

# Notes and Brief Reports

## Federal Grants to State and Local Governments, 1959-60\*

In the fiscal year 1959-60, Federal grants to the States and localities rose 8 percent to a new high of \$6.8 billion. All types of grants (except those for welfare purposes other than public assistance) showed increases, ranging from 3 percent for health grants to 19 percent for grants for educational purposes. The decrease (3.6 percent) for the "other welfare" group resulted when the amount of surplus commodities distributed dropped nearly to half that in the preceding year. Table 1 shows the growth of Federal grants since the fiscal year 1929-30, and table 2 their distribution among the States in 1959-60, both in dollar amounts.

Grants-in-aid to the States and localities vary considerably in purpose and in 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.

### PUBLIC ASSISTANCE

Grants for the four federally aided public assistance programs totaled \$2.1 billion in 1959-60, about the magnitude of all Federal grants a decade earlier but less than one-third of today's total grants. The dollar total of the public assistance group of grants has inched up year by year since their institution in 1935-36 until, in

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1949-50, these grants first topped \$1 billion and in 1959-60, \$2 billion. The 1959-60 figure represents an increase for the year of 5 percent, compared with 10-percent and 15-percent increases in the 2 preceding fiscal years. The amounts granted for each of the categorical assistance programs and the percentage change from the preceding year are shown below for the past 2 fiscal years.

Program	Amount of Federal grants (in millions)		Percentage increase	
	1959-60	1958-59	1959-60 from 1958-59	1958-59 from 1957-58
OAA.....	\$1,171	\$1,135	3.1	5.1
ADC.....	669	630	6.1	15.8
APTD.....	170	153	11.5	21.6
AB.....	49	48	2.7	7.1

It should be noted that all dollar figures cited in this analysis are on the basis of checks issued *in* or *during* a fiscal year. In the public assistance programs more than in other grant programs, the amount expended *for*, or pertaining to, a given fiscal year might offer a better picture of program development for two reasons: (1) Federal funds for public assistance are paid to the States in advance of the period to which they pertain and without reference to the year for which they were appropriated, and (2) these are open-end grants, which means that there is no legislative limitation on their annual amount because the Federal Government has obligated itself to advance or reimburse a specified basic portion of State expenditures for each assistance recipient.

In 1959-60 as in 1958-59, public assistance grants ran second to highway construction grants as the largest Federal grant program, both in dollar amounts and as a proportion of all Federal grants. Public assistance grants dropped from 31 percent of the 1958-59 total grants to 30 percent of the 1959-60 total; highway grants rose from 41 percent of all grants in 1958-59 to 43 percent in 1959-60.

### EMPLOYMENT SECURITY

Grants for employment security rose almost 7 percent, from \$297 million in 1958-59 to \$317

million in 1959-60. For both years, these figures represent grants only for the administration of the State unemployment insurance and employment service programs. There were no excess funds available in either year for transfer to the States under the Employment Security Adminis-

trative Financing Act of 1954; these totals are therefore exactly comparable.

Comparisons with data for the 3 fiscal years before 1958-59, however, should be made with caution. In those years a total of \$137 million—the amount by which tax collections exceeded

TABLE 1.—Federal grants to State and local governments, amount and percent of total grants by purpose, fiscal years 1929-30 through 1959-60

[Amounts 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>		Highway construction <sup>6</sup>		All other <sup>7</sup>	
		Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
1929-30	\$100,499					\$10	(*)	\$1,296	1.3	\$17,647	17.6	\$75,881	75.5	\$5,666	5.6
1930-31	180,282							1,406	.8	19,274	10.7	153,637	85.2	5,965	3.3
1931-32	213,879							1,672	.8	19,907	9.3	186,280	87.1	6,020	2.8
1932-33	190,052							1,710	.9	19,058	10.0	163,398	86.0	5,885	3.1
1933-34	1,802,703			\$616	(*)			1,382	.1	18,076	1.0	221,715	12.3	1,560,914	86.6
1934-35	2,196,577			1,257	0.1			1,516	.1	21,302	1.0	274,658	12.5	1,897,833	86.4
1935-36	1,014,656	\$28,424	2.8	3,068	.3	4,389	0.4	34,117	3.4	31,937	3.1	224,073	22.1	688,649	67.9
1936-37	818,434	143,934	17.6	11,484	1.4	12,758	1.6	24,489	3.0	32,044	3.9	340,717	41.6	253,007	30.9
1937-38	790,392	216,074	27.3	45,939	5.8	15,329	1.9	39,655	5.0	41,877	5.3	247,024	31.3	184,404	23.3
1938-39	1,030,576	246,898	24.0	62,858	6.1	14,754	1.4	71,493	6.9	43,233	4.2	191,572	18.6	399,768	38.8
1939-40	967,073	271,131	28.0	119,852	12.4	21,873	2.3	67,581	7.0	43,663	4.5	164,517	17.0	278,456	28.8
1940-41	915,357	329,845	36.0	65,632	7.2	25,869	2.8	90,245	9.9	105,978	11.6	171,042	18.7	126,737	13.8
1941-42	926,221	374,568	40.4	74,034	8.0	29,057	3.1	64,947	7.0	144,361	15.6	157,911	17.0	81,342	8.8
1942-43	991,212	395,623	39.9	39,800	4.0	30,396	3.1	54,518	5.5	163,812	16.5	174,323	17.6	132,739	13.4
1943-44	982,700	404,942	41.2	35,229	3.6	60,223	6.1	64,109	6.5	128,832	13.1	144,120	14.7	135,246	13.8
1944-45	917,065	409,985	44.7	33,730	3.7	78,555	8.6	73,978	8.1	96,414	10.5	87,429	9.5	136,974	14.9
1945-46	843,721	439,132	52.0	54,547	6.5	71,169	8.4	78,233	9.3	50,633	6.0	74,529	8.8	55,479	6.6
1946-47	1,548,896	613,821	39.6	96,252	6.4	63,134	4.1	460,934	29.8	57,600	3.7	198,747	12.8	573,371	36.6
1947-48	1,575,394	718,359	45.6	157,744	10.0	55,305	3.5	171,883	10.9	113,255	7.2	198,457	12.6	401,383	25.5
1948-49	1,835,544	927,897	50.6	161,138	8.8	66,647	3.6	129,125	7.0	68,988	3.8	410,367	22.4	71,352	3.9
1949-50	2,208,019	1,123,418	50.9	214,526	9.7	123,831	5.6	183,553	8.3	69,861	3.2	428,780	19.4	64,049	2.9
1950-51	2,250,127	1,185,764	52.7	175,642	7.8	174,342	7.7	171,707	7.6	80,265	3.6	400,050	17.8	62,358	2.8
1951-52	2,326,998	1,177,688	50.6	183,157	7.9	187,261	8.1	147,143	6.3	143,503	6.2	420,135	18.1	68,011	2.9
1952-53	2,756,829	1,329,933	48.2	197,537	7.2	172,810	6.3	200,522	7.3	240,691	8.9	517,311	18.8	92,025	3.3
1953-54	2,826,155	1,437,518	48.6	204,136	6.8	140,233	4.7	208,812	10.4	235,231	8.0	538,495	18.2	96,231	3.3
1954-55	3,093,025	1,426,599	46.1	188,898	6.1	119,194	3.9	369,254	11.9	277,839	9.0	596,699	19.3	115,442	3.7
1955-56	3,438,225	1,455,275	42.3	260,347	7.6	133,166	3.9	488,281	14.2	252,086	7.3	739,997	21.5	109,073	3.2
1956-57	3,993,065	1,556,422	39.6	319,511	8.1	163,249	4.2	526,288	13.4	253,562	6.4	954,733	24.3	159,240	4.0
1957-58	4,791,893	1,794,687	37.5	324,133	6.8	192,610	4.0	489,275	10.2	283,693	5.9	1,518,520	31.7	183,915	3.9
1958-59	6,313,504	1,966,394	31.1	297,261	4.7	247,371	3.9	597,330	9.5	350,979	5.6	2,613,897	41.4	240,272	3.8
1959-60	6,836,590	2,058,896	30.1	317,156	4.6	254,746	3.7	575,872	8.4	417,878	6.1	2,941,632	43.0	270,389	4.0

<sup>1</sup> Old-age assistance, aid to dependent children, and aid to the blind, 1935-36 to date, 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, 1935-36 to date; employment service administration, from 1933-34 to 1942-43 and from 1946-47 to date; administration of veterans' unemployment and self-employment allowances from 1947-48 to 1952-53; and (not primarily for administration) distribution to State accounts in unemployment insurance trust fund of certain tax collections, 1955-56 to 1957-58.

<sup>3</sup> Promotion of welfare and hygiene of maternity and infancy, 1929-30; maternal and child health services, services for crippled children, and general public health services, under the Social Security Act, 1935-36 to date; venereal disease control, 1940-41 to date; emergency maternity and infant care, from 1942-43 to 1948-49 and 1950-51; construction of community facilities, 1944-45 and from 1953-54 to 1955-56; tuberculosis control, 1944-45 to date; mental health activities, cancer control, and hospital survey and construction, 1947-48 to date; heart disease control, 1949-50 to date; construction of cancer research facilities, from 1949-50 to 1953-54; construction of heart disease research facilities, from 1949-50 to 1952-53; industrial waste studies, from 1949-50 to 1952-53; emergency poliomyelitis vaccination, 1955-56 to date; water pollution control construction, waste treatment works construction, and health research construction, 1956-57 to date.

<sup>4</sup> Vocational rehabilitation, and State and Territorial homes for disabled soldiers and sailors, 1929-30 to date; child welfare services, 1935-36 to date; removal of surplus agricultural commodities under sec. 32 of Act of Aug. 24, 1935, 1935-36 to date; school lunch and Federal annual contributions to public housing authorities, 1930-40 to date; community war service day care, 1942-43; veterans' re-use housing, from 1946-47 to 1950-51; commodities furnished by the Commodity Credit Corporation, 1949-50 to date; and school milk, 1954-55 to date.

<sup>5</sup> Colleges for agriculture and mechanic arts, vocational education, education of the blind, agricultural extension work, State marine schools, 1929-30 to date; Office of Education emergency grants, from 1935-36 to 1940-41; training of defense (war production) workers, from 1940-41 to 1945-46; maintenance and operation of schools, 1946-47 to date; veterans' educational facilities, from 1947-48 to 1949-50; survey and construction of schools, 1950-51 to date; State and local preparation for White House Conference on Educa-

tion, 1954-55; library services, 1956-57 to date; defense education activities, 1958-59 to date.

<sup>6</sup> Cooperative construction of rural post roads, 1929-30 to 1939-40; Federal-aid highways, including regular and emergency, prewar and postwar, and trust fund activities, restoration of roads and bridges, flood relief, secondary and feeder roads, grade-crossing elimination, 1930-31 to date; National Industrial Recovery Act highway activities, 1933-34 to 1943-44, 1946-47 to 1948-49, and 1950-51; Emergency Relief Appropriation Acts activities, 1935-36 to 1943-44 and 1940-47 to 1951-52; access roads, flight strips, strategic highway network, and surveys and plans, 1941-42 to 1956-57 and 1958-59; public land highways, 1942-43 to date; payment of claims, 1945-46 to 1951-52; war and emergency damage in Hawaii, 1947-48 to 1955-56; reimbursement of District of Columbia highway fund, 1954-55 and 1957-58; and forest highways, 1957-58 to date.

<sup>7</sup> Agricultural experiment stations, forestry cooperation (including watershed protection and flood prevention), 1929-30 to date; Civil Works Administration, 1933-34; Federal Emergency Relief Administration, from 1933-34 to 1937-38; Federal Emergency Administration of Public Works, from 1933-34 to 1939-40; Reclamation Service (emergency), 1935-36; wildlife restoration, 1938-39 to date; Public Works Administration and liquidation thereof from 1941-42 to 1949-50; war public works, from 1941-42 to 1943-44; supply and distribution of farm labor, from 1942-43 to 1948-49; community facilities, from 1944-45 to 1955-56; public works advance planning, from 1946-47 to 1948-49; cooperative projects in marketing, 1948-49 to date; Federal airport program, 1947-48 to date; disaster, drought, and other emergency relief, 1948-49 to date; civil defense, 1951-52 to date; slum clearance and urban redevelopment, from 1952-53 to 1954-55; urban planning and urban renewal, 1955-56 to date; National Science Foundation facilities and installations, 1957-58; and small business management research, beginning 1958-59.

\* Less than 0.05 percent.

Source: *Annual Reports of the Secretary of the Treasury*, and the *Combined Statement of Receipts, Expenditures and Balances of the United States Government*. Grants for the school lunch program from 1939-40 to 1942-43 and for the removal of surplus agricultural commodities from 1935-36 to 1946-47, as reported by the Department of Agriculture; grants for management research in 1958-59 as reported by Small Business Administration.

Federal and State administrative expenses—was transferred to the State accounts in the unemployment trust fund and counted together with the administration grants in the employment security group totals.

## HEALTH SERVICES

The \$255 million granted in 1959-60 for health services represented a 3-percent increase, the smallest group increase of the year. Grants for the control of cancer, tuberculosis, and venereal disease and for mental health activities remained at about their 1958-59 level. Grants for heart disease control increased 40 percent (to \$2.9 million); those for construction of hospitals 6 percent; for waste treatment works, 11 percent; and for services for crippled children, including congenital heart disease surgery, 13 percent.

Grants for construction of health research facilities, however, were down to \$0.5 million—one-sixteenth of the \$8 million granted in 1958-59—and general health assistance grants declined 3 percent. The total for health services was also reduced by State repayments of the balance of unused Federal funds granted for polio vaccination assistance. Repayments were almost triple what they had been in 1958-59: Less than \$0.5 million was returned in 1958-59, but almost \$1.3 million came back to the Federal Treasury in 1959-60.<sup>1</sup>

## OTHER WELFARE SERVICES

Grants in 1959-60 for welfare services other than public assistance amounted to \$576 million, 4 percent less than the total granted for them in 1958-59. Within this group grants for the two programs administered by the Department of Health, Education, and Welfare increased—those for child welfare services by 9 percent to \$13 million and those for vocational rehabilitation by 7 percent to \$49 million.

Grants for four of the remaining six programs also were larger in 1959-60 than in the preceding year; the increases ranged from 15 percent for

the annual Federal contribution to public housing authorities to 2 percent for the commodities donated by the Commodity Credit Corporation (CCC). The sums reported for the latter program represent “the value of commodities donated” on the basis of the “estimated cost of perishable food commodities acquired through price support operations.” The CCC also finances the special milk program for children, for which \$81 million was granted in 1959-60, 9 percent more than the amount in the preceding year. The special milk grants are reported on the basis of cash payments to States, excluding refunds.

The two programs for which less was granted in 1959-60 than in the preceding year were the grants for State homes for disabled soldiers and sailors (down 2 percent) and for the removal of surplus agricultural commodities (down more than 47 percent). Surplus removal is another of the grants-in-kind; it too is reported on the basis of value of commodities distributed.

To a certain extent, the school lunch program, the CCC food commodities program, and the surplus removal program are so closely interrelated that they can be used for the same purposes. The Department of Agriculture Appropriation Act of 1959 (Public Law 85-459), for example, authorized the transfer of \$35 million of “section 32” funds from the surplus removal program to “section 6” funds of the school lunch program; the comparable act of 1960 (Public Law 86-80) authorized a similar transfer of \$43 million.

The CCC program and the surplus removal program both donate food to the school lunch program. If there is opportunity to sell CCC commodities abroad for foreign currency this food must first be made available, to the “maximum practicable extent,” to feed needy people within the United States. To carry out this provision, “section 32” funds were used in 1958-59 to buy CCC butter and other dairy products for domestic distribution. This action both raised the surplus removal grants for 1958-59 and at the same time helped reduce stores of these CCC foods. By 1959-60, therefore, there were only very small quantities of CCC dairy products available for purchase for domestic distribution, and the total spent from “section 32” surplus removal funds and the grants-in-kind of the commodities involved was thus reduced.

<sup>1</sup>Liquidation of this program drew to a conclusion with the last repayments in November 1960.

TABLE 2.—Federal grants to State and local governments, by State and purpose,<sup>1</sup> fiscal year 1959-60  
[In thousands]

States ranked by 1957-59 average per capita personal income	Total	Public assistance	Em- ployment security admini- stration	Health services	Other welfare services	Education	Highway construc- tion	All other
Total <sup>2</sup> .....	\$6,836,590	\$2,058,896	\$317,156	\$254,746	\$575,872	\$417,878	\$2,941,652	\$270,389
United States <sup>3</sup> .....	6,785,972	2,050,162	315,889	250,883	557,312	410,485	2,934,327	266,915
High-income group.....	2,980,973	874,316	199,290	95,104	250,933	158,732	1,270,080	132,519
Delaware.....	15,265	2,233	758	843	1,220	1,194	8,248	768
District of Columbia.....	34,688	8,639	2,356	2,861	3,485	3,349	16,125	872
Connecticut.....	67,552	15,889	4,757	2,519	6,834	2,969	28,683	6,102
New York.....	519,082	143,938	53,391	11,626	46,968	14,236	217,165	31,758
Nevada.....	18,791	2,448	1,218	885	560	1,928	10,111	1,642
Illinois.....	365,838	90,059	13,670	10,162	27,740	8,845	200,113	15,248
New Jersey.....	125,902	25,676	11,934	3,983	17,805	7,165	53,083	6,757
California.....	529,104	223,145	32,037	12,669	31,698	44,271	171,813	13,572
Alaska.....	29,916	1,868	1,329	838	634	7,598	16,108	1,540
Massachusetts.....	176,696	61,818	11,529	5,308	15,235	7,853	66,795	8,158
Ohio.....	307,326	83,372	13,634	10,150	21,731	11,063	158,915	8,462
Maryland.....	78,074	17,951	5,421	3,442	9,260	11,336	27,277	3,387
Michigan.....	220,862	59,563	14,870	9,306	22,290	9,875	96,413	8,545
Washington.....	114,216	39,488	5,870	3,876	6,903	11,508	44,124	2,447
Pennsylvania.....	308,208	86,160	22,919	13,213	35,166	14,194	116,475	20,081
Wyoming.....	35,499	2,838	894	1,543	922	1,737	26,139	1,426
Rhode Island.....	33,953	9,430	2,703	1,882	3,082	2,611	12,491	1,754
Middle-income group.....	1,985,112	547,402	63,154	75,115	135,311	134,707	957,684	71,740
Indiana.....	130,851	24,861	4,842	6,273	10,344	6,635	74,443	3,454
Oregon.....	87,760	17,607	3,780	2,407	3,977	3,109	54,224	2,657
Colorado.....	93,923	36,178	2,982	2,723	5,279	8,361	36,008	2,392
Missouri.....	207,509	89,585	5,323	7,382	12,681	7,729	76,190	8,620
Wisconsin.....	119,092	29,442	4,424	4,982	10,189	5,535	61,392	3,127
Hawaii.....	20,829	3,532	988	2,316	2,397	4,126	4,321	2,850
Montana.....	47,962	6,530	1,591	1,863	1,780	4,088	30,682	1,428
Nebraska.....	54,188	14,129	1,410	2,484	3,169	4,030	27,204	1,761
Kansas.....	98,707	25,161	2,295	3,767	5,300	8,218	61,288	2,677
Minnesota.....	132,846	37,035	4,464	5,581	10,317	4,945	64,857	5,647
New Hampshire.....	31,929	4,421	1,201	1,607	1,809	1,858	19,673	1,359
Arizona.....	65,900	16,054	3,662	1,997	3,894	8,116	30,649	1,529
Florida.....	176,417	61,555	5,895	7,420	13,080	9,897	74,517	4,054
Iowa.....	120,901	29,571	2,787	4,129	8,122	4,453	67,695	4,144
Texas.....	415,225	124,841	12,381	11,185	26,278	27,801	197,710	15,029
Utah.....	55,512	9,440	2,356	1,756	2,788	3,353	33,477	2,341
Virginia.....	125,562	17,160	2,774	7,244	13,906	22,453	53,354	8,671
Low-income group.....	1,804,510	628,444	48,136	80,421	170,922	108,936	714,992	52,659
New Mexico.....	59,903	16,124	1,938	1,305	3,255	9,944	25,589	1,750
Idaho.....	43,159	6,885	1,975	2,474	1,684	3,292	25,725	1,124
Oklahoma.....	146,109	75,029	3,638	3,512	9,861	13,297	33,243	7,530
Maine.....	44,983	14,294	1,479	2,138	2,556	2,972	19,930	1,614
Vermont.....	26,088	4,719	944	1,181	1,057	846	16,611	729
West Virginia.....	98,635	28,064	2,175	4,702	10,783	3,726	46,784	2,401
South Dakota.....	44,502	8,572	835	1,550	2,498	3,935	26,053	1,058
North Dakota.....	48,994	6,925	1,090	1,634	2,127	3,965	32,661	1,953
Louisiana.....	210,856	105,057	3,856	7,320	16,449	5,490	69,750	2,934
Georgia.....	176,363	66,732	4,178	8,188	19,765	10,278	60,603	6,640
Kentucky.....	147,351	47,045	3,535	6,034	15,675	5,661	65,981	3,420
Tennessee.....	153,307	42,668	3,858	7,840	17,842	7,233	66,876	6,992
North Carolina.....	158,216	51,265	5,334	10,873	17,250	10,408	59,367	3,699
Alabama.....	155,183	61,888	4,140	7,530	16,449	10,492	50,917	3,766
South Carolina.....	91,982	21,270	3,038	3,818	9,160	6,326	46,775	1,596
Arkansas.....	91,634	33,364	3,030	5,028	10,734	5,106	31,900	2,473
Mississippi.....	107,223	38,543	3,093	5,290	13,779	7,327	36,205	2,980
Outlying areas:								
Puerto Rico.....	46,395	8,500	1,156	3,383	17,743	5,843	7,325	2,446
Virgin Islands.....	2,159	156	89	228	497	175	-----	1,014
Other.....	2,064	78	22	252	320	1,376	-----	16

<sup>1</sup> See footnotes to table 1 for programs in each group of grants.

<sup>2</sup> Includes a small amount undistributed, grants to the outlying areas listed, and grants under a few programs to American Samoa, the Canal Zone, Guam, and the Trust Territory of the Pacific Islands.

<sup>3</sup> Includes a small amount of advances and undistributed sums.

Source: *Annual Report of the Secretary of the Treasury on the State of the Finances for the Fiscal Year Ended June 30, 1960*. Personal income data are from the *Survey of Current Business*, August 1960.

## EDUCATION

Grants for education rose to \$418 million in 1959-60, almost \$67 million (19 percent) more than the 1958-59 total. Two programs—for educational materials distributed by the American Printing House for the Blind and for State colleges for agriculture and the mechanic arts—remained at the same level. All the rest in-

creased by varying degrees.

Among the programs administered by the Office of Education in the Department of Health, Education, and Welfare, the increase in grants under the National Defense Education Act of 1958 topped all others with a 56-percent rise to nearly \$69 million in the first full year of operation. The act was in effect for only the last 3 quarters of 1958-59. The \$44 million granted

then and the \$69 million of 1959-60 refer only to grants to State and local governments. An additional \$18 million in 1959-60 and \$3 million in 1958-59 (not included under the present definition of grants) were expended under other titles of the act to provide student loans and fellowships and loans, contracts, and grants to institutions and to public and private agencies. Library service grants, new in 1956-57, rose 31 percent to \$7 million. Grants for school maintenance and operation in federally impacted areas were up 26 percent to \$167 million; school construction grants in the same areas rose 7 percent to \$70 million in 1959-60.

A small sum (\$71,327) was granted under a new program of grants to State education agencies for training teachers or supervisors of teachers of mentally retarded children. Another section of the same law (Public Law 85-926 of September 6, 1958) authorizes grants directly to public or other nonprofit colleges and universities to help train personnel to teach the teachers of the mentally retarded; the \$236,864 granted for the latter purpose in 1959-60 is not included in this analysis since it is not a grant to an agency of State or local government.

## HIGHWAY CONSTRUCTION

Highway construction grants reached a new all-time peak for the eighth year in a row in 1959-60 with a total of \$2,942 million. All but \$29 million was from the highway trust fund for the Federal aid highway program. Total highway grants were \$328 million or one-eighth more than in 1958-59. They formed 43 percent of all Federal grants to the States and localities in that year and 41 percent in 1958-59. They were also 43 percent or \$883 million more than public assistance grants in 1959-60; in the preceding year they had been 33 percent or \$648 million more than the public assistance grants.

## "ALL OTHER" GRANTS

Grants for the miscellany of programs not otherwise classified totaled \$270 million in 1959-60, \$30 million or 13 percent more than in 1958-59. The "all other" group consists of the agricultural and natural resources conservation

programs, urban renewal, airport construction, civil defense, and disaster relief. It also includes small business management research—a new program, started in 1958-59 under Public Law 85-699. Under this program, grants are made for "studies, research, and counseling concerning the managing, financing, and operation of small-business enterprises and technical and statistical information necessary thereto." The amounts granted in the past few years for each program in this heterogeneous group are shown below.

Purpose of grant	Amount (in millions)		
	1959-60	1958-59	1957-58
Total.....	\$270.4	\$240.3	\$189.1
Agricultural experiment.....	30.6	30.6	29.7
Airport construction.....	57.1	56.6	42.9
Civil defense.....	4.9	11.4	15.4
Cooperative marketing.....	3.1	2.9	2.9
Defense community facilities.....	.1	.2	1.3
Disaster relief.....	1.5	4.1	11.9
Forestry cooperation.....	11.4	12.4	11.9
National Science Foundation facilities and installations.....			.5
Small business management research.....	2.0	1.9	
Urban planning.....	2.6	1.8	2.0
Urban renewal.....	101.7	75.5	35.2
Watershed protection and flood prevention.....	32.7	22.9	10.8
White House Conference on Aging.....	.8		
Wildlife restoration.....	21.9	19.8	18.6

## RELATION TO POPULATION AND OTHER INDICATORS

Grants per capita are shown in table 3 by State and major purpose. The States have been ranked by per capita personal income (averaged for the most recent 3 years to dampen the effect of single-year fluctuations) and divided into high-, low-, and middle-income groups. Within each group the States vary widely in the amount of Federal grants received per capita.

Around a national average of \$38.31, total grants in 1959-60 varied from \$135.98 for each person in Alaska to \$21.12 in New Jersey, a spread of \$114.86. Both are high-income States, with New Jersey ranking seventh and Alaska ninth. (Alaska and Hawaii are both listed among the States for 1959-60; for 1958-59, Hawaii had been shown with the outlying areas.) In 1958-59 the same two States—Alaska and New Jersey—had also been at the extremes of the range, with \$155.94 and \$17.24 per capita, respectively; the national average had been \$35.75. From 1958-59 to 1959-60 the national average

grant per capita was raised by \$2.56 or 7 percent, and the spread was narrowed by \$23.84 or 17 percent.

Two other high-income States were second-highest and second-lowest in 1959-60. Wyoming received \$109.23 for each inhabitant and Maryland \$25.59—a range of \$83.64. This spread of \$83.64 was \$12.88 or 13 percent narrower than the

\$96.52 spread in 1958-59 between the second-highest State (Wyoming, \$117.80 per capita) and the second-lowest (Indiana, \$21.28).

Although grants are, in general, somewhat higher per capita in the low-income than in the middle-income States and in the middle-income than in the high-income States, there is considerable overlap from group to group. Mon-

TABLE 3.—Per capita Federal grants to State and local governments, by State and purpose,<sup>1</sup> fiscal year 1959-60

States ranked by 1957-59 average per capita personal income	Average per capita personal income, 1957-59	Per capita grants							
		Total	Public assistance	Em- ployment security admin- istration	Health services	Other welfare services	Education	Highway construc- tion	All other
Total <sup>2</sup> .....		\$38.08	\$11.47	\$1.77	\$1.42	\$3.21	\$2.33	\$16.39	\$1.51
United States <sup>3</sup> .....	\$2,096	38.31	11.57	1.78	1.42	3.15	2.32	16.57	1.51
High-income group.....		32.11	9.42	2.15	1.02	2.70	1.71	13.68	1.49
Delaware.....	2,880	34.77	5.09	1.73	1.92	2.78	2.72	18.79	1.75
District of Columbia.....	2,853	45.23	11.26	3.07	3.73	4.54	4.45	21.02	1.44
Connecticut.....	2,782	27.08	6.29	1.91	1.01	2.74	1.19	11.50	2.45
New York.....	2,625	31.23	8.66	3.21	1.70	2.83	1.86	13.07	1.91
Nevada.....	2,611	67.35	8.77	4.37	3.17	2.01	6.91	36.24	5.88
Illinois.....	2,550	36.68	9.03	1.37	1.02	2.78	1.89	20.06	1.53
New Jersey.....	2,546	21.12	4.31	2.00	1.67	2.90	1.20	8.91	1.13
California.....	2,541	34.51	14.55	2.09	1.83	2.06	2.89	11.20	1.89
Alaska.....	2,481	135.98	8.49	6.04	3.81	2.88	34.54	73.22	7.00
Massachusetts.....	2,362	34.76	12.16	2.27	1.04	3.00	1.54	13.14	1.60
Ohio.....	2,285	31.97	8.67	1.42	1.06	2.26	1.15	16.53	1.88
Maryland.....	2,265	25.59	5.88	1.78	1.13	3.03	3.72	8.94	1.11
Michigan.....	2,220	28.49	7.68	1.92	1.20	2.88	1.27	12.44	1.10
Washington.....	2,199	40.46	13.99	2.08	1.37	2.45	4.08	15.63	1.87
Pennsylvania.....	2,177	27.43	7.67	2.04	1.18	3.13	1.26	10.37	1.79
Wyoming.....	2,078	109.23	8.73	2.75	4.75	2.84	5.35	80.43	4.39
Rhode Island.....	2,073	39.76	11.04	3.17	2.20	3.61	3.06	14.63	2.05
Middle-income group.....		41.20	11.36	1.31	1.56	2.81	2.80	19.88	1.49
Indiana.....	2,053	28.35	5.39	1.05	1.36	2.24	1.44	16.13	1.75
Oregon.....	2,045	49.98	10.03	2.15	1.37	2.27	1.77	30.88	1.51
Colorado.....	2,037	54.39	20.95	1.73	1.58	3.06	4.84	20.85	1.38
Missouri.....	2,034	48.42	20.90	1.24	1.72	2.96	1.80	17.78	2.01
Wisconsin.....	2,030	30.42	7.52	1.13	1.27	2.60	1.41	15.68	1.80
Hawaii.....	2,024	33.59	6.18	1.59	3.73	3.87	6.65	6.97	4.60
Montana.....	1,972	71.91	9.79	2.38	2.79	2.67	6.13	46.00	2.14
Nebraska.....	1,947	38.85	10.08	1.01	1.77	2.26	2.87	19.40	1.26
Kansas.....	1,932	45.66	11.64	1.06	1.74	2.45	3.80	23.72	1.24
Minnesota.....	1,922	39.33	10.96	1.32	1.65	3.05	1.46	19.20	1.67
New Hampshire.....	1,917	53.04	7.34	1.99	2.67	3.01	3.09	32.68	2.26
Arizona.....	1,912	52.55	12.80	2.92	1.59	3.11	6.47	24.44	1.22
Florida.....	1,911	36.83	12.85	1.23	1.55	2.73	2.07	15.66	1.85
Iowa.....	1,910	44.04	10.77	1.02	1.50	2.96	1.62	24.66	1.51
Texas.....	1,856	43.93	13.21	1.31	1.18	2.78	2.94	20.92	1.59
Utah.....	1,785	63.30	10.76	2.69	2.00	3.18	3.82	38.17	2.67
Virginia.....	1,756	31.96	4.37	.71	1.84	3.54	5.71	13.58	2.21
Low-income group.....		49.95	17.39	1.33	2.23	4.73	3.02	19.79	1.46
New Mexico.....	1,748	64.55	17.38	2.09	1.41	3.51	10.72	27.57	1.89
Idaho.....	1,721	65.59	10.46	3.00	3.76	2.56	5.00	39.10	1.71
Oklahoma.....	1,715	63.50	32.61	1.58	1.53	4.29	5.78	14.45	3.27
Maine.....	1,713	46.96	14.92	1.54	2.23	2.67	3.10	20.80	1.69
Vermont.....	1,701	67.59	12.23	2.45	3.06	2.74	2.19	43.03	1.89
West Virginia.....	1,615	52.69	14.99	1.16	2.51	5.76	1.99	24.99	1.28
South Dakota.....	1,564	65.54	12.62	1.23	2.28	3.68	5.79	38.37	1.56
North Dakota.....	1,556	78.14	11.05	1.74	2.61	3.39	4.15	52.09	3.11
Louisiana.....	1,553	65.77	32.77	1.20	2.28	5.13	1.71	21.76	1.92
Georgia.....	1,481	45.20	17.10	1.07	2.10	5.07	2.63	15.53	1.70
Kentucky.....	1,465	48.89	15.61	1.17	2.00	5.20	1.88	21.89	1.13
Tennessee.....	1,456	43.22	12.03	1.09	2.21	5.03	2.04	18.85	1.97
North Carolina.....	1,407	35.14	11.39	1.18	2.42	3.83	3.21	13.19	1.82
Alabama.....	1,357	47.90	19.10	1.28	2.32	5.08	3.24	15.72	1.16
South Carolina.....	1,263	38.84	8.98	1.28	1.61	3.87	2.67	19.75	1.67
Arkansas.....	1,218	51.51	18.75	1.70	2.83	6.03	2.87	17.93	1.39
Mississippi.....	1,071	49.59	17.83	1.43	2.45	6.37	3.39	16.75	1.38
Outlying areas:									
Puerto Rico.....		19.77	3.62	.49	1.44	7.56	2.49	3.12	1.04
Virgin Islands.....		67.48	4.87	2.79	7.14	15.54	5.46		31.69

<sup>1</sup> See footnotes to table 1 for programs in each group of grants.

<sup>2</sup> See footnote 2, table 2.

<sup>3</sup> See footnote 3, table 2.

Source: Per capita grants are based on estimates of the Bureau of the Census for the total population, excluding the Armed Forces overseas, as of

July 1, 1959 (Current Population Reports, Population Estimates, Series P-25, No. 229), plus Bureau of the Census estimates for outlying areas. Personal income data are for the calendar year and are from the Survey of Current Business, August 1960.

TABLE 4.—Federal grants to State and local governments in relation to personal income and State general revenues, by State, fiscal year 1959-60

States ranked by 1957-59 average per capita personal income	Total grants to States and localities			Grants under programs administered by Social Security Administration				
	Amount (in thousands)	As percent of personal income for calendar year 1959	As percent of total State general revenues <sup>1</sup>	Amount (in thousands)	As percent of personal income	As percent of total State general revenues	As percent of total grants	Per capita
Total <sup>2</sup> .....	\$6,836,590			\$2,105,114			31	\$11.73
United States <sup>3</sup> .....	6,785,972	1.8	24.7	2,094,974	0.5	7.6	31	11.83
High-income group.....	2,980,973	1.3	20.8	891,207	.4	6.2	30	9.60
Delaware.....	15,265	1.2	14.8	2,501	.2	2.4	16	5.70
District of Columbia.....	34,688	1.6	( <sup>1</sup> )	9,127	.4		26	11.90
Connecticut.....	67,552	1.0	10.1	16,288	.2	4.6	24	6.53
New York.....	519,082	1.2	19.9	145,913	.3	5.6	28	8.78
Nevada.....	18,791	2.5	26.6	2,739	.4	3.9	15	9.82
Illinois.....	365,838	1.4	29.2	91,499	.4	7.3	25	9.17
New Jersey.....	125,902	.8	21.2	26,364	.2	4.4	21	4.42
California.....	529,104	1.3	17.4	225,389	.6	7.4	43	14.70
Alaska.....	29,916	5.4	43.6	2,260	.4	3.3	8	10.27
Massachusetts.....	176,696	1.4	23.8	62,661	.5	8.4	35	12.33
Ohio.....	307,326	1.4	23.8	85,068	.4	6.6	28	8.85
Maryland.....	78,074	1.1	17.2	18,872	.3	4.2	24	6.19
Michigan.....	220,862	1.3	17.1	61,257	.4	4.8	28	7.90
Washington.....	114,216	1.8	17.9	40,142	.6	6.3	35	14.22
Pennsylvania.....	308,208	1.2	21.2	88,258	.4	6.1	29	7.86
Wyoming.....	35,499	5.0	34.2	3,094	.4	3.0	9	9.52
Rhode Island.....	33,953	1.8	27.3	9,775	.5	7.9	29	11.45
Middle-income group.....	1,985,112	2.1	27.1	560,637	.6	7.6	28	11.64
Indiana.....	130,851	1.3	21.2	25,852	.3	4.2	20	5.60
Oregon.....	87,760	2.3	24.4	18,113	.5	5.0	21	10.31
Colorado.....	93,923	2.5	28.7	36,886	1.0	11.3	39	21.36
Missouri.....	207,509	2.2	39.1	90,525	1.0	17.0	44	21.12
Wisconsin.....	119,092	1.4	19.6	30,410	.4	5.0	26	7.77
Hawaii.....	20,829	1.6	11.1	4,213	.3	2.3	20	6.80
Montana.....	47,962	3.6	36.4	6,926	.5	5.3	14	10.38
Nebraska.....	54,188	1.9	31.5	14,492	.5	8.4	27	10.34
Kansas.....	98,707	2.3	29.3	25,780	.6	7.7	26	11.92
Minnesota.....	132,846	2.0	23.1	38,056	.6	6.6	29	11.27
New Hampshire.....	31,929	2.7	36.1	4,600	.4	5.3	15	7.81
Arizona.....	65,900	2.8	25.8	16,340	.7	6.4	25	13.03
Florida.....	176,417	1.9	23.8	62,697	.7	8.5	36	13.09
Iowa.....	120,901	2.2	26.9	30,440	.6	6.8	25	11.09
Texas.....	415,225	2.3	31.6	127,051	.7	9.7	31	13.44
Utah.....	55,511	3.4	31.3	9,712	.6	5.5	17	11.07
Virginia.....	125,562	1.8	26.9	18,446	.3	4.0	15	4.69
Low-income group.....	1,804,510	3.3	30.9	643,131	1.2	11.0	36	17.80
New Mexico.....	59,903	3.6	26.6	16,588	1.0	7.4	28	17.88
Idaho.....	43,159	3.6	36.5	7,233	.6	6.1	17	10.99
Oklahoma.....	146,109	3.5	32.5	75,749	1.8	16.8	52	32.92
Maine.....	44,983	2.6	30.8	14,667	.9	10.1	33	15.31
Vermont.....	26,088	3.8	33.5	4,997	.7	6.4	19	12.95
West Virginia.....	98,635	3.2	35.0	28,810	.9	10.2	29	15.39
South Dakota.....	44,502	4.4	37.6	8,844	.9	7.5	20	13.03
North Dakota.....	48,994	5.0	33.9	7,259	.7	5.0	15	11.58
Louisiana.....	210,856	4.1	27.5	106,106	2.1	13.8	50	33.10
Georgia.....	176,383	2.9	31.3	68,118	1.1	12.1	39	17.46
Kentucky.....	147,351	3.2	37.8	48,229	1.1	12.4	33	16.00
Tennessee.....	153,307	2.9	32.2	43,984	.8	9.2	29	12.40
North Carolina.....	158,216	2.3	23.6	53,143	.8	7.9	34	11.80
Alabama.....	155,183	3.4	33.4	63,308	1.4	13.6	41	19.54
South Carolina.....	91,982	2.9	25.7	22,323	.7	6.2	24	9.43
Arkansas.....	91,634	3.9	34.9	34,142	1.4	13.0	37	19.19
Mississippi.....	107,223	4.2	33.4	39,631	1.6	12.4	37	18.33
Outlying areas:								
Puerto Rico.....	46,395			9,569			21	4.08
Virgin Islands.....	2,159			380			18	11.88
Other.....	2,064			190			9	

<sup>1</sup> General revenue data for the District of Columbia not yet available; all affected totals adjusted accordingly.

<sup>2</sup> See footnote 2, table 2.

<sup>3</sup> See footnote 3, table 2.

Source: State general revenue data are for fiscal year 1959-60 and are from *Summary of State Government Finances in 1960* (Bureau of the Census). For sources of other data see tables 2 and 3.

tana's \$71.91, the highest total grants per capita among the middle-income States in 1959-60, was only \$6.23 less than North Dakota's \$78.14,<sup>2</sup> the highest among the low-income States.

<sup>2</sup> In this largely rural State, \$52.09 of total per capita grants was for highway construction.

The lowest per capita grants among the low-income States, North Carolina's \$35.14, were only \$6.79 more than the \$28.35 per capita for Indiana, lowest among the middle-income group. Although the high-income States include the Nation's highest and lowest State in terms of per capita grants, with a range of \$114.86, there was only

29 cents difference in the range of grants per capita between the middle-income group (\$43.56) and the low-income group (\$43.27).

As a result of minimum allotment provisions in certain grant programs, notably highway construction, higher grants per capita are received in the more sparsely populated States. Through most of the 1950's, for example, the highest grants per capita were received in Nevada, which had and, except for Alaska, still has the smallest population of any State.

In Nevada, the fifth State in terms of per capita income and with grants of \$67.35 for each person in the State, 54 percent of all grants received (\$36.24 per person) was for highway construction. An even higher proportion of total grants—74 percent—was received for highways in Wyoming, where grants totaled \$109.23 per capita. Almost 54 percent of Alaska's per capita grants of \$135.98 was for the construction of highways. Nor is this effect confined to the high-income States of small population: 65 percent of Montana's \$71.91 per capita grants was for highways, as was 60 percent of Utah's \$63.30. Both are middle-income States. Even in Idaho, a low-income State, 60 percent of the grants (\$65.59 per capita) went for highways—nearly four times as much as for public assistance.

In States where comparatively large sums are spent from State and local resources for public assistance, total grants per capita were also comparatively high because of the Federal matching requirements in the Social Security Act. In Oklahoma, which ranked third among the 17 low-income States, 51 percent of all Federal grants was for public assistance, or \$32.61 of the total of \$63.50 per capita. In Louisiana, ninth among the low-income States, with total grants per capita of \$65.77, 50 percent (\$32.77 per capita) of all grants was for public assistance and 33 percent (\$21.76 per capita) for highway construction, leaving only 17 percent (\$11.24 per capita) for all other federally aided programs.

Total grants to the States and localities in 1959-60 represented 2 percent of the personal income of the United States in 1959 (table 4) and 25 percent of State general revenues. On balance, grants represent a higher proportion of both these indicators in States with the lower per capita incomes. For the low-income States as a group, grants averaged 3 percent of personal in-

come and 31 percent of State general revenues; for the high-income group they represented 1 percent and 21 percent, respectively.

Total grants in 1958-59, reported in the BULLETIN of July 1960, represented 25 percent of State general revenues. It can now be added that those grants represented 14 percent of combined State and local general revenues<sup>3</sup>—a more meaningful relationship than the relationship to State revenues alone. Within the income groups of States there are wide variations from the overall pattern because of the wide differences from State to State in the division of revenue sources between the State and local levels of government.

### GRANTS FOR SOCIAL SECURITY ADMINISTRATION PROGRAMS

In 1959-60, \$2,105 million was granted for the seven programs<sup>4</sup> administered by the Social Security Administration. This amount represents an increase of \$95 million or about 5 percent from the preceding year; in the same period, total grants increased somewhat more than 8 percent. The Social Security Administration grants accounted for 31 percent of all grants in 1959-60, about the same proportion as in 1958-59. Of the total grants per capita of \$38.08 in 1959-60, those administered by the Social Security Administration accounted for \$11.73 per capita. They equaled  $\frac{1}{2}$  of 1 percent of personal income in the United States and provided nearly 8 percent of all State general revenues.

<sup>3</sup> Bureau of the Census, *Governmental Finances in 1959* (G-GF59-No. 2), Sept. 30, 1960.

<sup>4</sup> Grants for medical assistance for the needy aged, the fifth category of federally aided public assistance programs and the eighth Social Security Administration grant program, were authorized by the 1960 Social Security Amendments in September, after the close of the fiscal year 1959-60.

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### Employers, Workers, and Earnings Under OASDI\*

In the calendar year 1960, according to preliminary estimates, 74 million persons had taxable earnings of \$209 billion under the old-age,

\*Prepared by Roslyn Arnold, Division of Program Analysis, Bureau of Old-Age and Survivors Insurance.