

# Notes and Brief Reports

## Expenditures for Assistance Payments from State-Local Funds, 1954-55\*

In the fiscal year 1954-55, expenditures for public assistance payments from State and local funds amounted to 47 cents per \$100 of personal income for the country as a whole—9 percent more than the 43 cents per \$100 spent in 1953-54. Aid to the needy increased by almost a tenth from the amount spent in the preceding year, while personal income remained about the same. Personal income in the calendar year 1954—to which assistance expenditures for the fiscal year 1954-55 have been related—attained a peak of \$286.3 billion but was up only \$2 billion or 0.7 percent

**Table 1.—Number of States with specified change in personal income and in expenditures for public assistance from State and local funds, 1954-55 from 1953-54<sup>1</sup>**

Percentage change	Personal income		Assistance expenditures from State and local funds	
	In-creases	De-creases	In-creases	De-creases
Total number of States...	30	20	47	3
0-2.4.....	20	16	11	2
2.5-4.9.....	6	4	9	1
5.0-9.9.....	4		8	
10.0-14.9.....			8	
15.0-19.9.....			4	
20.0 or more.....			7	
Mean percentage change.....	.7		9.6	
Median percentage change.....	.7		6.4	

<sup>1</sup> Expenditures are for fiscal years 1953-54 and 1954-55 and exclude amounts spent for administration; they are related respectively to personal income for calendar years 1953 and 1954.

from the preceding year. Assistance payments from State and local funds, in contrast, rose 9.6 percent (\$117 million) to \$1,353 million. Almost \$66 million of the total increase occurred in general assistance, which is administered without Federal financial participation.

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The percentage relationship between the State-local share of assistance payments and personal income in a State is used here as a rough measure of the fiscal effort made to finance public assistance. Such ex-

penditures for the fiscal years 1953-54 and 1954-55 are related to personal income for the calendar years 1953 and 1954, respectively, in each of the 48 States, the District of Columbia, and Hawaii. Income data are not available for Alaska, Puerto Rico, and the Virgin Islands.

The new personal income series of

**Table 2.—Expenditures for public assistance payments from State and local funds in relation to personal income and amount expended per inhabitant, by State, 1954-55<sup>1</sup>**

State	Percentage change in—		Expenditures from State and local funds for assistance			
	Personal income, 1954 from 1953	Expenditures from State and local funds for assistance, 1954-55 from 1953-54	Per \$100 of personal income			Per inhabitant, 1954-55
			1953-54	1954-55	Percentage change, 1954-55 from 1953-54	
United States <sup>2</sup> .....	+0.7	+9.6	\$0.43	\$0.47	+9.3	\$8.37
Alabama.....	-3.2	+26.0	.21	.28	+33.3	3.04
Arizona.....	+2.8	+3.2	.44	.45	+2.3	7.06
Arkansas.....	-1.8	+14.5	.40	.46	+15.0	4.54
California.....	+1.6	+1.8	.70	.70	<sup>3</sup> +2	15.06
Colorado.....	+5	+3.5	1.50	1.55	+3.3	26.09
Connecticut.....	+3	+17.0	.34	.40	+17.6	9.45
Delaware.....	+1.3	+29.9	.13	.17	+30.8	4.01
District of Columbia.....	-6	+9.7	.15	.17	+13.3	3.72
Florida.....	+5.5	+6.3	.34	.34	<sup>2</sup> +0	5.46
Georgia.....	-1.5	+8.1	.39	.43	+10.3	5.34
Hawaii.....	-3	+43.9	.27	.40	+48.1	6.73
Idaho <sup>4</sup> .....	-2.2	+2.3	.49	.51	+4.1	7.31
Illinois.....	+1.1	+15.5	.41	.47	+14.6	10.07
Indiana.....	-3.9	+16.4	.20	.24	+20.0	4.43
Iowa.....	+8.4	( <sup>5</sup> )	.53	.49	-7.5	8.17
Kansas.....	+4.3	+6.3	.57	.58	+1.8	9.85
Kentucky.....	-1.0	+2.0	.31	.32	+3.2	3.87
Louisiana.....	+3	+9	.95	.96	+1.1	12.48
Maine.....	+9	+3.7	.54	.56	+3.7	8.31
Maryland.....	+7	+12.8	.13	.15	+15.4	2.92
Massachusetts.....	+1.4	+7.2	.79	.83	+5.1	16.02
Michigan.....	-2.2	+22.2	.35	.43	+22.9	8.76
Minnesota.....	+3.1	+15.1	.64	.71	+10.9	11.66
Mississippi.....	-2.0	+4.5	.34	.37	+8.8	3.19
Missouri.....	+1.2	+2.1	.55	.55	<sup>3</sup> +0	9.69
Montana.....	-1.3	+4.3	.64	.68	+6.2	11.73
Nebraska.....	+6.2	+3.4	.37	.36	-2.7	5.85
Nevada.....	+8.8	+12.0	.33	.34	+3.0	8.21
New Hampshire.....	+3.9	-3	.47	.45	-4.3	7.30
New Jersey.....	+1.6	+23.9	.16	.19	+18.8	4.28
New Mexico.....	+2.0	-1.5	.42	.41	-2.4	5.63
New York.....	+2.7	+13.9	.43	.47	+9.3	10.23
North Carolina.....	+1.5	+14.3	.23	.26	+13.0	3.05
North Dakota.....	+1.5	+9.9	.62	.67	+8.1	7.97
Ohio.....	-3	+23.1	.34	.42	+23.5	8.43
Oklahoma.....	+7	+2.4	1.17	1.19	+1.7	17.43
Oregon.....	-9	+3.3	.60	.62	+3.3	10.91
Pennsylvania.....	-2.3	+30.6	.24	.32	+33.3	5.74
Rhode Island.....	-8	+13.3	.55	.63	+14.5	11.46
South Carolina.....	-4.5	+1.0	.27	.29	+7.4	3.06
South Dakota.....	+3.1	+4.9	.49	.50	+2.0	6.63
Tennessee.....	( <sup>5</sup> )	-3.4	.34	.32	-5.9	3.92
Texas.....	+2.1	+1.0	.29	.29	<sup>3</sup> -2.4	4.52
Utah.....	-4	+6.5	.61	.65	+6.6	9.61
Vermont.....	+2	+9.4	.40	.44	+10.0	6.14
Virginia.....	+2	+10.3	.09	.10	+11.1	1.49
Washington.....	+1.5	+1.5	.79	.78	-1.3	15.27
West Virginia.....	-4.3	+1.6	.38	.40	+5.3	4.94
Wisconsin.....	-1	+13.6	.50	.57	+14.0	9.70
Wyoming.....	-1.9	+4.2	.43	.45	+4.7	8.03

<sup>1</sup> Expenditures are for fiscal years 1953-54 and 1954-55 and exclude amounts spent for administration; they are related respectively to personal income for calendar years 1953 and 1954.

<sup>2</sup> Data on income for Alaska, Puerto Rico, and

the Virgin Islands not available.

<sup>3</sup> Computed from unrounded ratios.

<sup>4</sup> Reporting of general assistance expenditures incomplete.

<sup>5</sup> Increase of less than 0.05 percent.

**Table 3.—Factors underlying variations in fiscal effort among selected States, 1954-55**

Factor	Specified fiscal effort				
	High effort and high per capita income (Massachusetts)	High effort and low per capita income (Louisiana)	Median effort (Arizona)	Low effort and high per capita income (New Jersey)	Low effort and low per capita income (Virginia)
Recipient rate per 1,000 population, December 1954: <sup>1</sup>					
Old-age assistance (population aged 65 and over).....	177	579	255	46	71
Aid to dependent children (population under age 18).....	21	45	39	9	20
Aid to the permanently and totally disabled (population aged 18-64).....	3.4	8.1	-----	0.9	2.4
General assistance (population under age 65).....	6.9	3.2	3.5	5.3	(?)
Old-age and survivors insurance beneficiary rate, December 1954 (population aged 65 and over).....	485	254	300	495	323
Average payment per recipient, December 1954:					
Old-age assistance.....	\$75.93	\$50.71	\$55.34	\$66.80	\$29.56
Aid to dependent children.....	37.97	16.96	23.04	34.66	17.14
Aid to the blind.....	92.12	49.21	63.23	68.56	35.73
Aid to the permanently and totally disabled.....	97.95	42.42	-----	79.02	38.13
General assistance.....	61.75	39.50	43.64	81.56	35.91
Per capita income, 1954.....	\$1,922	\$1,302	\$1,582	\$2,219	\$1,480
Fiscal effort, 1955 (assistance expenditure per \$100 of personal income).....	\$0.83	\$0.96	\$0.45	\$0.19	\$0.10
Expenditures per inhabitant from State-local funds.....	\$16.02	\$12.48	\$7.06	\$4.28	\$1.49

<sup>1</sup> Rates for aid to the blind not available.

<sup>2</sup> Not available.

the Department of Commerce<sup>1</sup> has been used in this note for both years in place of the now discontinued series on income payments to individuals. Broader coverage of income in kind is provided by the new series, and other improvements have been made in estimating the flow of income to individuals; data on income and fiscal effort are therefore not comparable with those for earlier years published in the BULLETIN. The series makes substantial changes in income payments for only a few States, however.

All but three States (New Hampshire, New Mexico, and Tennessee) spent more from State and local funds for assistance in 1954-55 than in 1953-54. Changes ranged from a decrease of 3.4 percent in Tennessee to an increase of 43.9 percent in Hawaii. Eleven States, including Hawaii, increased expenditures from State-local funds more than 15 percent, in contrast to a like number of States that increased assistance funds less than 2.5 percent (table 1). The rise in expenditures for assistance

<sup>1</sup> See Charles F. Schwartz and Robert E. Graham, Jr., "Personal Income by States, 1929-54," *Survey of Current Business*, September 1955.

payments from State and local funds amounted to 5 percent or more in 27 of the 47 States with increases.

Personal income rose in 3 out of every 5 States, but percentage changes were much smaller than those in the State-local share of assistance payments. Upward or downward changes were less than 2.5 percent in 36 States and were less than 5 percent in an additional 10 States. The highest increase in personal income (8.8 percent) occurred in Nevada, and in three other States the rise also exceeded 5 percent.

As a result of the shifts in personal income and in State and local funds for assistance payments, fiscal effort to support public assistance rose in 43 States and declined in seven States. The State-local share of assistance expenditures was higher in all 43 States making greater fiscal effort in 1954-55 than in 1953-54, but personal income fell in 20 States and rose less, percentagewise, than assistance expenditures in the remaining 23 States. In four of the seven States making less fiscal effort in 1954-55, on the other hand, the percentage increase in assistance expenditures from State and local funds was less than that in personal in-

come; in the other three States, assistance payments declined while income rose.

There was likewise considerable variation among the States in the percentage changes in fiscal effort that took place between 1953-54 and 1954-55. Changes in the relationship of assistance expenditures made from State-local funds to State personal income ranged from a decrease of 7.5 percent in Iowa to an increase of 48.1 percent in Hawaii. Hawaii was one of seven States with an increase in fiscal effort of at least 20 percent. Half the States increased their effort to support public assistance by more than 6.4 percent. The distribution of States by the percentage change between the 2 years in the proportion of personal income used for public assistance is shown below.

Percentage change	Number of States with specified percentage change in fiscal effort	
	Increases	Decreases
Total.....	43	7
Less than 5.0.....	15	5
5.0-9.9.....	8	2
10.0-14.9.....	9	-----
15.0-19.9.....	4	-----
20.0 or more.....	7	-----
Mean percentage change.....	9.3	-----
Median percentage change.....	6.4	-----

In 1954-55, in the United States as a whole and in more than three-fifths of the States, less than 50 cents out of every \$100 of income going to individuals represented assistance payments from State and local funds. There was wide variation among the States, however, in the ratio of such assistance expenditures to personal income. Thus, Colorado's high expenditures of \$1.55 per \$100 of personal income was fifteen times Virginia's low of 10 cents. The distribution of States according to the relationship between assistance payments from State and local funds and personal income follows.

Expenditures per \$100 of personal income	Number of States
Less than 30 cents.....	10
30-49 cents.....	22
50-69 cents.....	11
70-89 cents.....	4
90 cents or more.....	3

Under the Social Security Act, each State defines the scope of its assistance program—who will be eligible and the amount of assistance he is to receive. The relative income position of a State and the income distribution among the population influence the assistance programs in two ways: first, by placing limitations on the tax resources available to finance the assistance programs, and, second, by determining the number of persons who will be eligible for assistance under the State's standards for determin-

ing need. Old-age and survivors insurance benefits form an important source of income for the aged, and are an additional factor influencing the number of aged in need of old-age assistance.

In this analysis the average payment per recipient is considered a reflection of the level of the assistance standard, and per capita income is used as an indication of the relative ability of the States to finance public programs. Recipient rates—that is, the number of recipients of assistance

per 1,000 population in the appropriate age group—are a measure of the incidence of need under the State's standard.

Per inhabitant expenditures for assistance payments from State and local funds correlate roughly with the fiscal effort made to finance public assistance (chart 1). Generally speaking, States with the largest expenditures per inhabitant from State-local funds also made the greatest fiscal effort to support the public assistance programs.

Relatively large expenditures per inhabitant in high-income States result primarily from high assistance standards, and in low-income States from high recipient rates. On the other hand, relatively low expenditures per inhabitant in high-income States result primarily from low recipient rates, and in low-income States they are the result of comparatively low assistance standards (table 3). Massachusetts and Louisiana, for example, are among the States making comparatively high expenditures per inhabitant and fiscal effort, yet they have very different economic and program characteristics. Massachusetts, a high-income State, has high assistance standards, a high beneficiary rate for old-age and survivors insurance, and recipient rates in the middle range. Louisiana, a low-income State, has high recipient rates (except for general assistance), combined with moderate or low assistance standards, and a low beneficiary rate for old-age and survivors insurance.

The program characteristics in States with low expenditures per inhabitant and low effort may also be different for the high- and low-income States. In New Jersey, a high-income State, the fiscal effort is low despite high assistance standards, because of low recipient rates. In contrast, Virginia, which is a low-income State, has low effort because of low assistance standards. New Jersey ranked fourth among the States in beneficiary rate for old-age and survivors insurance, but Virginia was in the group with a medium rate.

Chart 1.—Expenditures per inhabitant for public assistance payments from State and local funds in relation to personal income, by State, fiscal year 1954-55

