.8	7.9	7.2	6.8	6.6
Social welfare non-trust-fund expenditures:											
Total, as percent of total non-trust-fund expenditures	34.9	48.0	46.2	7.4	35.0	26.2	29.6	33.9	34.8	33.6	34.2
Federal, as percent of Federal Government non-trust-fund expenditures:											
All programs	30.2	49.1	38.7	3.8	24.7	14.7	16.0	19.1	21.0	20.7	21.1
Veterans' programs	25.2	9.0	7.0	1.0	17.0	7.4	6.9	6.3	5.9	5.4	5.3
State and local, as percent of State and local government non-trust-fund expenditures:											
All programs	36.5	46.9	53.7	56.2	55.0	50.9	54.3	58.2	58.2	55.9	57.1
Education	32.4	31.2	30.5	39.7	36.1	38.9	42.6	47.0	47.2	45.0	45.1

¹ Excluding that part of workmen's compensation and temporary disability insurance payments made through private carriers and self-insurers.

² Preliminary estimates.

³ Excludes Federal grants-in-aid.

expenditures for social welfare is much higher at the State and local level than at the Federal level for 1968, 57 percent as against 21 percent. These ratios have not changed much since 1965, although they are higher than those for 1955 and 1960. The predominant role played by education in State and local budgets is reflected in the fact that in recent years education expenditures have accounted for nearly three-fourths of non-trust-fund State and local expenditures for social welfare and almost one-half of all non-trust-fund State and local expenditures. At the Federal level, veterans' programs once had a similar predominant role, but this is no longer true.

The growing importance of trust-fund expenditures for social welfare, especially at the Federal level, is also revealed in table 4. In fiscal year 1968, Federal social welfare trust-fund expenditures represented 20 percent of all Federal expenditures, a ratio that has shown uninterrupted increases since World War II. About 55 percent of Federal social welfare expenditures are now channeled through trust funds, compared with 41 percent in 1955 and 9 percent in 1940, when the old-age and survivors insurance trust fund—now the major social welfare trust fund—first paid cash monthly benefits.

PRIVATE AND PUBLIC EXPENDITURES

The relative roles of public and private social welfare programs vary considerably in the three

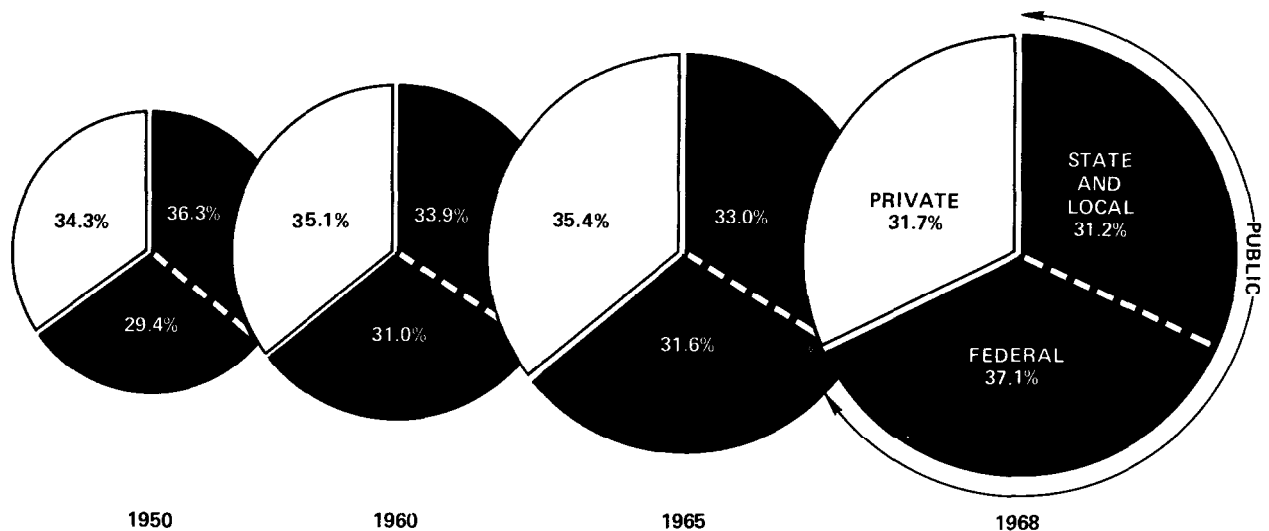
major fields of health, education, and welfare. In recent years, private expenditures for these purposes have been about one-third of the combined public and private total (chart 3). In the health area, private expenditures account for the largest part (about 63 percent in 1968), but for education and for welfare, private expenditures represent only a small portion (about 15–20 percent) of the total spending in each area.

Private expenditures as identified here represent direct consumer spending for medical care and education, expenditures of private employee benefit plans (including group life and health insurance plans for government employees), industrial in-plant health services, private health insurance benefits and the cost of providing such insurance protection, and expenditures for health and welfare through philanthropy.

Health

Fiscal year 1968 continued the spurt in spending for health that has been a feature of the past few years. All health and medical care expenditures (as identified in table 5) have climbed significantly since 1965, increasing from \$38.9 billion in that year to \$53.1 billion in 1968. Although the largest rise, both absolutely and relatively, occurred in fiscal year 1967, the \$5.2 billion increase in 1968 was still substantial. In terms of gross national product, health expendi-

CHART 3.—Per capita public and private social welfare expenditures in constant dollars, selected fiscal years, 1940–50 through 1967–68



tures now represent 6.5 percent, compared with 5.9 percent in 1965. Part of this growth in the proportion of the gross national product stems from a higher rise in prices for medical care than for all other items. The Bureau of Labor Statistics Consumer Price Index for all items rose 3.3 percent from fiscal year 1967 to 1968, compared with a 6.4 percent rise for medical care.

The major thrust in health spending has taken place in the public sector which has more than doubled in the past 3 years—primarily in fiscal year 1967 when public expenditures for health rose 46 percent. The proportionate increase from 1967 to 1968 was only about one-half the preceding year's rise, but it was still significantly

higher than the 7-percent rise in the economy, as reflected in the GNP.

With the overall rise in public spending for health, there has been a substantial shift in the type of program funding these expenditures. Nearly two-thirds of the \$9.5 billion spent in 1965 came from programs concerned solely with health (chart 2). By 1968, this proportion had been reduced to about two-fifths with the remaining three-fifths of the \$19.4 billion spent for health in that year going for medical care under social insurance, public assistance, and veterans' and other programs. The bulk of this shift resulted from implementation of the Medicare and Medicaid programs. Medicare alone cost \$5.3

TABLE 5.—Health and medical care: Private expenditures and expenditures under public programs, selected fiscal years, 1928–29 through 1967–68

(Amounts in millions)

Type of expenditure	1928-29	1934-35	1939-40	1944-45	1949-50	1954-55	1959-60	1964-65	1965-66	1966-67	1967-68 ¹
Total	\$3,589.1	\$3,123.2	\$3,804.6	\$7,914.4	\$12,129.5	\$17,923.6	\$26,366.7	\$38,900.6	\$42,267.9	\$47,909.9	\$53,122.2
Private expenditures	3,112.0	2,580.0	3,023.0	5,335.0	9,064.0	13,503.0	19,971.5	29,366.0	31,464.5	32,182.5	33,683.0
Health and medical services	3,010.0	2,570.0	2,992.0	5,305.0	8,849.0	13,178.0	19,447.5	28,198.0	30,305.5	31,055.5	32,356.0
Direct payments	2,900.0	2,500.0	2,900.0	4,875.0	7,146.0	9,448.0	13,087.0	17,590.5	18,856.5	19,006.5	19,696.0
Insurance benefits					879.0	2,344.0	4,697.5	8,280.5	8,935.0	9,343.0	9,750.0
Expenses for prepayment					274.0	596.0	792.0	1,211.5	1,347.5	1,491.5	1,633.0
Industrial in-plant services	30.0	30.0	40.0	90.0	150.0	210.0	265.0	330.0	345.0	360.0	380.0
Philanthropy	80.0	40.0	52.0	340.0	400.0	580.0	606.0	785.5	821.5	854.5	897.0
Medical-facilities construction	102.0	10.0	31.0	30.0	215.0	325.0	524.0	1,168.0	1,159.0	1,127.0	1,327.0
Public expenditures	477.1	543.2	781.6	2,579.5	3,065.3	4,420.6	6,395.2	9,534.6	10,803.4	15,727.4	19,439.2
Health and medical services	372.5	495.1	679.5	2,468.2	2,470.2	3,862.3	5,346.3	7,636.3	8,683.9	13,403.0	16,904.8
OASDHI (health insurance for the aged)									63.6	3,394.6	5,347.2
Temporary disability insurance (medical benefits) ²					2.2	20.0	40.2	50.9	54.3	53.7	53.0
Workmen's compensation (medical benefits) ³	75.0	65.0	90.0	122.0	193.0	315.0	420.0	580.0	630.0	700.0	770.0
Public assistance (vendor medical payments)					51.3	211.9	492.7	1,367.1	1,714.1	2,408.2	3,511.1
General hospital and medical care	117.1	225.3	297.6	364.8	886.1	1,297.6	1,973.2	2,514.7	2,720.4	2,701.8	2,550.6
Defense Department hospital and medical care	29.2	27.7	45.4	1,631.1	336.2	744.8	820.1	858.5	1,030.5	1,322.2	1,431.5
Military dependents' medical care							60.1	78.3	76.2	109.5	159.9
Maternal and child health programs	6.2	6.9	13.8	62.1	29.8	92.7	140.7	224.1	261.7	311.5	343.7
School health (educational agencies)	9.4	10.0	16.4	23.3	30.6	65.9	101.0	132.0	135.0	140.0	145.9
Other public health activities	88.8	112.2	154.5	178.0	350.8	383.7	401.2	669.9	726.8	831.8	999.8
Veterans' hospital and medical care	46.7	47.8	61.5	85.5	582.8	721.5	879.4	1,120.9	1,175.2	1,259.3	1,381.6
Medical vocational rehabilitation	.1	.2	.3	1.4	7.4	9.1	17.7	34.2	48.0	67.4	99.6
OEO health and medical care								5.6	48.2	103.0	111.0
Medical research		.3	2.6	2.5	72.9	138.9	471.2	1,228.8	1,375.8	1,520.9	1,664.1
Medical-facilities construction	104.7	47.8	99.6	108.7	522.3	419.4	577.7	669.5	743.7	803.5	870.3
Defense Department	(⁴)	(⁴)	(⁴)	38.9	1.1	33.0	40.0	31.1	41.3	49.7	26.1
Veterans Administration	4.2	3.0	14.3	16.3	161.5	34.1	59.6	81.2	86.0	51.1	49.5
Other	100.4	44.8	85.2	53.5	359.8	352.4	478.1	557.2	616.4	702.6	794.7
Public expenditures, by source of funds:											
Federal	98.3	103.4	177.7	1,909.1	1,361.8	1,947.6	2,917.6	4,635.1	5,392.1	9,835.0	12,921.2
Department of Health, Education, and Welfare	16.8	20.1	44.1	125.9	232.1	330.3	891.7	2,082.0	2,512.7	6,497.7	9,290.2
State and local	378.8	439.9	603.8	670.5	1,703.6	2,472.9	3,447.5	4,899.5	5,411.2	5,892.3	6,518.0
Total expenditures as a percent of gross national product	3.6	4.5	4.0	3.7	4.6	4.7	5.3	5.9	5.9	6.2	6.5
Public expenditures as a percent of total expenditures	13.3	17.4	20.5	32.6	25.3	24.7	24.3	24.5	25.6	32.8	36.6
Personal care expenditures ⁵	3,272.1	2,941.5	3,501.8	7,505.6	10,577.5	15,905.9	23,357.2	33,492.5	36,379.6	41,410.9	45,871.8
Private expenditures	2,990.0	2,560.0	2,979.0	5,220.0	8,475.0	12,437.0	18,427.5	26,551.0	28,511.5	29,000.0	30,218.0
Public expenditures	282.1	381.5	522.8	2,285.6	2,102.5	3,468.9	4,929.7	6,941.5	7,868.1	12,320.9	15,653.8
Percent from:											
Private expenditures	91.4	87.0	85.1	69.5	80.1	78.2	78.9	79.3	78.4	70.2	65.9
Direct payments	88.6	85.0	82.8	65.0	67.6	59.4	56.0	52.5	51.8	45.9	42.9
Insurance benefits					8.3	14.7	20.1	24.7	24.6	22.6	21.3
Public expenditures	8.6	13.0	14.9	30.5	19.9	21.8	21.1	20.7	21.6	29.8	34.1

¹ Preliminary estimates.

² Includes any insurance benefits and expenses for prepayment (insurance premiums less insurance benefits).

³ Includes medical benefits paid under public law by private insurance carriers and self-insurers.

⁴ Data not available.

⁵ Includes all items shown under "health and medical services" except (1) "expenses for prepayment," (2) expenditures of private voluntary agencies under "philanthropy," (3) "other public health activities," and (4) administrative expenses for "health insurance for the aged," "maternal and child health programs," and "veterans' hospital and medical care."

billion in 1968, and Medicaid, along with other medical vendor payments under public assistance, added \$3.5 billion to the health total.

There is a small amount of duplication in the amounts shown for medical vendor payments and for Medicare. State and local public assistance agencies pay to Medicare's supplementary medical insurance trust fund the premiums (about \$50 million in fiscal year 1968) necessary to provide medical insurance coverage for their aged recipients. These premium payments are included in the series as public assistance expenditures and—to the extent that they are also reflected later in disbursements made by the supplementary medical insurance trust fund—they are counted again.

Of even more significance than the shift within the public sector in the funding of health has been the shift in health and medical care expenditures between the public and private sectors of the economy. The downward trend in the role of private provision for health and medical care services continues: 75 percent of all public and private health expenditures in 1965 came from private funds, 67 percent in 1967, and 63 percent in 1968. Although aggregate private health expenditures have not been declining (they went from \$29.4 billion in 1965 to \$33.7 billion in 1968) their average annual increase of 4.7 percent has not kept pace with the average annual increase of 23.7 percent in public spending for health.

If expenditures for medical-facilities construction, medical research, general public health activities, and administration of health programs (both private and public) and of philanthropic agencies are excluded, the remaining amount (\$45.9 billion in 1968) represents personal health care expenditures. The public share has been growing in this sphere, too, and—in conjunction with private health insurance expenditures, philanthropy and industrial in-plant services—has lessened the proportion of direct outlays by the consumer. In 1965, these third parties together financed 47 percent of the personal health care bill, leaving the consumer to pay 53 percent out of his pocket. By 1968, the situation had been reversed: the various third parties paid for 57 percent (\$26.2 billion) of the total and the out-of-pocket expenditures represented only 43 percent.

A growing category of health expenditures—

medical training and education—is not included in the above estimates of total health expenditures but is included in the estimates of expenditures for education. Work is now in progress to develop a methodology for estimating the public and private health portions of the education expenditures.

A compilation of Federal expenditures for medical training and education has been made by the Bureau of the Budget and is reproduced below. This summary includes some amounts now in the social welfare series under health and medical expenditures. These are mainly the sums reported by the Department of Defense and the Veterans Administration.

[In millions]

Agency	Fiscal year	
	1967	1968
Total, Federal expenditures for medical training and education.....	\$593.6	\$731.8
Department of Health, Education, and Welfare.....	414.9	539.8
Department of Defense.....	80.3	91.0
Veterans Administration.....	52.4	60.3
Department of State.....	13.7	14.0
Atomic Energy Commission.....	.7	.7
Department of Labor.....	31.0	25.2
Other agencies.....	.6	.8

Source: *Special Analyses, Budget of the United States, Fiscal Year 1969*, pp. 132-133.

Education

Total public and private expenditures for education reached \$48.0 billion in fiscal year 1968. The increase of \$4.3 billion matched that of the preceding year but was not as great as the increase registered in the milestone year 1966, which saw the introduction of massive Federal aid programs for education (table 6).

Despite that aid, public expenditures for education continued to show a slow decline in relation to private education expenditures. In fiscal year 1968, public expenditures accounted for 81.9 percent of public and private education expenditures combined. The ratio in 1960 had been 83.1 percent; in 1950, it was 85.8 percent. The relative decline in public expenditures was reflected in all areas of education except in current operating expenditures for elementary and secondary schools.

The most pronounced relative decline in public

TABLE 6.—Expenditures from public and private funds for education, selected fiscal years, 1949–50 through 1967–68

[Amounts in millions]

Program	1949-50	1954-55	1959-60	1964-65	1965-66	1966-67	1967-68 ¹
Total amount.....	\$10,914	\$14,202	\$21,706	\$34,015	\$39,385	\$43,660	\$47,078
Public expenditures for education.....	9,366	11,863	18,036	28,131	32,662	35,904	39,308
Current operations ²	8,036	9,433	15,016	23,749	27,585	30,483	33,748
Elementary and secondary.....	4,577	7,502	12,447	19,101	21,819	23,992	26,408
Higher.....	604	1,016	1,833	3,680	4,497	4,905	5,348
Veterans'.....	2,692	726	410	43	37	306	526
Vocational and adult.....	161	205	298	854	1,105	1,139	1,305
Construction.....	1,330	2,431	3,020	4,382	5,077	5,421	5,560
Elementary and secondary.....	1,019	2,232	2,662	3,267	3,554	3,800	4,000
Higher.....	310	199	358	1,115	1,523	1,621	1,560
Private expenditures ³ for education.....	1,548	2,339	3,670	5,884	6,723	7,746	8,670
Current operations.....	1,266	1,829	3,126	5,168	5,880	6,754	7,579
Elementary and secondary.....	436	719	1,232	1,870	1,970	2,093	2,213
Higher.....	830	1,110	1,894	3,298	3,910	4,661	5,366
Construction.....	282	510	544	716	843	992	1,091
Public expenditures for education as percent of:							
Total.....	85.8	83.5	83.1	82.7	82.9	82.3	81.9
Current operations.....	86.4	83.8	82.8	82.1	82.4	81.9	81.7
Elementary and secondary.....	91.3	91.3	91.0	91.1	91.7	92.0	92.3
Other.....	80.6	63.5	57.3	58.1	59.1	57.7	57.2
Higher.....	42.1	47.8	49.2	52.7	53.5	51.3	49.9
Construction.....	82.5	82.7	84.7	86.0	85.8	84.5	83.6

¹ Preliminary estimates.

² Includes expenditures for administration (U.S. Office of Education) and research, not shown separately below.

³ Includes expenditures by privately controlled schools, and private expenditures in publicly controlled schools for current educational purposes, in the form of students' tuition and fees and private gifts.

expenditures since 1950 took place in the area of current expenditures for education other than elementary and secondary, as the Federal educational assistance programs for World War II and Korean conflict veterans came to a close. The resumption of these programs for Vietnam veterans in 1966 is helping to slow down this trend.

Income-Maintenance Programs

Public programs provide the overwhelming share of income-maintenance payments for the nonearning groups in the population, although, as in education, they are providing a declining proportion of total public and private cash transfer payments (table 7). In fiscal year 1968, cash

benefits under social insurance, public assistance, and veterans' programs accounted for 84.8 percent of total public and private income-maintenance payments. The ratio was 86.0 percent in 1965 and 90.5 percent in 1950. The expansion of cash benefits under private employee-benefit plans, and especially under private pension plans, has more than matched percentagewise the growth of social insurance benefits. In addition, the dollar amounts expended by the government for veterans and for the needy have been increasing at a much slower pace than for other income-maintenance programs. Veterans' and public assistance programs, which accounted for more than half the cash transfer payments under public programs in the fiscal year 1950, paid out less than a fourth in 1968.

TABLE 7.—Expenditures from public and private funds for cash transfer payments (excluding administration), selected fiscal years, 1949–50 through 1967–68

[Amounts in millions]

Source of funds	1949-50	1954-55	1959-60	1964-65	1965-66	1966-67	1967-68 ¹
Total cash transfer payments.....	\$10,112	\$16,609	\$28,723	\$40,515	\$45,237	\$48,737	\$53,801
Public.....	9,147	14,714	25,173	34,855	38,857	41,517	45,641
Social insurance ²	4,447	9,118	18,151	26,420	29,980	31,935	35,254
Veterans' programs ³	2,423	3,094	3,810	4,518	4,790	4,983	5,070
Public assistance.....	2,277	2,502	3,212	3,918	4,087	4,599	5,318
Private employee benefits ⁴	965	1,895	3,550	5,660	6,380	7,220	8,160
Private as percent of total.....	90.5	88.6	87.7	86.0	85.9	85.2	84.8

¹ Preliminary estimates.

² Includes cash benefits paid under workmen's compensation and temporary disability insurance laws by private insurance carriers and self-insurers.

³ Veterans' pension and compensation, burial awards, and life insurance.

⁴ Under private pension plans; group life (including government employee programs), accidental death and dismemberment, and voluntary sickness insurance; paid sick leave; and supplemental unemployment benefit plans. Temporary disability insurance benefits under State legislation excluded here and included under social insurance above.

The data in table 7 exclude administrative costs of the income-maintenance programs and of welfare services provided in connection with these programs or any other programs.

Some small part of philanthropic expenditures for welfare purposes, estimated at about \$1.7 billion in fiscal year 1968, goes for cash payments to needy persons. The estimate itself is so rough that a break-out of an amount for cash transfer has not been attempted. The major part of philanthropic welfare expenditures in recent years has been for institutional care, family counseling, day care, and other social services.

Combining Expenditures for Major Areas

Combining the dollar figures shown in tables 5, 6, and 7 (and adding the welfare services and administrative expenses that are left out of the cash-only data of table 7) produces a total figure on private and public expenditures for social welfare, distributed by the three major functions of health, education, and income maintenance and welfare. The total figure thus obtained is adjusted to eliminate the overlap that occurs because small parts of private expenditures for health and education represent the spending of cash benefits received under public programs and, to a lesser extent, under private employee-benefit plans.

Total unduplicated expenditures for health, education, and income maintenance and welfare in the private and public sectors amounted to \$163.1 billion in fiscal year 1968 (table 8). This total represents an increase of \$16.2 billion from the preceding year, the largest absolute (though not relative) increase in the history of the series. In 1968, combined expenditures equaled 19.8 percent of the GNP, in sharp contrast with 13.5 percent in 1950.

From 1950 to 1965, public and private social welfare expenditures each increased at roughly the same rate (chart 3). Since 1965, however, the rate of expansion in the public sector has been twice as great as that in the private sector. As a result, in 1968, for every dollar supplied by public funds for social welfare purposes, the private sector spent 46 cents. In 1965, the ratio had been 55 cents in private funds for every dollar of public funds.

The slackening of growth in the private health

TABLE 8.—Public and private expenditures for social welfare purposes, selected fiscal years, 1949–50 through 1967–68¹

Type of expenditure	1949-50	1954-55	1959-60	1964-65	1959-60	1966-67	1967-68 ¹
All expenditures (in millions)							
Total, net ²	\$35,439	\$50,547	\$79,194	\$117,427	\$131,645	\$146,824	\$163,061
Public.....	23,508	32,640	52,293	77,120	87,758	99,516	112,400
Private.....	12,262	18,587	28,280	42,245	46,067	48,748	52,263
Health.....	12,129	17,924	26,367	38,901	42,267	47,910	53,122
Public.....	3,065	4,421	6,395	9,535	10,803	15,727	19,439
Private.....	9,064	13,503	19,972	29,366	31,464	32,182	33,683
Education.....	10,914	14,202	21,706	34,015	39,385	43,650	47,978
Public.....	9,366	11,863	18,036	28,131	32,662	35,904	39,308
Private.....	1,548	2,339	3,670	5,884	6,723	7,746	8,670
Income-maintenance and welfare ³	12,727	19,101	32,500	46,448	52,173	56,704	63,561
Public.....	11,077	16,356	27,862	39,453	44,293	47,884	53,651
Private.....	1,650	2,745	4,638	6,995	7,880	8,820	9,910
Public expenditures as percent of total expenditures							
Total ⁴	65.7	63.7	64.9	64.6	65.6	67.1	68.3
Health.....	25.3	24.7	24.3	24.5	25.6	32.8	36.6
Education.....	85.8	83.5	83.1	82.7	82.9	82.3	81.9
Income-maintenance and welfare ³	87.0	85.6	85.7	84.9	84.9	84.4	84.4
All expenditures as percent of gross national product							
Total, net ²	13.5	13.3	16.0	17.9	18.3	19.1	19.8
Health.....	4.6	4.7	5.3	5.9	5.9	6.2	6.5
Education.....	4.1	3.7	4.4	5.2	5.5	5.7	5.8
Income-maintenance and welfare ³	4.8	5.0	6.6	7.1	7.3	7.4	7.7

¹ Preliminary data.

² Total expenditures adjusted to eliminate duplication resulting from use of cash payments received under public and private social welfare programs to purchase medical care and educational services.

³ Excludes cost of medical services provided in conjunction with social insurance, public assistance, and many welfare programs. These medical services are included under "Health."

⁴ Before adjustment for elimination of duplication.

field is the predominant factor responsible for this phenomenon. For reasons already noted, private spending for health increased only 15 percent since 1965, while that for education increased 47 percent and that for income maintenance and welfare increased 42 percent.

Despite this trend, however, the largest share of private spending is for health. In fiscal year 1968, health expenditures accounted for 64 percent of all private social welfare expenditures, education for 17 percent, and income maintenance and welfare for 19 percent.

This distribution may be contrasted with the distribution in the public sector where health expenditures accounted for only 17 percent of the total. Income-maintenance and welfare programs had the greatest share with 48 percent, and education had 35 percent of the total.