

Federal Grants to State and Local Governments, 1969-70

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AID TO STATE and local governments in the form of Federal grants amounted to \$23.6 billion during fiscal year 1969-70, an increase of more than 19 percent over the Federal grants of 1968-69. About 70 percent of the grants—\$16.5 billion—were for programs of a social welfare nature. The \$12.2 billion of grants by the Department of Health, Education, and Welfare represented more than half the total and nearly three-fourths of all social welfare grants.

The Federal grant-in-aid as a fiscal device for achieving program objectives through governmental channels is almost as old as the Nation. The modern allocation-formula grant with matching requirements for the recipient State or local government, however, made its appearance only as recently as the World War I era in the Federal Aid Road Act of 1916 and the Smith-Hughes (vocational education) Act of 1917. A newer development—the project grant, in which the money is channeled directly to the assisted activity—began to receive increasing emphasis in the mid-fifties. Most of the more recently inaugurated grants programs have been this type of grant. Nonetheless, allocation-formula grants continue to dominate the Federal grants picture by their sheer magnitude, most notably for public assistance, which accounted for 32 percent of all 1970 grants.

Grants-in-aid are but one of the Federal fiscal aids to State and local governments, but quantitatively they are the most significant. Federal grants are also made to other types of recipients (individuals and institutions), but those made to the lower governmental levels are, again quantitatively, the most significant.

The grants data in the accompanying tables are confined to grants for cooperative Federal-State or Federal-local programs administered at the State and/or local level, and to those programs in which the bulk of the funds is chan-

neled through agencies of State and local governments. Emergency grants and the value of grants-in-kind, such as surplus foods distributed domestically or Braille materials for the blind, are included when they conform to these criteria. Shared revenues and payments in lieu of taxes are excluded, as are programs in which the States or localities are acting solely as agents of the Federal Government.

In 1969-70, as in the preceding fiscal year, more than 97 percent of all Federal aid to State and local governments took the form of grants as defined by these criteria. The proceeds of certain special funds, public land, and shared revenues form the bulk of the remainder.

The basic source of all work with Federal grants data by State is the Department of the Treasury publication, *Federal Aid to States* (until recently a multipage table in the *Treasury Annual Report . . . on the State of the Finances*). *Federal Aid to States* attempts no classification other than by agency of the executive branch of the Federal Government responsible for administering the grants program. For analytical social science research it is desirable to have a grouping of the grants by function.

Grouping the grants by the social welfare functions of health, education, public assistance, and other social welfare programs has been of major interest. Such a classification permits historical analysis of the relative amounts and proportions of all grants devoted to these functions, compared with those devoted to such "non-social welfare" categories as grants for highways, agriculture, and urban affairs. On a State-by-State basis the relation of grants per capita and total income within the States and to State and local revenues measures the extent to which grants are used as a redistributive income tool and means of equalizing State fiscal resources.

Historically of special interest to the Social Security Administration has been the development of the Federal grant-in-aid as a device to finance the income-maintenance and medical-care provisions of the categorical public assistance pro-

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grams. Until January 1963, these grants, inaugurated by the Social Security Act, were administered by the Social Security Administration. They were then transferred by a Departmental reorganization to the Welfare Administration (later the Social and Rehabilitation Service).

Another source of grants data is the Special Analysis on Federal Aid prepared by the Office of Management and Budget (and its predecessor, the Bureau of the Budget) in connection with the annual *Budget of the United States Government*.¹

¹ The Department of Treasury notes that the total of Federal aid listed in its grants publication "exceeds the amount published in the Special Analyses of the Budget . . . fiscal year 1972, by \$239 million, due primarily to the inclusion in this report of \$13 million for adult basic education . . . and \$223 million for Commodity Credit Corporation . . ." Total outlays in 1969-70 carried in Special Analysis P (1972 *Budget*), \$24.0 billion; Treasury grants publication total, \$24.2 billion, of which this series defines \$23.6 billion, or more than 97 percent, as grants.

That analysis, however, does not present State-by-State distributions but deals mainly with national aggregates and occasionally with regional or urban area subtotals. Constructing a time series is difficult because the program groupings have varied from time to time, as well as the years for which data are presented. To assist legislators who must pass on the Federal Budget, the groupings—for the most part—have followed agency or legislative committee breakdowns, limiting the usefulness of the data for social science research.

In 1969-70 the Federal Government was operating well over 100 different grants programs to assist the States and localities in financing specific activities. For presentation here, these grants programs have been consolidated according to general purpose into eight groups, sometimes further consolidated into six because of space limitations (tables 1 and 3). As far as possible the classification is in conformity with the Social Security Administration statistical series on social

TABLE 1.—Federal grants: Total to State and local governments, by purpose, fiscal years 1929-30 to 1969-70

(Amounts in millions)

Fiscal years	All grants ¹	Social welfare										Highway ⁶		All other ⁷				
		Total		Public assistance ²		Health ³		Education ⁴		Miscellaneous social welfare ⁵		Amount	Percent of all grants					
		Amount	Percent of all grants	Amount	Percent of all grants	Amount	Percent of all grants	Amount	Percent of all grants	Amount	Percent of all grants							
1929-30	\$100	\$23	23.2															
1930-31	180	25	13.9															
1931-32	214	26	12.1															
1932-33	190	25	13.2															
1933-34	1,803	24	1.4															
1934-35	2,197	28	1.3															
1935-36	1,015	107	10.5	\$28	2.8	\$4	0.4											
1936-37	818	230	28.1	144	17.6	13	1.6											
1937-38	790	365	46.2	216	27.3	15	1.9											
1938-39	1,031	446	43.2	247	24.0	15	1.4											
1939-40	967	531	54.9	271	28.0	22	2.3											
1940-41	915	624	68.2	330	36.0	26	2.8											
1941-42	926	694	74.9	375	40.4	29	3.1											
1942-43	991	691	69.7	396	39.9	30	3.1											
1943-44	983	700	71.3	405	41.2	30	3.1											
1944-45	917	700	76.3	410	44.7	79	8.6											
1945-46	844	701	83.1	439	52.0	71	8.4											
1946-47	1,649	1,302	84.1	614	39.6	63	4.1											
1947-48	1,581	1,229	77.8	718	45.4	55	3.5											
1948-49	1,840	1,366	74.2	928	50.4	67	3.6											
1949-50	2,212	1,731	78.2	1,123	50.8	123	5.6											
1950-51	2,253	1,802	80.0	1,186	52.6	174	7.7											
1951-52	2,336	1,854	79.8	1,178	50.6	187	8.0											
1952-53	2,759	2,162	78.4	1,330	48.2	173	6.3											
1953-54	2,958	2,346	79.3	1,438	48.6	140	4.7											
1954-55	3,096	2,403	77.6	1,427	46.1	119	3.8											
1955-56	3,441	2,615	76.0	1,455	52.3	133	3.9											
1956-57	3,936	2,848	72.4	1,556	39.6	162	4.1											
1957-58	4,794	3,095	64.6	1,795	37.4	176	3.7											
1958-59	6,316	3,450	54.6	1,966	31.1	211	3.3											
1959-60	6,838	3,610	52.8	2,059	30.1	214	3.1											
1960-61	6,921	3,950	57.1	2,167	31.3	240	3.5											
1961-62	7,703	4,535	58.9	2,432	31.6	263	3.4											
1962-63	8,324	4,825	58.0	2,730	32.8	292	3.5											
1963-64	9,774	5,352	54.8	2,944	30.1	322	3.3											
1964-65	10,630	5,672	53.4	3,059	28.8	346	3.3											
1965-66	12,519	7,634	61.0	3,528	28.2	365	2.9											
1966-67	14,820	9,845	66.4	4,175	28.2	436	2.9											
1967-68	18,173	12,511	68.8	5,319	29.3	823	4.6											
1968-69	19,767	13,863	70.1	6,280	31.8	866	4.4											
1969-70	23,585	16,546	70.2	7,445	31.6	1,043	4.4											

welfare expenditures.² Special variations are described in each annual review of Federal grants.

GRANTS IN FISCAL YEAR 1969-70

The \$23.6 billion in 1969-70 Federal grants represented about two and one-fourth times the total of 1964-65 grants and close to three and one-half times the 1959-60 total (table 1). The 1969-70 grants were 19 percent more than grants of 1968-69; annual increases were 9 percent and 22 percent, respectively, in the 2 preceding years. The long-range rise in total Federal expenditures through the grants mechanism, which had seemed to be slowing its acceleration in 1968-69, now appears to have picked up again.

All the grant groups contributed to the gen-

² See Alfred M. Skolnik and Sophie R. Dales, "Social Welfare Expenditures, 1969-70," *Social Security Bulletin*, December 1970.

eral rise, although not equally. Dollar increases ranged from 72 percent for the relatively new urban affairs group³—largely for the model cities program and for urban renewal projects—to 6 percent for highway construction, safety, and beautification.

All through the past decade the relative importance of highway grants has been falling steadily—from an all-time peak of 43 percent of all 1959-60 grants to less than 19 percent of the 1969-70 total. The broad category of social welfare grants, however, has been more than holding its own with an irregular climb from 53 percent of all grants to 70 percent in the year under review. Usually, a decrease in the proportion of all grants allocated to one of these two major grants groups has produced a corresponding increase in

³ Except for sporadic grants for community facilities and defense community facilities, which began in the mid-forties and ended in the late fifties, the urban affairs group started in 1952-53 with \$8 million of grants for slum clearance.

Footnotes to table 1

¹ On checks-issued basis, or adjusted to that basis for most programs; includes small amounts of adjustments and undistributed sums, and grants under a few programs to American Samoa, Canal Zone, Guam, and the Trust Territory of the Pacific Islands.

² Old-age assistance, aid to families with dependent children, and aid to the blind, 1935-36 to date; aid to the permanently and totally disabled, 1950-51 to date; medical assistance for the aged, 1960-61 to 1969-70; aid to the aged, blind, or disabled, 1963-64 to date; and medical assistance, 1965-66 to date. All programs include administration. In 1968-69 same programs reported by source as maintenance payments, medical assistance, public assistance (administration), and social services demonstration projects. In 1969-70 same programs reported in summary as public assistance.

³ Promotion of welfare and hygiene of maternity and infancy, 1929-30; maternal and child health service, services for crippled children, and public health services, 1935-36 to date; venereal disease control, 1940-41 to date; emergency maternity and infant care, 1942-43 to 1948-49 and 1950-51; construction of community facilities, 1944-45 and 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 heart disease research facilities, and industrial waste studies, 1949-50 to 1952-53; construction of cancer research facilities, 1949-50 to 1953-54; emergency poliomyelitis vaccination, 1955-56 to 1960-61; water pollution control (sanitary engineering environmental health activities), 1956-57 to 1965-66; health research construction, 1956-57 to date; chronic diseases and health of the aged, 1961-62 to date; radiological urban and industrial health, 1962-63 to date; vaccination assistance, 1963-64; dental services, and air pollution control, 1964-65 to date; nursing services, 1965-66 to date; medical care services, 1966-67; comprehensive health planning and services and regional medical services, 1967-68 to date; and child welfare services, 1968-69 to date.

⁴ Colleges for agriculture and mechanic arts, vocational education, education of blind, cooperative State research service (agricultural experiment stations, agricultural extension work), 1929-30 to date; State marine schools, 1929-30 to 1968-69; education emergency grants, 1935-36 to 1940-41; training of defense workers, 1940-41 to 1945-46; maintenance of schools, 1946-47 to date; veterans' education facilities, 1947-48 to 1949-50; survey and construction of schools, 1950-51 to date; White House Conference on Education, 1954-55; defense education, 1958-59 to date; education of handicapped, 1959-60 to date; educational television, higher education facilities construction, and adult education, 1964-65 to date; elementary, secondary, and higher education and equal education opportunity, 1965-66 to date; Teacher Corps, health manpower education and utilization, 1967-68 to date; manpower development classroom instruction, 1968-69 to date; and educational broadcasting facilities construction, 1968-69.

⁵ Vocational rehabilitation and State homes for disabled servicemen, 1929-30 to date; employment service administration, 1933-34 to 1942-43 and 1946-47 to date; child welfare services, 1935-36 to 1967-68; unemployment insurance administration and removal of surplus agricultural commodities, 1935-36 to date; school lunch and Federal annual contributions to public housing authorities, 1939-40 to date; community war-service day care, 1942-43; veterans' re-use housing, 1946-47 to 1950-51; administration of veterans' unemployment and self-employment allowances, 1947-48 to 1952-53; veterans' on-the-job training, 1947-48 to date; commodities furnished

by Commodity Credit Corporation, 1949-50 to date; defense public housing, 1953-54; school milk, 1954-55 to date; distribution to State accounts in unemployment insurance trust fund of certain tax collections, 1955-56 to 1957-58; White House Conference on Aging, 1959-60 to 1960-61; Federal share of value of food stamps redeemed, 1961-62 to date; manpower development, 1962-63 to date; housing demonstration, 1963-64 and 1964-65; economic opportunity programs; work experience, community action, and Neighborhood Youth Corps, 1964-65 to date; adult training and development, veterans' nursing homes, 1966-67 to date; mental retardation and work incentive activities, 1968-69.

⁶ Cooperative construction of rural post roads, 1929-30 to 1939-40; Federal-aid highways (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 activities, 1935-36 to 1943-44 and 1946-44 to 1951-52; access roads, flight strips, strategic highway network, 1941-42 to 1956-57 and 1958-59; public land highways, 1942-43 to date; payment of claims, 1945-46 to 1951-52; war damage in Hawaii, 1947-48 to 1955-56; reimbursement of D. C. highway fund, 1954-55 to 1957-58; forest highways, 1957-58 to date; Appalachia highways, 1965-66 to date; and beautification and control of outdoor advertising, highway safety, and landscaping and scenic enhancement, 1966-67 to date.

⁷ Forestry cooperation including watershed protection and flood prevention, 1929-30 to date; Civil Works Administration, 1933-34; Federal Emergency Relief Administration, 1933-34 to 1937-38; Federal Emergency Administration of Public Works, 1933-34 to 1939-40; Reclamation Service (emergency), 1935-36; wildlife restoration, 1938-39 to date; war public works, 1941-42 to 1943-44; Public Works Administration, 1941-42 to 1949-50; farm labor supply, 1942-43 to 1948-49; community facilities and defense community facilities, 1944-45 to 1948-49, 1952-53, and 1954-55 to 1958-59; public works advance planning, 1946-47 to 1948-49; Federal airport program, 1947-48 to date; cooperative marketing project and disaster, drought, and other emergency relief, 1948-49 to date; civil defense, 1951-52 to date; slum clearance, 1952-53 to 1954-55; urban planning and renewal, 1955-53 to date; library services and waste-treatment works construction, 1956-57 to date; National Science Foundation installations, 1957-58; small business management research, 1958-59 to 1964-65; area redevelopment assistance and accelerated public works, 1962-63 to date; open space land, 1963-64 to date; basic agriculture research, 1964-65 to 1968-69; urban and mass transportation, water resources research, commercial fisheries research, arts and humanities, law enforcement, State technical services of Commerce Department, and rural water and waste disposal, 1965-66 to date; economic development facilities, Appalachian assistance, technical and community assistance, and water pollution control, 1966-67 to date; model cities, meat inspection, and economic development planning, 1967-68 to date; cropland adjustment and metropolitan development, 1968-69 to date.

⁸ Less than \$10,000.

Source: *Annual Reports of the Secretary of the Treasury Combined Statement of Receipts, Expenditures and Balances of the United States Government* and agency reports. Beginning with 1968-69 data: Department of the Treasury, *Federal Aid to States, Fiscal Year...*

the other.⁴ In the past two years, however, the decline in the highways proportion has gone to increase the urban affairs grants group.

It should be noted that there are social welfare aspects to some of the multipurpose grants programs that are grouped with urban affairs. Under the model cities legislation, for instance, health clinics can be and are being operated in several metropolitan areas but, since the amounts granted are reported for the program as a whole, these clinics cannot be included with the health grants where they normally would be. Other urban affairs grants programs have aspects that are borderline to the definition of social welfare⁵ used for the Social Security Administration expenditures series, and still others are, of course, completely outside that definition although they may contribute immeasurably to the general welfare of our urban communities.

The social welfare grants are further subdivided into the following groups of grants: Public assistance, health, education, and miscellaneous social welfare. Within this broad category—which, in total, rose 19 percent from the \$13.9 billion of 1968–69—the range extended from a 26-percent increase for the miscellaneous social welfare grants programs to one of 11 percent for education services and construction. An elevenfold expansion of the grants under the economic opportunity program for work experience and training (to \$320.4 million) and a fivefold increase in manpower development activities (to \$299.0 million not counting classroom instructional costs of \$121.0 million, included elsewhere) were the largest relative increases in the miscellaneous social welfare grants group.

Grants for public assistance include the Federal share of cash payments under the categorical assistance programs, medical assistance payments, and grants for administration, social services, training, and demonstration projects. The \$7.4 billion total for public assistance was 19 percent above the 1968–69 figure. Public as-

sistance grants, as stated above, made up 45.0 percent of social welfare grants and 31.6 percent of all grants of 1969–70; the comparable percentages for 1968–69 were 45.3 and 31.8.

Grants for health services and construction rose \$177 million in 1969–70—more than 20 percent, compared with a 5-percent rise the year before—to top \$1 billion, the largest sum ever granted for health purposes. Despite this large dollar increase, health grants accounted for the same proportion of social welfare grants (6.3 percent) and of total grants (4.4 percent) in 1969–70 as they did in 1968–69. Health facilities construction grants rose 7.7 percent during 1969–70 to \$411 million. Most of the health services programs declined from their 1968–69 levels, with a few notable exceptions that raised the services grants 30.5 percent above those of the preceding year to \$632 million. Two programs had major increases: mental health activities were up 200 percent from their 1968–69 level to \$187 million and regional medical programs up 165 percent to \$71 million. Smaller increases were registered by two others: 12 percent (to \$224 million) for maternal and child health and welfare services⁶ and 2 percent (to \$122 million) for comprehensive health planning services.

Following a 2-percent decrease in grants for education services and construction in 1968–69, these grants rose 10.7 percent in 1969–70 to more than \$3 billion—another all-time high. Here, too, the net change for the group resulted from increases in some programs and decreases in others. Grants for defense education activities and for higher education activities both declined. The rest showed increases of varying degree adding up to \$291 million more than the amounts granted in the preceding fiscal year.

The \$1 billion increase in grants for miscellaneous social welfare purposes raised the total for the group 19.4 percent to \$5.0 billion in 1969–70. The increase is composed of (a) a 3.9-percent rise (to \$3.4 billion) in the subgroup, which includes the various food distribution, food stamp, and child nutrition programs, public housing contributions, vocational rehabilitation grants, and employment security administration and (b) a 13-percent rise (to \$1.6 billion) in grants for

⁴ Sophie R. Dales, "Federal Grants to State and Local Governments, 1967–68," *Social Security Bulletin*, August 1969, chart, page 19.

⁵ Cash benefits, services, and administrative costs of all programs operating under public law that are of direct benefit to individuals and families. See Alfred M. Skolnik and Sophie R. Dales, *op. cit.*, page 3, and Ida C. Merriam and Alfred M. Skolnik, *Social Welfare Expenditures Under Public Programs in the United States, 1929–66*, Research Report No. 25, pages 11–16.

⁶ Data for these programs are no longer available separately; since 1968–69, therefore, child welfare services are listed in merged form with the maternal and child health grants among the health services.

economic opportunity programs. Several of the economic opportunity programs—the Job Corps and VISTA, for example—are not financed through the grants mechanism and thus fall outside the purview of this article.

At \$4.4 billion, grants in the highway group were up 5.6 percent from their 1968–69 level. Construction grants from the highway trust fund increased \$214 million to reach \$4.3 billion. Forest and public-land highway construction declined 14 percent to \$33 million. In 1968–69, grants for highway beautification and landscaping totaled \$20 million, and those for highway safety were \$18 million. The 1969–70 grants reversed the emphasis. Beautification and landscaping grants dropped 46 percent to \$11 million while safety grants rose 163 percent to \$48 million.

A 72-percent rise in the urban affairs group brought these grants to \$1.5 billion, almost \$1.1 billion of which went for urban renewal projects, nearly doubling 1968–69 grants for these projects. Grants under the model cities program rose from less than \$2 million in 1967–68 to \$9 million the next year and to \$79 million in 1969–70, this program's third year of operation (table 2).

No new grants programs were reported for fiscal year 1969–70. Data for two programs are no longer listed by the data source agency as grants programs⁷ although the Federal Government continues to help finance the activities. They are (1) aid to State marine schools, authorized originally by an Act of 1911 and included here in the education group since the series began, and (2) the Department of Agriculture basic scientific research grants, which entered the agriculture and natural resources group with the initial 1964–65 grants.

A NEW GRANTS STRATEGY

Despite its title, *Federal Aid to States*, the Treasury source and this series include many programs of Federal grants direct to local governments that completely bypass the States. Rapid growth of this type of "direct federalism" during the sixties greatly intensified the far older problem of the effectiveness of State partnership in a Federal governmental system. By the seventies, Federal-local grants have become a prime

source for financing many local government services—diminishing even further the role of the States in a period when metropolitan areas provide a large part of State revenues.

"One of the most promising alternatives to 'direct federalism' deals with the States 'buying into' Federal-local grant programs by providing a substantial portion of the non-Federal matching share of project costs."⁸ The State buy-in is not a new concept. As early as 1955 the (Kestnbaum) Commission on Intergovernmental Relations recommended channeling Federal slum clearance and public housing aid through State agencies if and when substantial State financial aid was forthcoming.

By December 1967, the Advisory Commission on Intergovernmental Relations reports, 37 States were "buying into" airport construction, 20 into waste treatment works, 11 into urban renewal, 10 into mass transit, 8 into water and sewer facilities, and 4 into hospital construction—the only urban grants programs in the social welfare area at that time.

A 1969 ACIR study of 12 federally aided urban programs⁹ found that only three (Kansas, Nebraska, and South Dakota) of 37 respondent States were not buying into any of those programs. More than \$229 million was allocated by the 34 buying-in States, New York alone accounting for \$123 million and participating in 11 of the 12 programs. The 16.4 percent of intergovernmental expenditures allocated by Hawaii represented the largest proportion any respondent State spent to buy in. By program, aid for educationally deprived children received the largest State dollar contribution (\$90 million) but from only three States—New York, Texas, and California. The largest number of States participated in urban planning assistance—21 States

⁸ Advisory Commission on Intergovernmental Relations (ACIR), *A State Response to Urban Problems: Recent Experience Under the "Buying-In" Approach* (M-56), December 1970. See also ACIR, *Federalism in 1970, 12th Annual Report* (M-59), January 31, 1971. The preceding paragraph and following discussion of the buying-into Federal-local programs by States are paraphrased from these two ACIR reports.

⁹ Renewal, planning assistance, mass transit, waste-treatment facilities, solid-waste disposal, model cities, airport development, air-pollution control, and the following social welfare grants programs: aid for educationally deprived children, community action, prevention and control of juvenile delinquency, and low-rent public housing.

⁷ See footnotes 4 and 7, table 1.

"brought in" for a total of only \$2.6 million or about 1 percent of State support for all 12 programs.

RELATION TO OTHER INDICATORS

Federal grants to States and localities in 1969-70 amounted to \$115.68 for each man, woman, and child in the United States (table 3). This

figure represents an increase of \$17.85 per person from the national average of 1968-69. A decade earlier grants of \$38.31 per capita had been distributed to the 50 States and the District of Columbia.

As in table 2, the States are divided into three income groups by ranking them according to the average per capita personal income received in each State (for the immediately preceding 3

TABLE 2.—Federal grants to State and local governments,

[Amounts in thousands]

States ranked by 1967-69 average per capita personal income	All grants ¹	Social welfare					
		Total		Public assistance		Health	
		Amount	Percent of all grants	Amount	Percent of all grants	Amount	Percent of all grants
Total ²	\$23,585,265	\$16,545,967	70.1	\$7,444,851	31.6	\$1,042,884	4.4
United States ²	23,358,151	16,345,457	69.9	7,430,450	31.8	1,016,501	4.4
High-income group.....	11,447,818	8,232,967	71.9	4,248,523	37.1	438,831	3.8
District of Columbia.....	290,613	211,558	72.8	20,269	7.0	17,870	6.1
Connecticut.....	295,073	184,353	62.5	83,161	28.2	14,401	4.9
New York.....	2,363,642	1,915,681	81.0	1,120,788	47.4	81,644	3.5
Alaska.....	101,810	48,260	47.4	6,105	6.0	2,302	2.3
Nevada.....	75,526	33,989	45.0	10,016	13.3	2,023	2.7
Illinois.....	948,474	663,470	70.0	292,908	30.9	38,226	4.0
California.....	2,968,786	2,238,864	75.4	1,446,340	48.7	69,126	2.3
New Jersey.....	618,468	399,096	64.5	158,895	25.7	22,479	3.6
Massachusetts.....	714,111	516,674	72.4	298,489	41.8	29,742	4.2
Delaware.....	50,085	32,861	65.6	10,679	21.3	2,416	4.8
Maryland.....	393,958	280,044	71.1	112,685	28.8	20,252	5.1
Michigan.....	765,439	537,602	70.2	358,071	33.7	46,917	6.1
Washington.....	386,151	257,746	66.7	117,437	30.4	12,115	3.1
Rhode Island.....	131,833	86,822	65.9	37,004	28.1	4,293	3.3
Hawaii.....	118,306	72,087	60.9	20,006	16.9	9,035	7.6
Ohio.....	886,662	544,238	61.4	201,866	22.8	46,668	5.3
Indiana.....	338,881	209,622	61.9	53,800	15.9	19,322	5.7
Middle-income group.....	6,416,559	4,230,764	65.9	1,754,555	27.3	313,286	4.9
Pennsylvania.....	1,342,302	814,451	60.7	402,855	30.0	63,239	4.7
Wisconsin.....	366,929	286,055	78.0	146,007	39.8	16,423	4.5
Minnesota.....	404,531	260,952	64.5	124,101	30.7	15,168	3.7
Oregon.....	234,181	140,146	59.8	54,431	23.2	10,027	4.3
Colorado.....	277,302	191,198	68.9	78,795	28.4	17,190	6.2
Iowa.....	242,898	154,485	63.6	59,308	24.4	13,409	5.5
Nebraska.....	128,305	83,127	64.8	30,961	24.1	8,015	6.2
Kansas.....	230,287	151,907	66.0	66,705	29.0	12,165	5.3
New Hampshire.....	71,716	37,735	52.6	11,516	16.1	3,163	4.4
Missouri.....	500,280	344,740	68.9	149,543	29.9	28,326	5.7
Florida.....	507,474	387,791	76.4	126,135	24.9	30,587	6.0
Wyoming.....	64,160	22,061	34.4	5,550	8.7	2,342	3.6
Virginia.....	464,736	287,459	61.9	71,383	15.4	20,559	4.4
Arizona.....	229,665	146,740	63.9	33,090	14.4	14,533	6.3
Vermont.....	76,317	41,543	54.4	19,839	26.0	4,073	5.3
Texas.....	1,148,654	827,827	72.1	357,639	31.1	49,750	4.3
Montana.....	126,732	52,546	41.5	18,666	13.2	4,317	3.4
Low-income group.....	5,451,241	3,850,900	70.6	1,427,373	26.2	255,940	4.7
Oklahoma.....	401,038	300,334	74.9	163,797	40.8	12,538	3.1
Maine.....	111,723	79,203	70.9	39,428	35.3	4,951	4.4
Georgia.....	551,758	431,425	78.2	181,869	33.0	27,253	4.9
South Dakota.....	161,164	66,145	55.5	15,611	18.4	3,707	3.7
Utah.....	169,466	87,319	51.5	31,504	18.6	7,665	4.5
North Dakota.....	86,195	52,290	60.7	19,445	22.6	3,795	4.4
Idaho.....	81,956	45,812	50.9	16,542	18.4	3,850	4.3
New Mexico.....	202,330	129,151	63.8	37,296	18.1	10,489	5.2
North Carolina.....	505,196	395,087	78.2	118,464	23.4	35,450	7.0
Kentucky.....	452,821	317,937	70.2	118,917	26.3	20,838	4.6
Louisiana.....	523,213	380,678	72.8	172,050	32.9	21,273	4.1
Tennessee.....	476,425	325,012	68.2	108,648	22.5	25,535	5.4
West Virginia.....	302,859	163,732	54.1	54,137	17.9	10,575	3.5
South Carolina.....	276,269	218,728	79.2	54,081	19.6	15,725	5.7
Alabama.....	518,450	386,358	74.5	142,385	27.5	26,715	5.2
Arkansas.....	273,308	200,085	73.2	77,663	28.4	11,010	4.0
Mississippi.....	409,070	281,604	68.8	72,535	17.7	14,571	3.6
Outlying areas:							
Puerto Rico.....	196,610	177,017	90.0	12,962	6.6	23,041	11.7
Virgin Islands.....	12,968	11,366	87.6	564	4.3	1,316	10.1

¹ See footnotes to table 1 for programs listed in each group of grants.

² Includes (not listed separately), small amounts undistributed, adjust-

ments to checks-issued basis, and grants under a few programs to American Samoa, the Canal Zone, and the Trust Territory of the Pacific Islands.

years, to dampen single-year fluctuations). Within each income group the States vary widely in per capita receipt of Federal grants. States with low population density benefit from the minimum allotment provisions in certain of the grant formulas, particularly that for highway construction. And States that spend a great deal from their own resources for federally aided programs tend to receive more than the national average, what-

ever their income level. This phenomenon is particularly apparent for the public assistance grants and other programs with formulas of Federal matching in relation to State expenditure. States that receive the largest per capita public assistance grants include some with the highest per capita income in the country as well as some with the lowest. Nevertheless, as a result of the equalization feature written into many of the

amounts and percent of total grants, by purpose, fiscal year 1969-70

[Amounts in thousands]

Social welfare—continued			Highways		Urban affairs	Agriculture and natural resources	Miscellaneous	States ranked by 1967-69 per capita personal income
Education		Miscellaneous social welfare	Amount	Percent of all grants				
Amount	Percent of all grants							
\$3,017,280	12.8	\$5,041,208	\$4,391,763	18.6	\$1,474,989	\$215,661	\$956,884	Total.
2,973,290	12.7	4,925,207	4,387,971	18.8	1,465,484	214,546	944,693	United States.
1,324,039	11.6	2,221,581	2,017,762	17.6	781,936	70,025	345,128	High-income group.
77,655	26.7	95,765	32,232	11.1	41,244	1,014	4,564	District of Columbia.
27,713	9.4	59,079	65,516	21.9	37,790	1,434	6,980	Connecticut.
255,427	10.8	457,821	236,613	10.0	148,628	8,919	53,801	New York.
22,053	21.7	17,800	40,383	39.7	4,016	3,057	6,095	Alaska.
9,452	12.5	12,498	34,569	45.8	2,259	1,915	2,794	Nevada.
116,461	12.3	215,875	185,471	19.6	70,341	5,777	23,416	Illinois.
275,413	9.3	447,985	502,757	16.9	109,446	14,301	103,418	California.
67,311	10.9	150,408	109,789	17.8	89,017	2,913	17,653	New Jersey.
61,578	8.6	126,865	94,424	13.2	83,070	2,385	17,560	Massachusetts.
9,915	19.8	9,852	10,261	20.5	3,674	1,283	2,006	Delaware.
73,881	18.8	73,227	62,441	15.8	36,482	3,076	11,914	Maryland.
82,924	10.8	149,691	159,547	20.8	42,700	5,008	20,462	Michigan.
47,810	12.4	80,384	93,030	24.1	13,019	5,025	17,301	Washington.
12,919	9.8	32,606	28,018	21.3	13,266	592	3,135	Rhode Island.
23,105	19.5	19,941	33,267	28.1	5,394	1,493	6,064	Hawaii.
105,096	11.9	190,609	230,707	26.0	66,431	6,561	38,724	Ohio.
55,326	16.3	81,175	99,707	29.4	15,099	5,212	9,241	Indiana.
845,633	13.2	1,317,288	1,373,863	21.4	500,996	77,148	233,793	Middle-income group.
120,053	8.9	228,274	223,217	16.6	251,520	6,501	46,703	Pennsylvania.
44,620	12.2	79,006	41,808	11.4	18,230	5,656	15,179	Wisconsin.
42,294	10.5	79,389	107,629	26.6	17,380	4,162	14,407	Minnesota.
22,404	9.6	53,284	69,543	29.7	12,359	4,724	7,409	Oregon.
39,306	14.2	55,907	57,455	20.7	16,892	2,167	9,590	Colorado.
32,740	31.5	49,028	62,545	25.7	11,649	3,550	10,670	Iowa.
14,789	11.5	29,322	38,042	29.6	1,346	2,889	2,900	Nebraska.
38,640	16.8	34,396	50,149	21.8	15,470	5,141	7,621	Kansas.
8,901	12.4	14,154	20,648	28.8	7,026	1,736	4,571	New Hampshire.
52,591	10.5	114,281	105,786	21.1	27,775	3,510	18,469	Missouri.
97,321	19.2	133,747	68,553	13.5	27,633	8,387	15,111	Florida.
6,575	10.2	7,593	36,980	57.6	671	2,116	2,331	Wyoming.
102,374	22.0	93,143	105,899	22.8	42,085	7,155	22,139	Virginia.
33,444	14.6	65,673	68,250	29.7	4,077	1,846	8,750	Arizona.
6,011	7.9	11,620	28,317	37.1	1,470	1,340	3,646	Vermont.
171,125	41.9	249,313	226,671	19.7	42,947	13,579	37,631	Texas.
12,445	9.8	19,118	62,371	49.2	2,460	2,680	6,660	Montana.
791,591	14.5	1,375,998	996,346	18.3	180,602	67,811	355,687	Low-income group.
47,264	11.8	76,735	55,727	13.9	18,916	9,662	16,400	Oklahoma.
11,700	10.5	23,123	21,144	18.9	3,961	1,942	5,473	Maine.
84,803	15.4	137,411	61,634	11.2	31,862	7,310	19,527	Georgia.
14,614	14.4	19,213	39,081	38.6	306	1,460	4,172	South Dakota.
19,469	11.5	28,682	70,885	41.8	2,945	2,965	5,352	Utah.
13,409	15.6	15,742	24,133	28.0	1,298	1,697	6,777	North Dakota.
13,375	12.6	14,044	36,895	41.0	1,101	2,390	3,787	Idaho.
32,773	16.2	48,593	55,176	27.3	5,443	1,362	11,199	New Mexico.
101,050	20.0	140,124	54,578	10.8	25,276	4,313	25,941	North Carolina.
61,897	13.7	116,285	79,153	17.5	13,863	3,059	38,810	Kentucky.
40,085	11.5	127,259	109,794	21.0	2,126	4,160	26,455	Louisiana.
69,797	14.6	121,033	89,585	18.8	21,610	3,911	36,308	Tennessee.
28,611	9.4	70,409	85,180	28.1	1,861	1,351	48,636	West Virginia.
56,555	20.5	92,368	32,863	11.9	4,792	3,026	16,861	South Carolina.
81,914	15.8	135,344	80,494	15.5	31,028	3,749	16,821	Alabama.
38,424	14.1	72,987	42,819	15.7	9,811	6,015	14,578	Arkansas.
57,751	14.1	136,746	57,234	14.0	4,303	7,339	58,590	Mississippi.
32,528	16.5	108,486	3,793	1.9	8,790	792	6,219	Outlying areas.
6,053	46.7	3,433			53	79	1,470	Puerto Rico.
								Virgin Islands.

³ Includes (not listed separately) small amounts undistributed and adjustments to checks-issued basis.

Source: Department of the Treasury, *Federal Aid to States, Fiscal Year 1970*.

TABLE 3.—1969-70 Federal grants in relation to personal income, to State and local general revenues and direct general revenues, and to population, by State ¹

States ranked by 1967-69 average per capital personal income	Total grants as percent of—			Per capita grants						
	Personal income 1969	Total State-local general revenues 1968-69 ²	State-local direct general revenues 1968-69 ³	Total	Public assistance	Health	Education	Miscellaneous social welfare	Highways	All other
Total.....				115.20	36.36	5.09	14.74	24.62	21.45	12.93
United States.....	3.1	20.4	24.5	115.68	36.80	5.03	14.72	24.39	21.73	13.00
High-income group.....	2.7	17.7	21.0	194.48	42.49	4.39	13.24	22.22	20.18	11.97
District of Columbia.....	7.7	47.3	75.2	364.18	25.40	22.39	97.31	120.01	40.39	58.68
Connecticut.....	2.1	18.1	21.2	98.36	27.72	4.80	9.24	19.69	21.51	15.40
New York.....	2.9	16.4	19.0	129.01	61.18	4.46	13.94	24.99	12.91	11.54
Alaska.....	8.1	34.7	55.7	361.03	21.65	8.16	78.20	63.12	143.20	46.69
Nevada.....	3.7	21.2	26.5	165.27	21.92	4.43	20.68	27.35	75.64	15.25
Illinois.....	2.0	16.1	19.4	85.86	26.51	3.46	10.54	19.54	16.79	9.01
California.....	3.6	19.2	23.2	152.69	74.39	3.56	14.17	23.04	25.86	11.68
New Jersey.....	2.0	16.1	18.2	86.52	22.23	3.14	9.42	21.04	15.36	15.33
Massachusetts.....	3.1	21.2	25.1	130.62	54.60	5.44	11.26	23.21	17.27	18.84
Delaware.....	2.3	15.6	17.8	92.75	19.78	4.47	18.36	18.24	19.00	12.89
Maryland.....	2.6	18.2	21.0	104.64	29.93	5.38	19.62	19.45	16.58	13.67
Michigan.....	2.2	14.2	16.3	87.32	29.44	5.35	9.46	17.08	18.20	7.79
Washington.....	2.9	17.6	20.9	113.51	34.52	3.56	14.05	23.63	27.35	10.39
Rhode Island.....	3.8	26.6	32.7	144.71	40.62	4.71	14.18	35.79	30.76	18.65
Hawaii.....	3.9	20.0	25.4	149.00	25.20	11.38	29.10	25.11	41.90	12.65
Ohio.....	2.2	17.9	21.1	82.56	18.80	4.35	9.79	17.75	21.48	10.40
Indiana.....	1.8	13.4	15.6	66.21	10.51	3.78	10.81	15.86	19.48	5.77
Middle-income group.....	3.0	20.4	24.4	104.94	28.70	5.12	13.83	21.54	22.47	13.28
Pennsylvania.....	3.1	23.8	23.3	113.73	34.13	5.36	10.17	19.34	18.91	25.82
Wisconsin.....	2.4	14.2	16.2	86.68	34.49	3.88	10.54	18.66	9.88	9.23
Minnesota.....	3.0	17.5	20.7	109.33	33.54	4.10	11.43	21.46	29.09	9.72
Oregon.....	3.2	18.5	22.8	115.25	26.79	4.93	11.03	26.22	34.22	12.05
Colorado.....	3.7	21.4	12.1	132.05	37.52	8.19	18.72	26.62	27.36	13.64
Iowa.....	2.5	15.4	18.0	87.34	21.33	4.82	11.77	17.63	22.49	9.30
Nebraska.....	2.5	15.9	18.5	88.55	21.37	5.53	10.21	20.26	26.25	4.92
Kansas.....	2.8	18.9	22.3	99.22	28.74	5.24	16.65	14.82	21.61	12.16
New Hampshire.....	2.9	22.5	27.3	100.02	16.06	4.41	12.41	19.74	28.80	18.60
Missouri.....	3.1	23.3	28.4	107.56	32.15	6.09	11.31	24.57	22.74	10.70
Florida.....	2.3	16.1	18.5	79.87	19.85	4.81	15.32	21.05	10.79	8.05
Wyoming.....	6.0	23.0	32.8	200.50	17.34	7.32	20.55	23.73	115.56	15.99
Virginia.....	3.0	21.6	25.9	99.54	15.29	4.40	21.93	19.95	22.68	15.29
Arizona.....	4.0	22.7	27.8	135.66	19.54	8.58	19.75	38.79	40.31	8.67
Vermont.....	5.4	28.1	38.5	173.84	45.19	9.28	13.69	26.47	64.50	14.71
Texas.....	3.2	23.2	28.1	102.68	31.97	4.45	15.30	22.29	20.26	8.42
Montana.....	5.8	31.3	40.6	182.61	24.01	6.22	17.93	27.55	89.87	17.02
Low-income group.....	4.8	29.3	37.6	133.67	35.00	6.28	19.41	33.74	24.43	14.81
Oklahoma.....	5.1	29.4	39.2	156.17	63.78	4.88	18.41	29.88	21.70	17.51
Utah.....	5.4	28.6	38.3	162.17	30.15	7.33	18.63	27.45	67.83	10.78
South Dakota.....	5.1	25.9	33.5	153.51	28.24	5.62	22.18	29.16	59.30	9.01
Maine.....	3.7	25.3	31.1	114.24	40.32	5.05	11.96	23.64	21.62	11.63
Georgia.....	3.9	26.2	32.8	118.89	39.19	5.87	18.29	29.61	13.28	12.65
North Dakota.....	4.7	21.9	26.8	140.15	31.62	6.17	21.80	25.43	39.24	15.89
Idaho.....	4.2	24.2	30.1	125.29	23.04	5.36	15.84	19.56	51.35	10.14
New Mexico.....	7.0	30.9	42.8	203.55	37.52	10.55	32.97	48.89	55.51	18.11
North Carolina.....	3.4	24.4	29.3	97.06	22.76	6.81	19.41	26.92	10.49	10.67
Louisiana.....	5.0	26.6	33.8	139.71	45.94	5.68	16.05	33.98	29.32	8.74
Kentucky.....	4.9	28.7	38.7	140.11	36.79	6.45	19.15	35.98	24.49	17.24
Tennessee.....	4.3	29.3	37.1	119.55	27.26	6.41	17.51	30.37	22.48	15.52
West Virginia.....	6.4	36.3	50.3	166.50	29.76	5.81	15.73	38.71	46.83	29.66
South Carolina.....	3.9	28.6	35.2	102.63	20.09	5.84	21.01	34.31	12.21	9.17
Alabama.....	5.7	34.9	46.2	146.83	40.32	7.57	23.20	38.33	22.80	14.61
Arkansas.....	5.5	34.6	46.8	137.00	38.93	5.52	19.26	36.50	21.46	15.24
Mississippi.....	7.8	41.6	53.6	173.33	30.74	6.17	24.47	57.94	24.25	29.76
Outlying areas:										
Puerto Rico.....				71.39	4.71	8.37	11.81	39.39	1.38	5.74
Virgin Islands.....				231.58	10.07	23.51	108.09	61.30		28.62

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

² Revenues (except trust revenues) from all sources.

³ Revenues (except trust revenues) from own sources.

Source: State and local revenues data from *Government Finances in 1968-*

69 of the Bureau of the Census. Per capita data are based on estimates of the Bureau of the Census for the total population, excluding the Armed Forces overseas, as of July 1, 1969. Personal income data are for calendar years and are from the *Survey of Current Business*, August 1970.

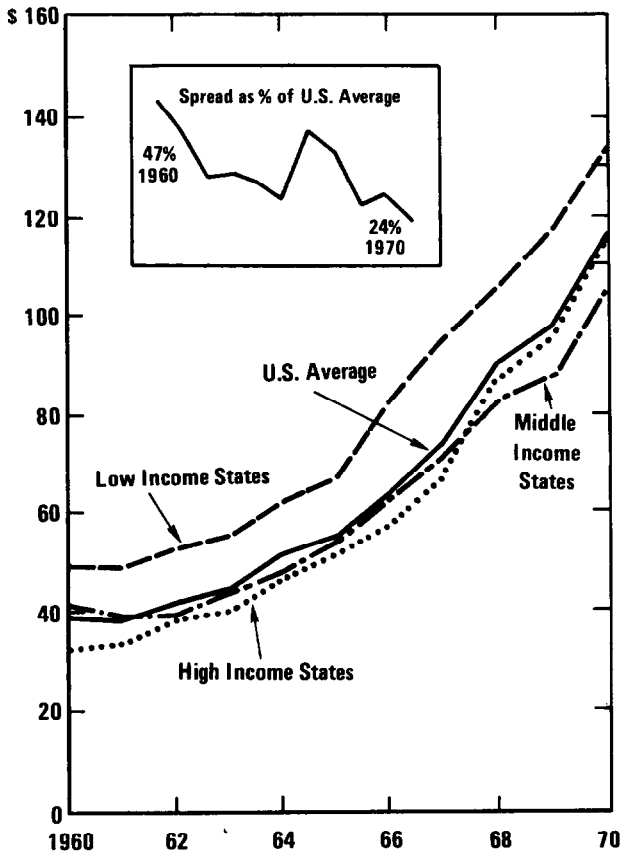
statutory allocation formulas, grants per capita received in the States would in general be expected to be larger in the low- than in the middle-income States and larger in the middle-income States than in the high-income group.

In practice, these expectations have proven true only in that the low-income group has always

received larger grants per capita than has the high-income group. From 1967-68 on, average per capita grants received in the middle-income States have been below the average received in the high-income States. In these years, then, the "top" and "bottom" grant receiver groups are no longer the low- and the high-income States but

have become the low- and the middle-income groups (see accompanying chart).

Grants per capita: National average and average of high-, middle-, and low-income States, fiscal years 1959-60 through 1969-70



The spread or gap between grants per capita received in the top and the bottom group has also widened over the years. From \$17.84 per capita in 1959-60 between the low- and the high-income groups it has risen by 1969-70 to \$28.73 between the low- and the middle-income States. Although the long-range trend is toward a wider spread in absolute dollar terms, comparison of this spread with the national average per capita grant receipt indicates that—in relative terms—the gap is only about half the size it was one decade ago and almost the same as it was two decades ago. The small panel in the chart shows the fluctuations of this spread in relation to the national average.

Comparison of the relationship of Federal grants to State and local revenues discloses only fractional year-to-year differences, but here too the trend is upward. In most recent years the

proportions provided by Federal grants have been as follows:

Income group of States	Total grants as percent of—					
	Total State-local general revenues ¹			State-local direct general revenues ²		
	1969-70	1968-69	1967-68	1969-70	1968-69	1967-68
United States.....	20.4	19.3	19.4	24.5	23.0	23.4
High.....	17.7	16.6	16.9	21.0	19.6	19.9
Middle.....	20.4	19.0	19.4	24.4	22.9	23.3
Low.....	29.3	28.0	27.8	37.6	36.3	36.1

¹ From all sources.

² From own sources.

Use of the Federal grant as a fiscal device for achieving program objectives is especially notable in the social welfare area. Grants for social welfare purposes represented 12.0 percent of the total 1969-70 social welfare expenditures by all governments in the United States. They accounted for 21.6 percent of all Federal social welfare expenditures and added 27.1 percent to the sums disbursed for social welfare by the States and localities from their own sources.

The tabulation below shows the proportion of expenditures for selected social welfare purposes provided by Federal grants in the fiscal year under review, the preceding year, and 10 years earlier.

Year and source of funds	Federal grants as percent of public social welfare expenditures			
	All social welfare	Public assistance	Health	Educa-tion
1969-70:				
Total.....	12.0	15.7	10.8	6.2
Federal.....	21.6	97.7	21.1	53.6
State-local ¹	27.1	109.9	22.0	7.0
1968-69:				
Total.....	11.4	52.7	9.6	6.3
Federal.....	20.3	99.4	19.1	54.1
State-local ¹	26.1	111.9	19.4	7.2
1959-60:				
Total.....	7.2	50.9	4.8	2.5
Federal.....	41.5	100.0	12.3	50.8
State-local ¹	14.3	103.8	7.8	2.6

¹ Expenditures from State-local funds. Ratios of more than 100 percent indicate that Federal grants more than match sums spent from State-local sources.

Despite slight year-to-year fluctuations in the grants role, the ever-rising importance of Federal grants in the longer range is apparent in the health and education areas and therefore in the totality of social welfare expenditures. Federal grants have formed half or more of all public assistance expenditures for a great many years.