

# Social Welfare Expenditures, 1969-70

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THE 1960-70 decade closed with social welfare expenditures under public programs continuing the strong upward movement that has characterized the series since 1965. In the fiscal year 1970 these expenditures rose by nearly \$17 billion, reflecting once again the annual growth rate of 13 percent that has generally prevailed for the past 5 years. In contrast, the first half of the decade witnessed an average annual growth rate of only 8 percent. Even after adjusting for price changes, the second half of the decade saw a 50-percent increase in per capita expenditures, compared with 29 percent in the period 1960-65.

Growth in social welfare expenditures has greatly outstripped growth of the gross national product (GNP)—and since 1965 at almost twice the pace. As a result, the \$143 billion spent for social welfare in fiscal year 1970 represented 15.0 percent of the Nation's output of goods and services, compared with 11.8 percent in 1965. During fiscal year 1970 alone this ratio increased by one full percentage point, or about the same rate of increase as that during the whole of the first half of the decade.

Allocation of an ever-increasing share of the Nation's output to social welfare functions is also reflected in the governmental budget accounts. In 1960, 38 percent of all government expenditures was disbursed for social welfare activities. By mid-decade the ratio had increased to 42 percent and by 1970 to 47 percent. The Federal Government has been primarily instrumental in this change. In 1960, it supplied 48 percent of the public funds expended for social welfare; by 1970, the ratio was 54 percent.

The 1970 growth in social welfare expenditures was highlighted by above-average increases in outlays under public assistance, education (especially for veterans), food stamp, unemployment insurance, child nutrition, institutional care, and vocational rehabilitation programs. The slow-down in the economy was the major factor in the expansion of some of these programs. Such long-range retirement programs as old-age, survivors,

disability, and health insurance (OASDHI) displayed only moderate increases during the fiscal year. In absolute terms, however, the latter programs continued to be a major contributor to the annual growth of social welfare expenditures, with OASDHI itself accounting for \$3.4 billion or more than a fifth of the \$16.7 billion increase for fiscal year 1970.

With private social welfare spending included, the grand total for social welfare expenditures reached \$206 billion in fiscal year 1970, and the proportion of the GNP devoted to these programs rose to 22 percent. During the first half of the 1960-70 decade, private spending increased at a faster pace than public spending, but the second half of the decade saw a reversal of the trend. Consequently, public spending, which accounted for 65 percent of all social welfare expenditures in fiscal year 1960 and 64 percent in fiscal year 1965, had risen to 68 percent by 1970.

This year's article contains no departures from previous concepts employed in the social welfare expenditures series. As defined here, social welfare expenditures refer to cash benefits, services, and administrative costs of all programs operating under public law that are of direct benefit to individuals and families. The programs included are those for income maintenance through the social insurances and public assistance and the public provision of health, education, housing, and other welfare services.

Legislative changes that produced new programs are reflected in the 1970 social welfare expenditures data. During the first fiscal year of its existence, about \$7 million was expended under the Federal Coal Mine Health and Safety Act of 1969 in monthly cash benefits to miners disabled because of "black lung" disease and to their dependents and survivors. Although this program is currently administered by the Social Security Administration, the benefits and administrative expenses associated with the program are classified under Federal workmen's compensation expenditures.

Two other new programs went into operation in fiscal year 1970—the Puerto Rican and the

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Hawaiian temporary disability insurance programs. Because data on operations of the private plans permitted to participate in these programs are difficult to obtain, benefit figures are not available. A crude estimate of benefits for these programs is included in the global figure for State temporary disability insurance in table 1.

Several Federal programs in the housing field received considerable impetus in fiscal year 1970

after earlier sputtering starts. These programs include the homeownership and rental assistance program that permits reduction of mortgage interest payments for lower income families and the rent supplement program under which the Government pays the difference between the full market rent of dwellings and the designated amount required of tenants (25 percent of income). Together, the Federal subsidies for these

TABLE 1.—Social welfare expenditures under public programs, selected fiscal years, 1928–29 through 1969–70<sup>1</sup>

[In millions]

Program	1928-29	1939-40	1949-50	1954-55	1959-60	1964-65	1966-67	1967-68	1968-69	1969-70 <sup>2</sup>
Total expenditures										
Total.....	\$3,921.2	\$8,795.1	\$23,508.4	\$32,639.9	\$52,293.3	\$77,170.5	\$99,529.4	\$111,829.7	\$126,305.6	\$143,045.8
Social insurance	342.4	1,271.8	4,946.6	9,834.9	19,306.7	28,110.1	37,319.9	42,719.3	48,760.7	54,472.7
Old-age, survivors, disability, and health insurance <sup>3</sup>		40.4	784.1	4,463.3	11,032.3	16,997.5	24,580.7	28,748.4	33,388.7	36,834.3
Health insurance for the aged <sup>4</sup>							3,394.6	5,347.2	6,597.7	7,149.2
Railroad retirement <sup>5</sup>		116.8	306.4	556.0	934.7	1,128.1	1,278.4	1,416.6	1,560.7	1,602.5
Public employee retirement <sup>5</sup>	113.1	283.4	817.9	1,388.5	2,569.9	4,528.5	5,902.7	6,581.9	7,494.2	8,450.0
Unemployment insurance and employment service <sup>6</sup>		553.0	2,190.1	2,080.6	2,829.6	3,002.6	2,752.1	2,928.4	2,953.3	3,836.9
Railroad unemployment insurance		18.9	119.6	158.7	215.2	78.7	38.5	46.2	45.0	35.0
Railroad temporary disability insurance			31.1	54.2	68.5	46.5	38.4	36.1	57.7	64.6
State temporary disability insurance <sup>7</sup>			72.1	217.5	347.9	483.5	529.6	574.3	648.2	725.0
Hospital and medical benefits <sup>8</sup>			2.2	20.0	40.2	50.9	53.7	54.6	57.7	60.0
Workmen's compensation <sup>9</sup>	229.3	259.2	625.1	943.0	1,308.5	1,846.7	2,199.4	2,387.4	2,622.8	2,924.4
Hospital and medical benefits <sup>8</sup>	75.0	90.0	193.0	315.0	420.0	580.0	715.0	790.0	875.0	970.0
Public aid	60.0	3,597.0	2,496.2	3,003.0	4,101.1	6,283.4	8,811.0	11,091.7	13,215.5	16,081.3
Public assistance <sup>10</sup>	59.9	1,124.3	2,490.2	2,941.1	4,041.7	5,874.9	7,832.4	9,886.6	11,928.9	14,395.2
Vendor medical payments <sup>8</sup>			51.3	211.9	492.7	1,367.1	2,382.6	3,580.8	4,423.2	5,042.4
Other <sup>11</sup>	.1	2,472.7	6.0	61.9	59.4	408.5	978.6	1,205.1	1,292.6	1,686.1
Health and medical programs <sup>12</sup>	351.1	615.5	2,063.5	3,103.1	4,463.8	6,246.4	7,628.0	8,458.6	9,006.9	9,690.0
Hospital and medical care	146.3	343.0	1,222.3	2,042.4	2,853.3	3,452.3	4,240.0	4,576.0	4,759.1	5,032.3
Civilian programs	117.1	297.6	886.1	1,297.6	1,973.2	2,615.5	2,808.3	2,927.7	3,009.6	3,132.1
Defense Department <sup>13</sup>	29.2	45.4	336.2	744.8	880.1	936.8	1,431.7	1,648.3	1,749.5	1,900.2
Maternal and child health programs <sup>14</sup>	6.2	13.8	29.8	92.9	141.3	227.3	309.9	336.8	408.6	428.6
Medical research <sup>8</sup>		2.6	69.2	132.8	448.9	1,165.2	1,354.6	1,547.6	1,518.5	1,601.9
School health (educational agencies)	9.4	16.4	30.6	65.9	101.0	142.2	177.9	204.6	231.0	263.0
Other public health activities	88.8	154.5	350.8	383.7	401.2	671.0	883.8	1,000.6	1,194.7	1,429.0
Medical-facilities construction	100.4	85.2	360.8	385.4	518.1	588.3	661.8	792.9	895.0	935.2
Defense Department			1.1	33.0	40.0	31.1	49.7	26.8	71.8	52.1
Other	100.4	85.2	359.8	352.4	478.1	557.2	612.1	766.1	823.2	883.1
Veterans' programs	657.9	629.0	6,865.7	4,833.5	5,479.2	6,038.8	6,880.5	7,344.3	7,944.3	8,951.1
Pensions and compensation <sup>15</sup>	434.7	443.3	2,092.1	2,689.7	3,402.7	4,156.0	4,486.7	4,715.7	4,968.5	5,360.6
Health and medical programs	50.9	75.8	748.0	761.1	954.0	1,239.0	1,346.0	1,464.6	1,540.0	1,739.6
Hospital and medical care	46.7	61.5	582.8	721.5	879.4	1,120.9	1,249.5	1,372.3	1,433.9	1,599.2
Hospital construction	4.2	14.3	161.5	34.1	59.6	81.2	49.4	46.0	53.9	77.5
Medical and prosthetic research			3.7	5.6	15.1	36.9	47.1	46.3	52.2	62.9
Education			2,691.6	706.1	409.6	43.4	296.9	465.7	707.5	1,048.3
Life insurance <sup>16</sup>	136.4	77.0	475.7	490.2	494.1	446.9	548.4	593.8	492.9	502.3
Welfare and other	35.8	32.9	858.3	186.5	218.8	153.6	202.5	194.6	235.3	302.2
Education <sup>17</sup>	2,433.7	2,561.2	6,674.1	11,157.2	17,626.2	28,107.9	35,667.6	38,498.2	43,018.9	48,822.7
Elementary and secondary	2,216.2	2,267.4	5,596.2	9,734.3	15,109.0	22,357.7	27,741.5	30,207.9	33,850.6	38,884.7
Construction <sup>8, 18</sup>	377.0	258.0	1,019.4	2,231.9	2,661.8	3,267.0	3,970.4	4,219.2	4,654.1	4,873.7
Higher	182.1	217.6	914.7	1,214.4	2,190.7	4,526.4	6,488.6	6,704.4	7,371.6	7,960.7
Construction <sup>8</sup>	.2	20.6	310.3	198.6	357.9	1,081.4	1,610.1	1,573.5	1,545.1	1,721.4
Vocational and adult <sup>18</sup>	34.9	75.4	160.8	204.9	298.0	853.9	1,206.1	1,434.5	1,636.1	1,735.0
Housing	4.2	4.2	14.6	89.3	176.8	318.1	377.8	426.3	519.9	699.2
Public housing		4.2	14.5	74.7	143.5	234.5	275.8	293.8	360.1	472.2
Other			.1	14.6	33.2	83.6	102.0	132.5	159.8	226.9
Other social welfare	76.2	116.4	447.7	619.0	1,139.4	2,065.7	2,844.5	3,291.3	3,836.4	4,328.7
Vocational rehabilitation	1.6	4.2	30.0	42.4	96.3	210.5	410.2	466.0	583.0	697.1
Medical services <sup>19</sup>	.1	.3	7.4	9.1	17.7	34.2	67.4	102.0	124.6	152.0
Medical research <sup>19</sup>										
Institutional care <sup>20</sup>	74.7	62.4	145.5	195.3	420.5	789.5	886.2	888.2	1,115.4	1,316.4
Child nutrition programs <sup>21</sup>		4.0	160.2	239.6	398.7	617.4	588.5	705.9	754.6	895.6
Child welfare <sup>22</sup>		45.0	104.9	135.1	211.5	354.3	453.2	505.6	565.7	509.7
Special OEO programs <sup>23</sup>						51.7	451.7	608.1	700.4	718.0
Social welfare, not elsewhere classified <sup>24</sup>		.9	7.1	6.5	12.4	42.3	80.7	117.5	117.2	191.9

See footnotes at end of table.

TABLE 1.—Social welfare expenditures under public programs, selected fiscal years, 1928–29 through 1969–70 <sup>1</sup>—Continued

[In millions]

Program	1928-29	1939-40	1949-50	1954-55	1959-60	1964-65	1966-67	1967-68	1968-69	1969-70 <sup>2</sup>
	From Federal funds									
Total.....	\$798.4	\$3,443.1	\$10,541.1	\$14,622.9	\$24,956.7	\$37,719.6	\$53,244.1	\$60,514.3	\$68,294.1	\$76,755.4
Social insurance.....	55.9	393.8	2,103.0	6,385.0	14,307.2	21,806.6	30,544.0	35,389.9	40,854.0	45,175.3
Old-age, survivors, disability, and health insurance <sup>3</sup> .....		40.4	784.1	4,436.3	11,032.3	16,997.5	24,580.7	28,748.4	33,388.7	36,834.3
Health insurance for the aged <sup>4</sup> .....							3,394.6	5,347.2	6,597.7	7,149.2
Railroad retirement <sup>5</sup> .....		116.8	306.4	556.0	934.7	1,128.1	1,278.4	1,416.6	1,550.7	1,602.5
Public employee retirement <sup>5</sup> .....	51.9	136.3	507.9	808.5	1,519.9	2,780.5	3,724.8	4,165.9	4,763.2	5,446.0
Unemployment insurance and employment service <sup>6</sup> .....		67.1	328.6	320.8	473.5	699.8	789.5	873.4	932.1	1,053.6
Railroad unemployment insurance.....		18.9	119.6	158.7	215.2	76.7	38.5	46.2	45.0	35.0
Railroad temporary disability insurance.....			31.1	54.2	68.5	46.5	38.4	36.1	57.7	64.6
Workmen's compensation <sup>9</sup> .....	4.0	14.2	25.1	50.5	63.1	77.6	93.7	103.3	116.6	139.4
Hospital and medical benefits <sup>8</sup> .....	.6	5.2	5.2	6.9	9.0	11.3	13.9	15.3	16.7	19.0
Public aid.....		2,243.1	1,103.2	1,504.2	2,116.9	3,593.9	5,244.4	6,455.2	7,608.5	9,306.9
Public assistance <sup>10</sup> .....		280.1	1,097.2	1,442.3	2,057.5	3,185.4	4,265.8	5,250.0	6,315.8	7,620.9
Vendor medical payments <sup>8</sup> .....				23.3	199.8	555.0	1,157.0	1,760.0	2,208.0	2,515.0
Other <sup>11</sup> .....		1,963.1	6.0	61.9	59.4	408.5	978.6	1,205.1	1,292.6	1,686.1
Health and medical programs <sup>12</sup> .....	46.7	96.6	603.5	1,150.3	1,737.1	2,780.6	3,680.6	4,232.8	4,537.5	4,951.3
Hospital and medical care.....	37.7	60.9	382.6	811.5	983.5	1,074.7	1,595.5	1,834.9	1,942.7	2,116.6
Civilian programs.....	8.5	15.5	46.4	66.7	103.4	137.9	163.8	186.6	193.2	216.4
Defense Department <sup>13</sup> .....	29.2	45.4	336.2	744.8	880.1	936.8	1,431.7	1,648.3	1,749.5	1,900.2
Maternal and child health programs <sup>14</sup> .....	1.2	7.8	20.1	23.7	35.3	73.4	139.0	160.6	189.6	214.0
Medical research <sup>8</sup> .....				.2	.6	4.3				
Medical research.....		2.6	69.2	132.8	425.9	1,110.2	1,289.6	1,478.6	1,446.5	1,528.9
Other public health activities.....	6.9	22.7	63.8	65.0	57.3	222.9	372.7	426.8	524.7	626.6
Medical-facilities construction.....	.9	2.7	67.8	117.4	235.1	299.3	283.8	331.9	434.0	465.2
Defense Department.....			1.1	33.0	40.0	31.1	49.7	26.8	71.8	52.1
Other.....	.9	2.7	66.8	84.4	195.1	268.2	234.1	305.1	362.2	413.1
Veterans' programs.....	657.9	619.8	6,386.2	4,771.9	5,367.3	6,018.4	6,857.4	7,311.8	7,893.6	8,876.1
Pensions and compensation <sup>15</sup> .....	434.7	443.3	2,092.1	2,689.7	3,402.7	4,156.0	4,486.7	4,715.7	4,968.5	5,360.6
Health and medical programs.....	50.9	75.8	748.0	761.1	954.0	1,239.0	1,346.0	1,464.6	1,540.0	1,739.6
Health and medical care.....	46.7	61.5	582.8	721.5	879.4	1,120.9	1,245.5	1,372.3	1,433.9	1,599.2
Hospital construction.....	4.2	14.3	161.5	34.1	59.6	81.2	49.4	46.0	53.9	77.5
Medical prosthetic research.....			3.7	5.6	15.1	36.9	47.1	46.3	52.2	62.9
Education.....			2,691.6	706.1	409.6	43.4	296.9	465.7	707.5	1,046.3
Life insurance <sup>16</sup> .....	136.4	77.0	475.7	490.2	494.1	446.9	548.4	503.8	492.9	502.3
Welfare and other.....	35.8	23.7	378.8	124.9	106.9	133.2	179.4	162.0	184.7	227.2
Education <sup>17</sup> .....	36.5	74.7	156.7	485.1	867.9	2,469.8	5,278.8	5,098.3	5,038.7	5,623.7
Elementary and secondary.....	9.6	14.7	57.2	309.2	441.9	776.8	2,496.6	2,684.5	2,684.5	2,684.5
Construction <sup>8</sup> <sup>18</sup> .....	( <sup>25</sup> )	( <sup>25</sup> )	4.1	139.9	70.6	77.0	33.4	35.5	23.0	40.9
Higher.....	12.1	18.9	48.5	101.8	293.1	1,217.0	2,088.6	1,804.4	1,771.6	2,160.7
Construction <sup>8</sup> .....	.2	( <sup>25</sup> )	5.7	5.1	1.2	324.0	710.1	473.5	445.1	521.4
Vocational and adult <sup>18</sup> .....	14.3	40.4	58.7	70.5	104.5	406.2	552.3	504.8	522.1	596.1
Housing.....		4.2	14.6	74.7	143.5	238.2	283.0	323.8	413.1	587.2
Public housing.....		4.2	14.5	74.7	143.5	234.5	275.8	293.8	360.1	472.2
Other.....			.1			3.6	7.2	30.0	53.0	114.9
Other social welfare.....	1.4	10.9	174.0	251.7	416.7	812.0	1,355.7	1,702.5	1,948.6	2,234.8
Vocational rehabilitation.....	.7	2.1	21.0	27.1	64.3	143.3	319.3	359.6	456.4	508.2
Medical services <sup>19</sup> .....	.1	.1	5.1	5.7	11.2	21.2	50.6	76.5	93.4	114.0
Medical research <sup>19</sup> .....				.3	6.6	22.4	27.0	21.6	29.0	29.9
Institutional care <sup>20</sup> .....	.7	2.4	20.5	40.3	20.5	34.5	15.2	23.2	25.4	26.4
Child nutrition programs <sup>21</sup> .....		4.0	121.2	170.7	306.1	503.7	442.0	543.9	599.7	685.6
Child welfare <sup>22</sup> .....		1.6	4.2	7.1	13.4	36.5	46.9	50.2	49.4	44.7
Special OEO programs <sup>23</sup> .....						51.7	451.7	608.1	700.4	718.0
Social welfare, not elsewhere classified <sup>24</sup> .....		.9	7.1	6.5	12.4	42.3	80.7	117.5	117.2	191.9

See footnotes at end of table.

two programs amounted to \$38 million in 1970, after expenditures of only \$6 million in 1969.

The few methodological or related changes made this year also reflect primarily legislative changes or administrative changes. For example, as a result of reorganizations within the Department of Health, Education, and Welfare, it is no longer feasible to seek data on Federal administrative expenses of the child welfare program or of the maternal and child health (including crippled children's) programs apart from

the administrative expenses of their respective parent agencies.

Starting with fiscal year 1969, therefore, the child welfare and maternal and child health data in table 1 exclude Federal administrative expenses, which in fiscal year 1968 amounted to \$0.9 million and \$2.0 million, respectively. Child welfare administrative expenses now appear with those of other social services under "social welfare, not elsewhere classified," and maternal and child health administrative expenditures with its

TABLE 1.—Social welfare expenditures under public programs, selected fiscal years, 1928–29 through 1969–70 *—Continued*

[In millions]

Program	1928-29	1939-40	1949-50	1954-55	1959-60	1964-65	1966-67	1967-68	1968-69	1969-70 <sup>1</sup>
	From State and local funds <sup>26</sup>									
Total.....	\$3,122.8	\$5,351.0	\$12,967.3	\$18,017.1	\$27,336.6	\$39,450.9	\$46,285.3	\$51,315.4	\$58,011.6	\$66,290.4
Social insurance.....	286.5	878.0	2,843.6	3,449.9	4,999.4	6,303.5	6,775.9	7,329.3	7,906.7	9,297.4
Public employee retirement <sup>5</sup> .....	61.2	147.1	310.0	580.0	1,050.0	1,748.0	2,177.9	2,416.0	2,731.0	3,004.0
Unemployment insurance and employment service <sup>6</sup> .....		485.9	1,861.5	1,759.9	2,356.1	2,302.8	1,962.6	2,055.0	2,021.3	2,783.4
State temporary disability insurance <sup>7</sup> .....			72.1	217.5	347.9	483.5	529.6	574.3	648.2	725.0
Hospital and medical benefits <sup>8</sup> .....			2.2	20.0	40.2	50.9	53.7	54.6	57.7	60.0
Workmen's compensation <sup>9</sup> .....	225.3	245.0	600.0	892.5	1,245.4	1,769.1	2,105.7	2,284.1	2,506.2	2,785.0
Hospital and medical benefits <sup>8</sup> .....	74.4	84.8	187.8	308.1	411.0	568.7	701.1	774.7	858.3	951.0
Public aid.....	60.0	1,352.8	1,393.0	1,498.8	1,984.2	2,689.5	3,566.6	4,636.5	5,610.1	6,774.4
Public assistance <sup>10</sup> .....	59.9	843.2	1,393.0	1,498.8	1,984.2	2,689.5	3,566.6	4,636.5	5,610.1	6,774.4
Vendor medical payments <sup>8</sup> .....			51.3	188.6	292.9	812.1	1,225.6	1,820.8	2,215.2	2,527.4
Other <sup>11</sup> .....	.1	509.6								
Health and medical programs <sup>12</sup> .....	304.4	518.9	1,460.0	1,952.8	2,726.8	3,465.8	3,947.4	4,225.7	4,469.4	4,738.7
Hospital and medical care.....	108.6	282.1	839.7	1,230.9	1,869.8	2,377.6	2,644.5	2,741.1	2,816.4	2,915.7
Maternal and child health programs.....	5.0	6.0	9.7	69.2	106.1	153.9	170.9	176.2	219.0	214.6
Medical research.....					23.0	55.0	65.0	69.0	72.0	73.0
School health (educational agencies).....	9.4	16.4	30.6	65.9	101.0	142.2	177.9	204.6	231.0	263.0
Other public health activities.....	81.9	131.9	287.0	318.8	343.9	448.1	511.1	573.8	670.0	802.4
Medical-facilities construction.....	99.5	82.5	293.0	268.0	283.0	289.0	378.0	461.0	461.0	470.0
Veterans' programs.....		9.2	479.5	61.6	111.9	20.4	23.1	32.5	50.6	75.0
Education.....	2,397.2	2,486.6	6,517.5	10,672.1	16,758.3	25,638.1	30,388.7	33,399.9	37,980.2	43,199.0
Elementary and secondary.....	2,206.6	2,252.8	5,549.1	9,425.1	14,667.1	21,580.9	25,244.9	27,570.1	31,266.1	36,200.1
Construction <sup>8, 18</sup> .....	377.0	258.0	1,014.2	2,091.9	2,591.2	3,190.0	3,937.0	4,183.7	4,631.1	4,832.8
Higher.....	170.0	198.7	866.3	1,112.6	1,879.7	3,609.4	4,400.0	4,900.0	5,600.0	5,800.0
Construction <sup>8</sup> .....	(23)	20.6	304.6	193.4	356.7	757.4	900.0	1,100.0	1,100.0	1,200.0
Vocational and adult <sup>18</sup> .....	20.6	35.1	102.1	134.4	193.5	447.7	743.8	929.8	1,114.1	1,198.9
Housing.....				14.6	33.2	80.0	94.8	102.5	106.8	112.0
Other social welfare.....	74.8	105.5	273.7	367.3	722.8	1,253.6	1,488.8	1,588.8	1,887.8	2,093.9
Vocational rehabilitation.....	.8	2.1	9.0	15.3	32.1	67.1	90.9	106.4	126.6	128.9
Medical services <sup>3</sup> .....	.1	.1	2.3	3.5	6.6	13.0	16.9	25.8	31.1	38.0
Institutional care.....	74.0	60.0	125.0	155.0	400.0	755.0	845.0	865.0	1,090.0	1,290.0
Child nutrition programs <sup>21</sup> .....			39.0	69.0	92.6	113.7	146.5	162.0	155.0	210.0
Child welfare <sup>22</sup> .....		43.4	100.7	128.0	198.1	317.8	406.4	455.4	516.3	465.0

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

<sup>2</sup> Preliminary estimates.

<sup>3</sup> Excludes financial interchange between OASDHI and railroad retirement.

<sup>4</sup> Hospital insurance and supplementary medical insurance included in total directly above.

<sup>5</sup> Excludes refunds of employee contributions; includes payments to retired military and survivors. Administrative expenses for Federal noncontributory retirement not available.

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

<sup>7</sup> Cash and medical benefits in 6 areas. Includes private plans where applicable and State costs of administering State plans and supervising private plans. Administrative expenses of private plans not available.

<sup>8</sup> Included in total directly above; excludes administrative expenses, not available separately but included for entire program in preceding line.

<sup>9</sup> Cash and medical benefits paid under Federal and State laws by private insurance carriers, State funds, and self-insurers. Includes Alaska and Hawaii beginning 1959-60. Administrative costs of private carriers and self-insurers not available.

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

<sup>11</sup> Work relief, other emergency aid, surplus food for the needy, food stamps, repatriate and refugee assistance, and Job Corps, Neighborhood Youth Corps, and work-experience and training programs under the Economic Opportunity Act. See footnote 23.

<sup>12</sup> Excludes State and local expenditures for domiciliary care in institu-

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

<sup>13</sup> Includes medical care for military dependent families.

<sup>14</sup> Includes services for crippled children.

<sup>15</sup> Includes burial awards.

<sup>16</sup> Excludes the Servicemen's Group Life Insurance program.

<sup>17</sup> Federal expenditures for administrative costs (Office of Education) and research included in total only.

<sup>18</sup> Construction for vocational and adult education included with elementary-secondary construction.

<sup>19</sup> Medical services and research included in total; excludes administrative expenses.

<sup>20</sup> For Federal expenditures, primarily surplus food for institutions.

<sup>21</sup> Surplus food for schools and programs under National School Lunch and Child Nutrition Acts. State and local funds represent direct appropriations.

<sup>22</sup> Federal expenditures represent primarily child welfare services under the Social Security Act.

<sup>23</sup> Includes community action, migrant workers, and VISTA program and all administrative expenses of the Office of Economic Opportunity. Other OEO programs listed in appropriate subsection under public aid and education.

<sup>24</sup> Includes administrative expenses of the Secretary of Health, Education, and Welfare; Indian welfare and guidance; aging activities; certain manpower activities; and other items.

<sup>25</sup> Not available.

<sup>26</sup> Except as otherwise noted (see footnotes 7 and 9).

Source: Data taken or estimated from Treasury reports, U.S. Budgets, Bureau of the Census reports, and available reports of Federal administrative agencies. For detailed descriptions of each listed item and for single-year historical data, see *Social Welfare Expenditures Under Public Programs in the United States, 1929-68* (Research Report No. 25).

parent organization under "other public health activities." Similarly, data on research and demonstration expenses for the child welfare program (which amounted to \$3.5 million in fiscal year 1969) are no longer separately available and starting with fiscal year 1970 are now included, along with research and demonstration expenses

of other social services, under the category "social welfare, not elsewhere classified."

Another administrative change reflected in this article is the retitling of the item "school meals" to "child nutrition programs." The group now includes special milk, school breakfast, and non-food cash assistance as well as surplus food dis-

tribution to schools, a nonschool food program, and the school lunch program. They have been retermed "child nutrition programs" by the Department of Agriculture, which administers the program through its Food and Nutrition Service (formerly Agriculture and Marketing Service).

## EXPENDITURES IN FISCAL YEAR 1970

The \$16.7 billion increase in social welfare expenditures in fiscal year 1970 was the largest absolute year-to-year increase during the period covered by the data (table 1). Accounting for most of the increase were three categories: education (\$5.8 billion), social insurance (\$5.7 billion), and public aid (\$2.9 billion).

Percentage-wise, however, the public aid category showed the greatest growth rate (22 percent) from fiscal year 1969 to fiscal year 1970. Public assistance expenditures grew from \$11.9 billion to \$14.4 billion, with the cash assistance part of the program registering a higher percentage increase than the medical vendor payments. This is a reversal of the pattern of recent years when medical vendor payments showed sharper increases in relation to cash payments, mainly as the result of the then newly launched Medicaid program for the medically indigent.

The "other public aid" programs, which accounted for only one-seventh of the dollar increase in public aid expenditures, experienced a greater-than-average increase of 30 percent, mainly because of an expanded food stamp program.

At \$49 billion, education programs showed the next greatest percentage increase in expenditures—about 14 percent. This percentage represented a slight acceleration in the rate of growth from 8 percent in fiscal year 1968 and 12 percent in fiscal year 1969. The growth took place primarily at the State and local level, with elementary and secondary education needs absorbing \$4.9 billion of the \$5.8 billion total gain. Once again, total expenditures for higher education showed a much slower rate of growth (8 percent) than the total spent for elementary and secondary education (15 percent).

In contrast to previous years, the 12-percent increase in social insurance expenditures for fiscal year 1970 was less than the increase regis-

tered for all social welfare programs. This below-average rate of increase applied to all but one of the social insurance programs: the slowdown in the economy produced a large (30-percent) increase in program expenditures for Federal-State unemployment insurance and employment service, which equaled about \$0.9 billion.

The OASDHI program, with expenditures of \$36.8 billion, showed a 10-percent rise, with the cash benefit part of the program increasing at a faster pace than health insurance for the aged (Medicare). In the first few years of Medicare, payments under that program had grown rapidly in comparison with the more mature cash benefit program.

Altogether, expenditures for social insurance programs—the largest single component of the series in 1970—amounted to \$54.5 billion. They continued to account for almost two-fifths of all social welfare expenditures.

The other major categories of social welfare expenditures also had moderate percentage increases. The veterans' and "other social welfare" programs rose a little less than 13 percent each, and for the health and medical programs concerned exclusively with health the rise was nearly 8 percent.

Among the veterans' programs, which expended \$9 billion in fiscal year 1970, the major exception to the below-average rate of increase was that for the education benefits for returning Viet Nam veterans. This program expanded by almost 50 percent during the year, continuing the rapid 1968 and 1969 growth pattern. Dollarwise, however, education accounted for only one-third of the \$1 billion increase in all veterans' expenditures. About two-fifths was attributable to veterans' pensions and compensation and one-fifth to veterans' health and medical programs.

The half-billion dollar rise in the miscellany of "other social welfare" programs to a total of \$4.3 billion is mainly attributable to above-average increases in three programs. Two of them are mainly federally financed programs: Vocational rehabilitation had a 20-percent rise and child nutrition programs went up 19 percent; the 18-percent increase for the third—institutional care—was almost exclusively at the State and local level.

Health and medical programs had the smallest increase—8 percent—of all the major categories.

TABLE 2.—Social welfare expenditures under public programs: Federal funds as percent of total, selected fiscal years, 1928–29 through 1969–70

Program	1928–29	1939–40	1949–50	1954–55	1959–60	1964–65	1966–67	1967–68	1968–69	1969–70 <sup>1</sup>
Total.....	20.4	39.1	44.8	44.8	47.7	48.9	53.5	54.1	54.1	53.7
Social insurance.....	16.3	31.0	42.5	64.9	74.1	77.6	81.8	82.8	83.8	82.9
Public aid.....		62.4	44.2	50.1	51.6	57.2	59.5	58.2	57.6	57.9
Health and medical programs.....	13.3	15.7	29.2	37.1	38.9	44.5	48.3	50.0	50.4	51.1
Veterans' programs.....	100.0	98.5	93.0	98.7	98.0	99.7	99.7	99.6	99.4	99.2
Education.....	1.5	2.9	2.3	4.3	4.9	8.8	14.8	13.2	11.7	11.5
Housing.....		100.0	100.0	83.7	81.2	74.9	74.9	75.9	79.5	84.0
Other social welfare.....	1.8	9.4	38.9	40.7	36.6	39.3	47.7	51.7	50.8	51.6
All health and medical care <sup>2</sup> .....	20.6	22.7	44.4	44.1	45.6	48.6	62.2	68.9	66.5	66.7

<sup>1</sup> Preliminary estimates.

<sup>2</sup> Combines "health and medical programs" with medical services pro-

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

(Health services that are part of other social welfare programs are reported with those programs, although later in the article all public expenditures for health are drawn together.) One-third of the \$0.7 billion increase that brought the 1970 total to \$9.7 billion was attributable to a 20-percent growth in expenditures for public health activities. Dollarwise, the largest increase took place in services for hospital and medical care.

Reversing the trend of recent years, State and local expenditures increased at a slightly faster pace than Federal expenditures in fiscal year 1970, resulting in a small dip in the proportion of public social welfare expenditures funded from Federal sources (table 2). The decline was felt primarily in the social insurance category. The rapid rise in unemployment insurance payments resulted in a dollar increase in social insurance expenditures at the State and local level that was twice as large as the rise in fiscal year 1969.

Most of the other social welfare categories continued to show an increase in the proportion of Federal spending. An exception was education: the all-time high of 14.8 percent was reached in 1967, and the proportion dropped each year thereafter—to 11.5 percent in 1970.

## A DECADE OF SOCIAL WELFARE EXPENDITURES

Since 1960, public social welfare expenditures have increased by \$91 billion. A little more than one-fourth of this increase took place in the first half of the decade; the balance in the second half. Even after this growth is discounted for population changes and increased prices, the second half of the decade is marked by a sharp acceleration of the national commitment to social welfare.

As table 3 shows, the per capita increase in constant dollars was from \$354 in fiscal year 1960 to \$458 in 1965, a rise of 29 percent in real terms. The 1965-to-1970 rise was 50 percent (from \$458 to \$688). If education expenditures were excluded from the computation, the spread between the first half and second half of the decade would be even greater—a real gain of 24 percent from 1960 to 1965 and of 56 percent from 1965 to 1970.

The effect of this real advance in the level of publicly financed cash and service benefits is clearly shown in the increasing proportion of the GNP devoted to social welfare. At the beginning of the decade, this proportion was 10.6 percent. From 1960 to 1965, the proportion rose by 1.2 percentage points to 11.8. With the acceleration of social welfare activities in the next 5 years, the proportion had jumped to 15.0 percent by 1970. Table 4 indicates that except for the health and medical and veterans' programs, all the major categories played a substantial role in this growth.

Growth in expenditures over the decade occurred at quite different rates for each of the major social welfare categories: near-quadrupling for public aid and "other social welfare," near-tripling for social insurance and education; more than doubling for the health and medical category in table 1, and, for veterans' programs, expenditures at one and two-thirds times their 1960 level. All health and medical expenditures under public programs in 1970 were nearly four times the 1960 total.

Even after the effects of inflation and population increase are removed, the rates of growth are still substantial. For public aid, per capita expenditures in constant (1970) dollars increased by 178 percent, largely in the second half of the decade, reflecting mainly the initiation of Medicaid and economic opportunity job-training pro-

TABLE 3.—Per capita social welfare expenditures under public programs in the United States, in actual and 1969-70 prices selected fiscal years, 1928-29 through 1969-70

Fiscal year	Per capita social welfare expenditures in current prices <sup>1</sup>								Constant 1969-70 prices		
	Total <sup>2</sup>	Social insurance	Public aid	Health and medical programs	Veterans' programs	Education	Other social welfare	All health and medical care <sup>3</sup>	Total social welfare expenditures <sup>1</sup>		Implicit price deflators (1969-70=100)
									Amount (in millions)	Per capita	
1928-29	\$31.80	\$2.78	\$0.49	\$2.85	\$5.31	\$19.75	\$0.62	\$3.87	\$8,965.2	\$72.77	43.7
1939-40	65.56	9.49	26.84	4.59	4.61	19.11	.87	5.83	24,537.4	183.13	35.8
1949-50	152.59	32.20	16.26	13.44	44.20	43.47	2.92	19.97	36,374.7	236.94	64.4
1954-55	194.50	58.72	17.98	18.58	28.29	66.68	3.71	26.47	44,379.2	265.71	73.2
1959-60	286.46	105.74	22.54	24.54	29.64	96.76	6.26	35.14	64,418.7	354.09	80.9
1964-65	391.86	142.52	32.00	31.82	30.40	142.98	10.52	48.62	89,979.4	458.32	85.5
1966-67	493.53	184.81	43.82	37.94	33.81	177.13	14.15	78.17	111,005.1	552.05	89.4
1967-68	548.70	209.33	54.57	41.62	35.68	189.21	16.19	98.02	121,222.0	593.83	92.0
1968-69	613.56	236.51	64.38	43.87	38.23	209.34	18.69	110.95	131,768.3	641.80	95.6
1969-70	688.23	261.67	77.57	46.74	42.67	235.34	20.88	120.50	142,687.4	688.23	100.0
Percentage change for 1969-70 expenditures (1960-70 prices) from—											
1928-29	+846	+4,014	+6,826	+617	+251	+421	+1,370	+1,260	+1,492	+846	-----
1939-40	+276	+887	+3	+265	+231	+341	+759	+640	+482	+276	-----
1949-50	+190	+423	+207	+124	-38	+249	+361	+289	+292	+190	-----
1959-60	+94	+100	+178	+54	+16	+97	+183	+177	+121	+94	-----
1964-65	+50	+57	+107	+26	+20	+41	+70	+112	+50	+50	-----
1968-69	+7	+6	+15	+2	+7	+7	+7	+4	+8	+7	-----

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

<sup>2</sup> Includes housing, not shown separately.

<sup>3</sup> Combines "health and medical programs" with medical services provided in connection with social insurance, public aid, veterans', vocational rehabilitation, and antipoverty programs.

Source: Per capita figures based on January 1 data from the Bureau of the Census for total U.S. population, including Armed Forces overseas and the civilian population of Territories and possessions. Deflators based on implicit price deflators for personal consumption expenditures prepared by National Income Division, Office of Business Economics, Department of Commerce

grams in the mid-sixties (chart 1). Expenditures for "other social welfare," similarly deflated, jumped 183 percent during the decade, as established programs of vocational rehabilitation and food stamps were expanded and community action, VISTA, and a host of other antipoverty programs were introduced. Here the rate of increase in the second half-decade was only slightly greater than in the first half.

Expenditures for social insurance and education each increased at almost the same rate during

the decade—100 percent and 97 percent, respectively, in terms of per capita constant dollars. The education increase, however, was relatively uniform in the two half-decades, while the second half social insurance growth was more than twice that of the first half.

The OASDHI program played a prominent role in the social insurance increase, as aggregate expenditures in current dollars rose from \$11 billion in fiscal year 1960 to \$37 billion in fiscal year 1970. More than \$7 billion of the 1970 total

TABLE 4.—Social welfare expenditures under public programs as percent of gross national product, selected fiscal years, 1889-90 through 1969-70

Fiscal year	Gross national product (in billions)	Social welfare expenditures as percent of gross national product							Total health and medical expenditures as percent of GNP <sup>2</sup>
		Total <sup>1</sup>	Social insurance	Public aid	Health and medical programs	Veterans' programs	Education	Other social welfare	
1889-90	\$13.0	2.4	( <sup>3</sup> )	0.3	0.1	0.9	1.1	( <sup>4</sup> )	( <sup>5</sup> )
1912-13	39.9	2.5	( <sup>2</sup> )	4.3	.4	.5	1.3	( <sup>4</sup> )	( <sup>5</sup> )
1928-29	101.0	3.9	0.3	.1	.3	.7	2.4	0.1	0.5
1939-40	95.1	9.2	1.3	3.8	.6	.7	2.7	.1	.8
1949-50	263.4	8.9	1.9	.9	.8	2.6	2.5	.2	1.2
1954-55	379.7	8.6	2.6	.8	.8	1.3	2.9	.2	1.2
1959-60	495.6	10.6	3.9	.8	.9	1.1	3.6	.2	1.3
1964-65	655.6	11.8	4.3	1.0	1.0	.9	4.3	.3	1.5
1966-67	771.4	12.9	4.8	1.1	1.0	.9	4.6	.4	2.0
1967-68	827.4	13.5	5.2	1.3	1.0	.9	4.7	.4	2.3
1968-69	899.6	14.0	5.4	1.5	1.0	.9	4.8	.4	2.5
1969-70 <sup>6</sup>	956.2	15.0	5.7	1.7	1.0	.9	5.1	.5	2.6

<sup>1</sup> Includes housing, not shown separately.

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

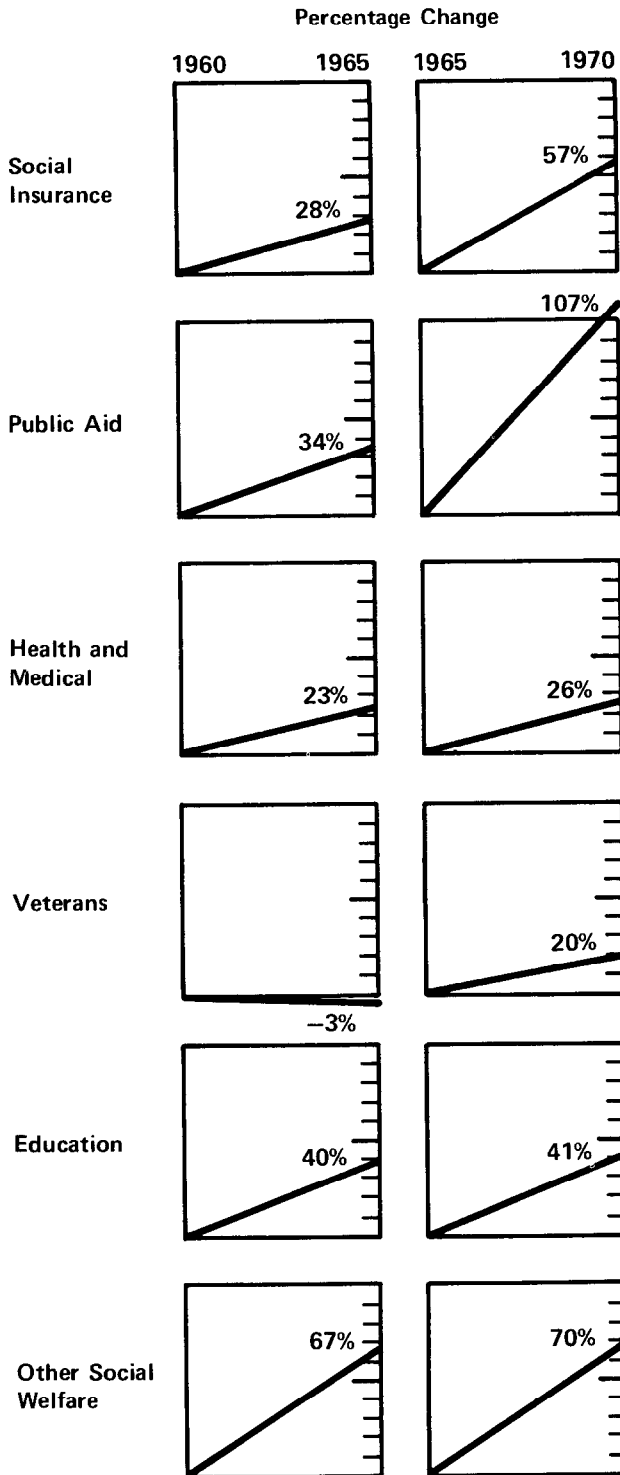
<sup>3</sup> Less than 0.05 percent.

<sup>4</sup> "Other social welfare" included with "public aid."

<sup>5</sup> Not available.

<sup>6</sup> Preliminary estimates.

CHART 1.—Per capita social welfare expenditures under public programs in constant (1970) dollars: Percentage change from fiscal year 1960 to fiscal year 1965, and from fiscal year 1965 to fiscal year 1970 for selected programs



represented expenditures under Medicare, which began benefits only with fiscal year 1967. In constant dollars, per capita expenditures under OASDHI increased 76 percent from 1965 to 1970, compared with 35 percent in the first half of the decade.

Veterans' programs showed the least increase during the 1960's. In fact, per capita expenditures in constant dollars actually declined slightly during the first half, despite a rise of \$560,000 in aggregate expenditures. The last half saw a quickening in the pace, as a fast-expanding educational program helped to produce a 20-percent increase in per capita expenditures.

Health and medical programs experienced a fairly constant annual rate of increase during the 1960's. For the 10-year period, the per capita increase in constant dollars was a modest 54 percent. It should be noted that when all public expenditures for health services are considered, including those that are part of other social welfare programs such as Medicare and Medicaid, the decade shows a much more rapid rate of growth—about 177 percent. As a proportion of GNP, total health services under public programs doubled—from 1.3 to 2.6 percent.

The growth in total public social welfare expenditures has paralleled the growing proportion of the expenditures from Federal sources. Between 1960 and 1965, this proportion increased only slightly—from 48 percent to 49 percent—but by 1970 it had reached 54 percent. An important element in this increase has been the growing role of the Federal Government in providing health services (including those administered as part of other non-health programs): In 1960 and 1965, the Federal Government was financing less than half the public bill for health (with State and local governments providing the balance), but by 1970 the Federal share was two-thirds.

This increase in Federal expenditures for social welfare is reflected also in the relationship between such expenditures and total Federal Government expenditures (table 5). In 1960, social welfare spending accounted for 28 percent of all government spending at the Federal level. By 1965 the ratio was 33 percent; in 1970, it was 40 percent. In contrast, State and local spending for social welfare showed a small drop in the proportion from 1965 to 1970, although it rose from 58 to 62 percent in the preceding 5 years.



TABLE 5.—Social welfare expenditures from public funds,<sup>1</sup> in relation to government expenditures for all purposes, by type of funds, selected fiscal years, 1928–29 through 1969–70

Item	1929	1940	1950	1955	1960	1965	1967	1968	1969	1970 <sup>2</sup>
All social welfare expenditures from public funds:										
Total, as percent of all government expenditures.....	36.3	49.0	37.6	32.7	38.0	42.5	42.4	42.4	44.3	47.0
Federal, as percent of all Federal Government expenditures.....	30.9	40.4	26.2	22.3	28.1	32.6	35.0	35.3	37.5	39.7
State and local, as percent of all State and local government expenditures <sup>3</sup> .....	38.2	57.3	60.1	55.3	58.3	61.7	57.7	57.2	57.7	60.8
Social welfare trust fund expenditures:										
Total, as percent of total government expenditures.....	2.3	5.7	6.8	9.1	13.1	14.4	15.0	15.3	16.1	16.8
Federal, as percent of all Federal Government expenditures.....	1.2	3.5	4.5	9.1	15.2	17.8	19.0	19.5	21.2	21.9
State and local, as percent of all State and local government expenditures <sup>3</sup> .....	2.6	7.9	11.3	8.9	8.8	7.9	6.8	6.6	6.2	6.9
Social welfare non-trust-fund expenditures:										
Total, as percent of total non-trust-fund expenditures.....	34.9	46.2	35.0	26.2	29.5	33.7	33.0	32.6	34.2	37.0
Federal, as percent of Federal Government non-trust-fund expenditures:										
All programs.....	30.2	38.7	24.7	14.7	15.9	18.9	20.4	20.2	21.3	23.6
Veterans' programs.....	25.2	7.0	17.0	7.4	6.9	6.2	5.3	5.1	5.3	5.8
State and local, as percent of State and local government non-trust-fund expenditures: <sup>3</sup>										
All programs.....	36.5	53.7	55.0	50.9	54.3	58.3	54.6	54.2	54.9	57.9
Education.....	32.4	30.5	36.1	38.9	42.6	47.0	44.2	43.5	43.9	46.2

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

<sup>2</sup> Preliminary estimates.

<sup>3</sup> Excludes Federal grants-in-aid.

Table 5 also shows the extent to which an increasing share of "discretionary" expenditures at the Federal level, as represented by non-trust-fund expenditures, is being devoted to social welfare. Almost one-fourth of Federal non-trust-fund expenditures in fiscal year 1970 went for social welfare, compared with 19 percent in 1965 and 16 percent in 1960. The State and local level does not show such a steady progression as yearly fluctuations predominate, but in the decade of the sixties discretionary social welfare expenditures were not less than 54 percent and not more than 58 percent of all State and local expenditures.

## PRIVATE AND PUBLIC EXPENDITURES

In previous articles, the expenditure data appearing in table 1 were regrouped according to three major functions—health, education, and income maintenance and welfare—and combined with comparable expenditures in the private sector to yield a grand total of private and public expenditures for social welfare purposes. In this year's article, the functional area of income maintenance and welfare has been split to give a better perspective on the relative magnitude of expenditures in the two areas of income maintenance and of social and welfare services.

Chart 2 shows that the social services account for a very small proportion of total social welfare expenditures—less than 5 percent—in either the

public or private sector, although they have been increasing in importance in the public sector. Income-maintenance programs still account for the largest single area of social welfare expenditures in the public sector—43 percent in fiscal year 1970. This proportion had been 50 percent in 1960; it has been dropping as the result of increased emphasis in the first half of the decade on education programs and in the second half on health programs.

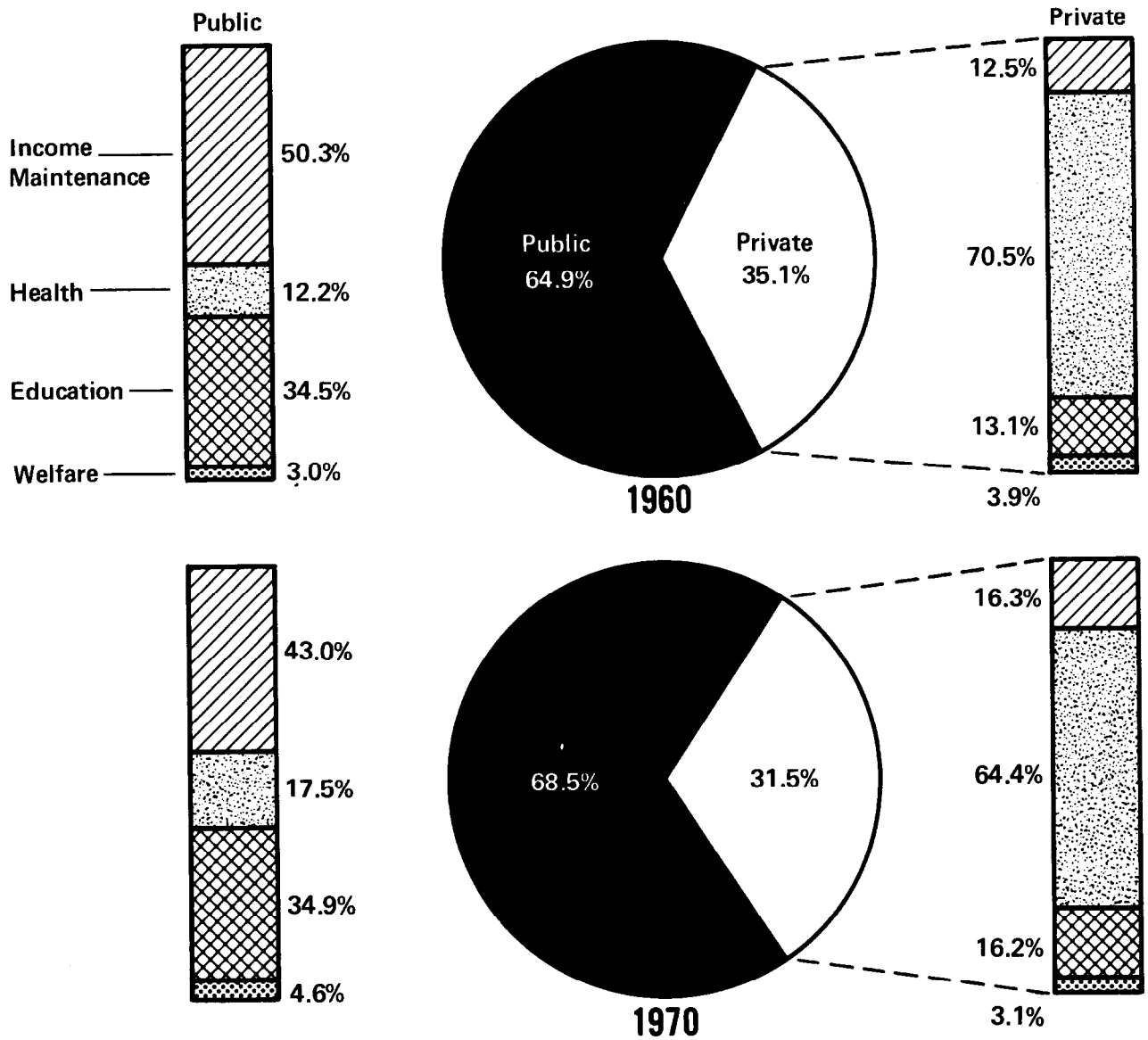
In the private sector, the distribution of the social welfare dollar takes on a different shape. Private spending for health dominates the picture, absorbing 64 percent of the 1970 total private expenditures for social welfare. In 1960, this ratio had been even higher—70 percent. Although the areas of income maintenance and education have grown in importance since 1960, each accounted for only about one-sixth of total private social welfare expenditures in 1970.

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

## Health

Preliminary estimates of public and private expenditures for health in fiscal year 1970 indi-

CHART 2.—Distribution of public and private social welfare expenditures, by the functions of income maintenance, health, education, and welfare, fiscal years 1960 and 1970



cate that total expenditures amounted to \$67.2 billion, an increase of \$7.3 billion or 12.2 percent from fiscal year 1969 (table 6). This increase is slightly greater than the growth of the year before (11.7 percent) but is in keeping with the annual increases registered since Medicare payments began in fiscal year 1967. With the 1970 GNP rising at only half the rate (6 percent) of the health expenditures, the proportion of the Nation's output of goods and services that went for health purposes mounted from 6.7 percent to 7.0 percent. At mid-decade, the proportion was

5.9 percent; five years earlier, it was 5.3 percent.

In fiscal year 1970, for the first time in recent years, the total (\$42.3 billion) spent by the private sector for health represented a greater annual rate of increase than the total (\$25.0 billion) spent in the public sector: 13.8 percent against 9.7 percent. As a result, the proportion of the Nation's health bill met through public funds dropped fractionally from 38.0 percent to 37.2 percent. In 1960 and 1965, before Medicare and Medicaid, the ratio was about one-fourth.

A contributing factor to the \$5.1 billion rise

in private health expenditures was the growth in benefits paid under private insurance, which rose an estimated \$1.5 billion or 12 percent to a new high of \$13.8 billion in 1970. Out-of-pocket costs met by patients increased at an even greater rate (13 percent) and accounted for \$2.6 billion of the increase. Another \$0.9 billion of the increase was estimated to come from increased private medical-facilities construction, especially for nursing-home facilities.

By way of contrast, medical assistance (Medicaid) was the only major governmental medical care program to increase outlays by more than 12 percent in 1970. Tables 6 and 7 list these programs, by source of funding. By combining the medical services provided in connection with other programs (social insurance, public assist-

ance, and veterans' benefits, etc.) with the health and medical programs that deal exclusively with health, all health expenditures of the public sector of the economy are encompassed in these tables. In fiscal year 1970, as an adjunct to their function of income maintenance, these latter programs accounted for 61 percent of total public spending for health. The ratio in 1965, before Medicare and Medicaid, was 35 percent; in 1960, it was 30 percent.

It should be noted that there is a small amount of duplication in the amounts designated for Medicare and Medicaid. Medical vendor expenditures under the public assistance programs include the premiums paid into Medicare's supplementary medical insurance trust fund for medical insurance coverage for old-age assistance recipi-

TABLE 6.—Health and medical care: Private expenditures and expenditures under public programs, selected fiscal years, 1928–29 through 1969–70

[Amounts in millions]

Type of expenditure	1928–29	1939–40	1949–50	1954–55	1959–60	1964–65	1966–67	1967–68	1968–69	1969–70 <sup>1</sup>
Total.....	\$3,589.1	\$3,804.6	\$12,129.5	\$17,923.6	\$26,366.7	\$38,911.6	\$47,902.3	\$53,650.9	\$59,905.0	\$67,240.1
Private expenditures.....	3,112.0	3,023.0	9,064.0	13,503.0	19,971.5	29,366.0	32,185.0	33,728.0	37,125.0	42,258.0
Health and medical services.....	3,010.0	2,992.0	8,812.0	13,123.0	19,326.5	28,036.0	30,789.0	32,218.0	35,382.0	39,647.0
Direct payments.....	2,900.0	2,900.0	7,146.0	9,448.0	13,087.0	17,590.5	18,904.0	19,100.0	20,278.0	22,909.0
Insurance benefits.....			879.0	2,344.0	4,697.5	8,280.5	9,343.0	10,444.0	12,333.0	13,813.0
Expenses for prepayment.....			274.0	596.0	792.0	1,211.5	1,491.0	1,558.0	1,581.0	1,667.0
Other <sup>2</sup> .....	110.0	92.0	513.0	735.0	750.0	953.5	1,051.0	1,116.0	1,190.0	1,258.0
Medical research.....			37.0	55.0	121.0	162.0	177.0	185.0	192.0	195.0
Medical-facilities construction.....	102.0	31.0	215.0	325.0	524.0	1,168.0	1,219.0	1,325.0	1,581.0	2,416.0
Public expenditures.....	477.1	781.6	3,065.3	4,420.6	6,395.2	9,545.6	15,717.3	19,922.9	22,780.0	24,982.1
Health and medical services.....	372.5	679.5	2,470.2	3,862.3	5,346.3	7,647.3	13,577.4	17,468.5	20,231.4	22,274.6
OASDHI (health insurance for the aged).....							3,394.6	5,347.2	6,597.7	7,149.2
Temporary disability insurance (medical benefits) <sup>3</sup> .....			2.2	20.0	40.2	50.9	53.7	54.6	57.7	60.0
Workmen's compensation (medical benefits) <sup>4</sup> .....	75.0	90.0	193.0	315.0	420.0	580.0	715.0	790.0	875.0	970.0
Public assistance (vendor medical payments).....			51.3	211.9	492.7	1,367.1	2,382.6	3,580.8	4,423.2	5,042.4
General hospital and medical care.....	117.1	297.6	886.1	1,297.6	1,973.2	2,515.5	2,808.3	2,927.7	3,009.6	3,132.1
Defense Department hospital and medical care (Armed Forces).....	29.2	45.4	336.2	744.8	820.1	858.5	1,323.4	1,482.9	1,531.1	1,650.2
Military dependents' medical care.....					60.1	78.3	108.3	165.4	218.4	250.0
Maternal and child health programs.....	6.2	13.8	29.8	92.7	140.7	223.0	309.9	336.8	408.6	428.6
School health (educational agencies).....	9.4	16.4	30.6	65.0	101.0	142.2	177.9	204.6	231.0	263.0
Other public health activities.....	88.8	154.5	350.8	383.7	401.2	671.0	883.8	1,000.6	1,194.7	1,429.0
Veterans' hospital and medical care.....	46.7	61.5	582.8	721.5	879.4	1,120.9	1,249.5	1,372.3	1,433.9	1,599.2
Medical vocational rehabilitation.....	.1	.3	7.4	9.1	17.7	34.2	67.4	102.0	124.6	152.0
OEO health and medical care.....						5.6	103.0	103.5	126.0	148.9
Medical research.....		2.6	72.9	198.9	471.2	1,228.8	1,428.7	1,615.5	1,599.7	1,694.7
Medical-facilities construction.....	104.7	99.6	522.3	419.4	377.7	669.5	711.2	838.9	948.9	1,012.7
Defense Department.....	(5)	(5)	1.1	33.0	40.0	31.1	49.7	26.8	71.8	52.1
Veterans Administration.....	4.2	14.3	161.5	34.1	59.6	81.2	49.4	46.0	53.9	77.5
Other.....	100.4	85.2	359.8	352.4	478.1	557.2	612.1	768.1	823.2	883.1
Total expenditures as a percent of gross national product.....	3.6	4.0	4.6	4.7	5.3	5.9	6.2	6.5	6.7	7.0
Public expenditures as a percent of total expenditures.....	13.3	20.5	25.3	24.7	24.3	24.5	32.8	37.1	38.0	37.2
Personal care expenditures <sup>6</sup> .....	3,272.2	3,501.7	10,549.4	15,865.0	23,236.2	33,505.4	41,456.9	46,552.0	52,148.7	58,048.5
Private expenditures.....	2,930.0	2,979.0	8,447.0	12,396.0	18,306.5	26,551.0	29,000.0	30,319.0	33,425.0	37,586.0
Public expenditures.....	282.2	522.7	2,102.4	3,469.0	4,929.7	6,954.4	12,456.9	16,233.0	18,723.7	20,462.5
Percent from:										
Private expenditures.....	91.4	85.1	80.1	78.1	78.8	79.2	70.0	65.1	64.1	64.7
Direct payments.....	88.6	82.8	67.7	59.6	56.3	52.5	45.6	41.0	38.9	39.5
Insurance benefits.....			8.3	14.8	20.2	24.7	22.5	22.4	23.6	23.8
Public expenditures.....	8.6	14.9	19.9	21.9	21.2	20.8	30.0	34.9	35.9	35.3

<sup>1</sup> Preliminary estimates.

<sup>2</sup> Includes any insurance benefits and expenses for prepayment (insurance premiums less insurance benefits).

<sup>3</sup> Industrial in-plant services and philanthropy.

<sup>4</sup> Includes medical benefits paid under public law by private insurance carriers and self-insurers.

<sup>5</sup> Data not available.

<sup>6</sup> Includes all items shown under "health and medical services" except (1) "expenses for prepayment;" (2) expenditures of private philanthropic agencies under "other health and medical services;" (3) "other public health activities;" and (4) administrative expenses for "health insurance for the aged," "maternal and child health programs," and "veterans' hospital and medical care."

ents. To the extent that these premium payments are also subsequently reflected in disbursements made from the supplementary medical insurance trust fund, they are counted again. The amount of premiums paid by States to "buy in" coverage for their aged recipients since the beginning of the Medicare program is as follows:

Fiscal year	Amount (in millions)
1967 -----	\$32.1
1968 -----	53.0
1969 -----	75.8
1970 -----	97.2

When expenditures for medical-facilities construction, medical research, general public health activities, and administration of private insurance, public programs, and philanthropic agencies are excluded, the remaining amount (\$58 billion in 1970) is left as personal health care expenditures. These expenditures have been increasing at a fairly steady, though somewhat slackening rate—13.9 percent in 1967, 12.3 percent in 1968,

12.0 percent in 1969, and 11.3 percent now in 1970. Adjustment for price changes reduces the rate of increase but does not alter the pattern—an increase of 7.0 percent in 1967, with the rate dropping gradually to 4.6 percent in 1970.

The distribution of personal health care expenditures between public and private sources reveals a slight shift in the trend since the introduction of the Medicare and Medicaid programs.<sup>1</sup> After their advent, the proportion of total personal health care expenditures met through private funds dropped from 79 percent in 1960 and 1965 to 64 percent by 1969. In 1970, however, this proportion rose to nearly 65 percent.

Another possible shift in trends is indicated by the small drop in the proportion of the Nation's personal health care bill being met by

<sup>1</sup> In these calculations all expenditures of the supplementary medical insurance program under Medicare, including those financed through the premium payments of aged persons voluntarily enrolled, are classified as public outlays.

TABLE 7.—Health and medical care: Expenditures under public programs, by source of funds, selected fiscal years, 1928–29 through 1969–70

[In millions]

Type of expenditure	1928-29	1930-40	1949-50	1954-55	1959-60	1964-65	1966-67	1967-68	1968-69	1969-70 <sup>1</sup>
Federal expenditures										
Total.....	\$98.3	\$177.7	\$1,361.8	\$1,947.6	\$2,917.6	\$4,635.1	\$9,772.7	\$13,021.5	\$15,148.3	\$16,666.9
Health and medical services.....	93.1	158.1	1,059.6	1,657.3	2,174.8	3,080.8	8,075.8	11,097.2	13,132.7	14,502.5
OASDHI (health insurance for the aged).....							3,394.6	5,347.2	6,597.7	7,149.2
Workmen's compensation (medical benefits).....	.6	5.2	5.2	6.9	9.0	11.3	13.9	15.3	16.7	19.0
Public assistance (vendor medical payments).....				23.3	199.8	555.0	1,157.0	1,760.0	2,208.0	2,515.0
General hospital and medical care.....	8.5	15.5	46.4	66.7	103.4	137.9	163.8	186.6	193.2	216.4
Defense Department hospital and medical care (Armed Forces).....	29.2	45.4	336.2	744.8	820.1	858.5	1,323.4	1,482.9	1,531.1	1,650.2
Military dependents' medical care.....					60.0	78.3	108.3	165.4	218.4	260.0
Maternal and child health services.....	1.2	7.8	20.1	23.5	34.7	69.1	139.0	160.6	189.6	214.0
Other public health activities.....	6.9	22.7	63.8	65.0	57.3	222.9	372.7	426.8	524.7	626.6
Veterans' hospital and medical care.....	46.7	61.5	582.8	721.5	879.4	1,120.9	1,249.5	1,372.3	1,433.9	1,599.2
Medical vocational rehabilitation.....	.1	.1	5.1	5.7	11.2	21.2	50.6	76.5	93.4	114.0
OEO health and medical care.....						5.6	103.0	103.5	126.0	148.9
Medical research.....		2.6	72.9	138.9	448.2	1,173.8	1,363.7	1,546.5	1,527.7	1,621.7
Medical-facilities construction.....	5.2	17.1	229.3	151.4	294.7	380.5	333.2	377.9	487.9	542.7
Defense Department.....	( <sup>2</sup> )	( <sup>2</sup> )	1.1	33.0	40.0	31.1	49.7	26.8	71.8	52.1
Veterans Administration.....	4.2	14.3	161.5	34.1	59.6	81.2	49.4	46.0	53.9	77.5
Other.....	.9	2.7	66.8	84.4	195.1	268.2	234.1	305.1	362.2	413.1
State and local expenditures										
Total.....	\$378.8	\$603.8	\$1,703.6	\$2,472.9	\$3,477.5	\$4,910.5	\$5,944.7	\$6,901.4	\$7,631.7	\$8,315.1
Health and medical services.....	279.3	521.3	1,410.6	2,204.9	3,171.5	4,566.5	5,501.7	6,371.4	7,098.7	7,772.1
Temporary disability insurance (medical benefits) <sup>2</sup> .....			2.2	20.0	40.2	50.9	53.7	54.6	57.7	60.0
Workmen's compensation (medical benefits) <sup>2</sup> .....	74.4	84.8	187.8	308.1	411.0	568.7	701.1	774.7	858.3	951.0
Public assistance (vendor medical payments).....			51.3	188.6	292.9	812.1	1,225.6	1,820.8	2,215.2	2,527.4
General hospital and medical care.....	108.6	282.1	839.7	1,230.9	1,869.8	2,377.6	2,644.5	2,741.1	2,816.4	2,915.7
Maternal and child health services.....	5.0	6.0	9.7	69.2	106.1	153.9	170.9	176.2	219.0	214.6
School health (educational activities).....	9.4	16.4	30.6	65.9	101.0	142.2	177.9	204.6	231.0	263.0
Other public health activities.....	81.9	131.9	287.0	318.8	343.9	448.1	511.1	573.8	670.0	802.4
Medical vocational rehabilitation.....	.1	.1	2.3	3.5	6.6	13.0	16.9	25.5	31.1	38.0
Medical research.....					23.0	53.0	65.0	69.0	72.0	73.0
Medical-facilities construction.....	99.5	82.5	293.0	268.0	283.0	289.0	378.0	461.0	461.0	470.0

<sup>1</sup> Preliminary estimates.

<sup>2</sup> Data not available.

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

TABLE 8.—Expenditures from public and private funds for education, selected fiscal years, 1949–50 through 1969–70

[Amounts in millions]

Program	1949-50	1954-55	1959-60	1964-65	1966-67	1967-68	1968-69	1969-70 <sup>1</sup>
Total amount.....	\$10,914	\$14,206	\$21,742	\$34,230	\$43,755	\$47,062	\$53,370	\$60,519
Public expenditures for education.....	9,366	11,863	18,036	28,151	35,964	38,964	43,726	49,869
Current operations <sup>2</sup> .....	8,036	9,433	15,016	23,803	30,384	33,171	37,527	43,274
Elementary and secondary.....	4,577	7,502	12,447	19,091	23,771	25,989	29,196	34,011
Higher.....	604	1,016	1,833	3,745	4,878	5,131	5,826	6,239
Veterans.....	2,692	706	410	43	297	466	708	1,046
Vocational and adult.....	161	205	298	854	1,296	1,435	1,636	1,795
Construction.....	1,330	2,431	3,020	4,348	5,580	5,793	6,199	6,595
Elementary and secondary.....	1,019	2,232	2,662	3,267	3,970	4,219	4,654	4,874
Higher.....	310	199	358	1,081	1,610	1,574	1,545	1,721
Private expenditures for education <sup>3</sup> .....	1,548	2,343	3,706	6,079	7,791	8,698	9,644	10,650
Current operations.....	1,266	1,845	3,162	5,363	6,799	7,690	8,699	9,700
Elementary and secondary.....	436	719	1,232	1,883	2,145	2,392	2,695	3,000
Higher.....	830	1,126	1,930	3,480	4,654	5,298	6,004	6,700
Construction.....	282	498	544	716	992	1,008	945	950
Public expenditures for education as percent of:								
Total.....	85.8	83.5	83.0	82.2	82.2	81.8	81.9	82.4
Current operations.....	86.4	83.6	82.6	81.6	81.7	81.2	81.2	81.7
Elementary and secondary.....	91.3	91.3	91.0	91.0	91.7	91.6	91.5	91.9
Other.....	80.6	63.1	56.8	56.8	58.2	57.0	57.6	57.5
Higher.....	42.1	47.4	48.7	51.8	51.2	49.2	49.2	48.2
Construction.....	82.5	83.0	84.7	85.9	84.9	85.2	86.8	87.4

<sup>1</sup> Preliminary estimates.<sup>2</sup> Includes Federal expenditures for administration (U.S. Office of Education) and research, not shown separately below.<sup>3</sup> Includes expenditures by privately controlled schools and private expenditures in publicly controlled schools for current educational purposes in the form of students' tuition and fees and private gifts.

third-party arrangements and the corresponding small increase in the share being met by the consumer directly. Through 1969, increased private health insurance benefits and public outlays combined with other third-party payments to provide an ever-increasing share of total expenditures—44 percent in 1960, 48 percent in 1965, and 61 percent in 1969. In 1970, however, this proportion dropped to 60 percent, leaving the consumer to pay 40 percent of personal health care costs out of his pocket.

## Education

Total public and private expenditures for education passed the \$60 billion mark in fiscal year 1970 (table 8). The 13-percent increase represented a further acceleration in the rate of growth, which had been 12 percent in fiscal year 1969 and 9 percent in fiscal year 1968. The private and public sectors have contributed about equally to the increase during most of the decade and the proportion of the combined education bill paid for by the public has thus remained a steady 82 percent.

Reaching \$36 billion in 1970, State and local expenditures for elementary and secondary schools were a major factor in the increased tempo of spending. The 16-percent increase registered in this area was exceeded only by the increase

in Federal education outlays for Viet Nam veterans. Altogether, the public sector increased its expenditures for education by 14 percent, compared with a 10-percent increase in the private sector. At the higher education level, however, the picture was reversed as private spending of \$6.7 billion registered a 12-percent increase, compared with a 7-percent increase in public spending.

The totals are affected less by these differing rates of increase than by the fact that the public sector has for many decades paid more than 90 percent of the costs at the elementary and secondary levels. At the higher education level, the public sector has been paying about 50 percent of the costs since 1960, though there has been a downward trend in recent years.

## Income Maintenance

Public and private cash transfer payments provided under organized income-maintenance programs are combined in table 9. Administrative expenses are excluded from this table so that the aggregates differ from those shown in table 10.

In fiscal year 1970 a total of \$69 billion was paid out in cash to retired, unemployed, and disabled workers and their dependents, to widows and orphans, to veterans and their families, and to needy individuals and families. The over-

TABLE 9.—Expenditures from public and private funds for cash transfer payments (excluding administration), selected fiscal years, 1949-50 through 1969-70

[Amounts in millions]

Source of funds	1949-50	1954-55	1959-60	1964-65	1966-67	1967-68	1968-69	1969-70 <sup>1</sup>
Total cash transfer payments.....	\$10,112	\$16,809	\$28,723	\$40,704	\$48,918	\$53,868	\$60,808	\$68,811
Public.....	9,147	14,714	25,173	34,874	41,518	45,538	51,303	58,086
Social insurance <sup>2</sup> .....	4,447	9,118	18,151	26,439	31,936	35,098	39,093	44,646
Veterans' programs <sup>3</sup> .....	2,423	3,094	3,810	4,518	4,983	5,154	5,403	5,747
Public assistance.....	2,277	2,502	3,212	3,918	4,599	5,285	6,208	7,692
Private employee benefits <sup>4</sup> .....	965	1,895	3,550	5,830	7,400	8,330	9,505	10,725
Public as percent of total.....	90.5	88.6	87.7	85.7	84.9	84.5	84.4	84.4

<sup>1</sup> Preliminary estimates.

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

<sup>3</sup> Veterans' pension and compensation, burial awards, and life insurance.

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

whelming bulk of these payments—84 percent in fiscal year 1970—came from social insurance, public assistance, and veterans' programs in the public sphere.

Since 1960, cash payments under private employee-benefit plans have been expanding at a slightly faster rate than those provided under

public programs. In fiscal year 1970, however, both public and private cash transfer payments increased at the same rate—about 13 percent.

Within the public sector the various major groupings have been growing at different rates. Public assistance payments to the needy have shown the greatest relative advance in the past

TABLE 10.—Public and private expenditures for social welfare purposes, selected fiscal years, 1949-50 through 1969-70

Type of expenditure	1949-50	1954-55	1959-60	1964-65	1966-67	1967-68	1968-69	1969-70 <sup>1</sup>
All expenditures (in millions)								
Total, net <sup>2</sup> .....	\$35,439	\$50,551	\$79,230	\$117,719	\$146,702	\$162,333	\$182,197	\$206,091
Public.....	23,508	32,640	52,293	77,170	99,529	111,830	126,306	143,046
Private.....	12,262	18,591	28,316	42,610	48,976	52,506	58,174	65,633
Income maintenance.....	10,723	17,304	29,842	42,419	51,042	56,383	63,700	72,235
Public <sup>3</sup> .....	9,758	15,409	26,292	36,589	43,642	48,053	54,195	61,510
Private.....	965	1,895	3,550	5,830	7,400	8,330	9,505	10,725
Health.....	12,129	17,924	26,367	38,912	47,902	53,651	59,905	67,240
Public.....	3,065	4,421	6,395	9,546	15,717	19,923	22,780	29,982
Private.....	9,064	13,503	19,972	29,366	32,185	33,728	37,125	42,258
Education.....	10,914	14,206	21,742	34,230	43,755	47,662	53,370	60,519
Public.....	9,366	11,863	18,036	28,151	35,964	38,964	43,726	49,869
Private.....	1,548	2,343	3,706	6,079	7,791	8,698	9,644	10,650
Welfare and other services.....	2,004	1,797	2,658	4,219	5,806	6,640	7,505	8,685
Public <sup>4</sup> .....	1,319	947	1,570	2,884	4,206	4,890	5,605	6,685
Private.....	685	850	1,088	1,335	1,600	1,750	1,900	2,000
Public expenditures as percent of expenditures for specified purposes								
Total <sup>5</sup> .....	65.7	63.7	64.9	64.4	67.0	68.0	68.5	68.5
Income maintenance.....	91.0	89.0	88.1	86.3	85.5	85.2	85.1	85.2
Health.....	25.3	24.7	24.3	24.5	32.8	37.1	38.0	37.2
Education.....	85.8	83.5	83.0	82.2	82.2	81.8	81.9	82.4
Welfare and other services.....	65.8	52.7	59.1	68.4	72.4	73.6	74.7	77.0
All expenditures as percent of gross national product								
Total, net <sup>2</sup> .....	13.5	13.3	16.0	18.0	19.0	19.6	20.3	21.6
Income maintenance.....	4.1	4.6	6.0	6.5	6.6	6.8	7.1	7.6
Health.....	4.6	4.7	5.3	5.9	6.2	6.5	6.7	7.0
Education.....	4.1	3.7	4.4	5.2	5.7	5.8	5.9	6.3
Welfare and other services.....	.8	.5	.5	.6	.8	.8	.8	.9

<sup>1</sup> Preliminary data.

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

<sup>3</sup> Includes cash benefits and administrative costs under social insurance, public assistance, and veterans' programs. Excludes cost of medical services

provided in conjunction with these programs and for other welfare programs. These medical services are included under "health."

<sup>4</sup> Work relief, food stamps, surplus food for the needy and for institutions, child nutrition, institutional care, child welfare, special OEO programs, veterans' welfare services, vocational rehabilitation, and housing.

<sup>5</sup> Before adjustment for elimination of duplication.

few years and veterans' pension, compensation, and life insurance payments the least. In the first half of the decade the social insurance programs had been the pacemakers, increasing their share of total public payments from 72 percent in 1960 to 76 percent in 1965. In 1970 their proportion was 77 percent. The veterans' payments have been dropping in significance—from 15 percent of the total in 1960 to 10 percent in 1970—while public assistance programs accounted for 12–13 percent of public income-maintenance payments all through the decade.

Some small part of philanthropic expenditures for welfare programs, estimated at about \$2.0 billion in fiscal year 1970, goes for cash payments to needy persons. The estimate is itself so rough that a break-out of an amount for cash transfers has not even been attempted. The major part of philanthropic welfare expenditures in recent years has been for institutional care, family counseling, day care, and other social services.

### **Combining Expenditures for Major Areas**

Combining the dollar figures shown in tables 6, 8, and 9 (and adding the administrative expenses that are left out of the cash-only data of table 9, as well as welfare services) produces a total figure on private and public expenditures for social welfare, distributed by four functions: health, education, income maintenance, and welfare and other services. The total figure thus obtained is adjusted to eliminate the overlap that occurs because small parts of private expenditures for health and education represent the spending of cash benefits received under public programs and, to a lesser extent under private employee-benefit plans.

Total unduplicated public and private expenditures for income maintenance, health, education, and welfare amounted to an estimated \$206.1

billion in fiscal year 1970, of which nearly seven-tenths was attributable to the public sector (table 10). As already noted, this proportion varies widely with the major functions involved. Public funds in 1970 provided three-eighths of all health expenditures, five-sixths of education costs, and almost seven-eighths of income-maintenance expenditures.

During the sixties, the biggest change in the proportion of public spending has taken place in the health area. The introduction of Medicare and Medicaid increased the share of combined health expenditures attributable to public sources from about one-fourth in 1960 and 1965 to 37 percent in 1970. Public spending as a proportion of total expenditures for welfare and other services has also experienced an upward trend during the decade—from 59 percent to 77 percent. Public spending for the income-maintenance programs showed a drop during this period—from 88 to 85 percent of the total.

An unusual feature of the 1970 experience is that both the public and private sectors expanded their social welfare spending at about the same rate—13 percent. Public expenditures for these purposes have been increasing at a much faster pace since 1965 than have the private, although the first half of the decade saw both sectors rising at almost the same rate.

The unprecedented increase of \$24 billion in combined social welfare expenditures during fiscal year 1970 was reflected in the unusually large growth in the proportion of the GNP that was represented by these expenditures. In the 4 years between 1965 and 1969, this proportion had increased, on the average, about 0.6 percentage points a year, after a half-decade of annual increases of 0.4 points. But the single year 1970 saw an increase twice that of earlier years—1.3 percentage points. The major functions contributed fairly evenly to the increase, with income-maintenance slightly in the lead.